

**World Bank Dominica  
GSPTA Project:  
Development of Investment Strategy  
and Action Plan for the Invest  
Dominica Authority**

**National Investment Strategy and  
Action Plan  
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## Abbreviations

AAMC	Association of American Medical Colleges
AACN	American Association of Colleges of Nursing
AMP	Association of Music Professionals
DABA	Dominica Agribusiness Association
CHTA	Caribbean Hotel and Tourism Association
DDA	Discover Dominica Authority
DEXIA	Dominica Export Import Agency
DHTA	Dominica Hotel and Tourism Association
ECCO	Eastern Caribbean Collective Organisation for Music Rights
FDI	Foreign Direct Investment
GSPTA	Growth and Social Protection Technical Assistance
ICT	Information and Communications Technology
IDA	Invest Dominica Authority
IPA	Investment Promotion Agency
IPU	Investment Promotion Unit
ISU	Investor Services Unit
JCI	Joint Commission International
METIDA	Ministry of Employment, Trade, Industry and Diaspora Affairs
NES	National Export Strategy
PSD	Private Sector Development
TMP	Tourism Master Plan 2005 – 2015
WCMF	World Creole Music Festival

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## Executive Summary

### Background and Context

The role of foreign direct investment (FDI) in fostering growth and development is well documented. In addition to providing valuable sources of economic activity, FDI can:

- Create more and better jobs.
- Foster innovation.
- Foster economic diversification.
- Provide foreign exchange earnings.
- Kick start growth.
- Transfer knowledge/technology to local private sector
- Raise the profile of industries.

Many of these impacts directly address the pressing economic challenges that Dominica faces, which can be summarised as follows:

- A tourism dependent economy, with high levels of foreign debt, that is vulnerable to periodic shocks.
- Anaemic growth and a shrinking population which lead to a small domestic market that is unattractive to most investors.
- Low rates of entrepreneurship and private investment that hinder innovation, economic diversification and growth.
- Unemployment and underemployment, particularly among the youth.
- Brain drain that is depriving the country of its best human talent.

Despite possessing a number of assets that would be attractive to potential investors, particularly in tourism, Dominica has not been as successful as some other islands in the region in drawing investment. FDI as a % of GDP over the 2000-2008 period was 9.7%, compared with 16.7% in Grenada, 14.5% in St. Vincent and the Grenadines and 13.1% in St. Lucia. This suggests that the country faces challenges in its attempts to attract foreign investment and this National Investment Strategy and Action Plan aims to take account of these constraints while guiding the Invest Dominica Authority (IDA) in its efforts to increase investment.

### Target Industries

When this work was commissioned, 3 industries were shortlisted for inclusion in the Strategy, tourism, professional services and agribusiness. At the request of the IDA, the entertainment industry was added to the project during implementation. The first task in this project was to establish which niche areas of the 4 shortlisted industries should be prioritised in the Strategy. The selection process involved a number of considerations, including which areas were actually growing and attracting investment, which had generally strong drivers and prospects based on market trends, which had potential to create more jobs and better jobs and which had potential for alleviating Dominica's economic challenges.

- **Tourism:** This industry is of central importance to the country and there is a natural asset base that affords some exciting investment potential. While some investment has taken place, it has not been of the transformative sort that could really harness what

Dominica has to offer. There is room for growth in both cruise and stayover arrivals and a deepening of visitor spending. Fortunately, this potential has been recognised and understood by the Discover Dominica Authority (DDA) and a roadmap for developing the industry exists in the form of the Tourism Master Plan. With responsibility for tourism product development and destination marketing, the DDA leads efforts to develop tourism and the IDA should, and does, base its efforts around those of its sister agency. As the IDA has made some progress with investors on development of Dominica's flagship tourism assets, the Strategy has concentrated on secondary activities the IDA can take on that will supplement this work.

- **Professional services:** In recent years, the world has seen huge growth in areas such as ICT, education and medical tourism. These industries continued to grow during the global downturn and hold high potential for job creation, both in terms of numbers and quality of positions. Dominica has already seen investment in the first two areas and has advantages in the third, all of which recommends inclusion of all 3 in the Strategy.
- **Agriculture:** Although this industry is in decline in the wake of erosion of preferential market access terms, there is still a reasonably strong asset base to work from. However the structure of the industry, i.e. a high number of small farmers and a lack of scale, means that Dominica is unlikely to be internationally competitive as an exporter of agricultural produce. Therefore it is important to focus on higher-value segments such as agro-processing of niche products, primarily for the local and regional market.
- **Entertainment:** The main areas of activity in this industry are music and film. The existence of Creole music means Dominica has a relatively unique music style and a dedicated festival to promote it. On the film side the country has a track record as a filming location, hosting major Hollywood pictures and TV programmes. The Strategy considers how investment can fit into ongoing efforts to support this industry.

### **The Investment Promotion Strategy**

Carrying out broad-based image building activities is expensive and while it can raise investor awareness of a country, it typically does not directly lead to investment. Given the IDA's limited resources and fact that niche investment opportunities will be both sufficient and suitable for Dominica, the best approach is to focus on investment generating activities. The purpose of these activities is to establish contact with key decision makers in targeted investment areas. Before that can be done, it is necessary to determine areas should be targeted in each industry.

### **The Investment Promotion Strategy – Tourism**

What is required is to improve the quality of tourism investment in the country. To deal with the constraints to tourism development, improved investment must take on 2 dimensions:

1. Better products that act as tourist attractions in their own right; and
2. Investors with the capability to market their products effectively and independently.

Investment of this kind will be able to draw visitors to the country on its own merits as an attraction and will thereby help to raise Dominica's profile as a tourism destination. In turn, that should help to boost visitor numbers further. This will create demand for ancillary services such as airlift, restaurants, shopping and tourism attractions and will then make investment in such enterprises more viable.

The country does have some good beaches and areas such as Calibishie have been earmarked as priority projects for larger scale resort developments capable of being standalone attractions. The IDA should give these investments priority. In addition it should attempt to attract investment in:

- Flagship boutique hotels.
- Eco lodges.
- Dive hotels.
- Boutique natural spa hotels.

In areas such as nature-based tourism and efforts to increase dive visitors it will need to liaise with the DDA to consider how it can provide assistance to its sister agency's ongoing efforts.

### **The Investment Promotion Strategy – Professional Services**

In addition to its strong natural resources, Dominica's greatest potential lies in the country's people. Service industries provide a means of harnessing this human resource potential in a way that will preserve the natural environment and provide a source of better jobs for locals. There are a few areas with potential for investment, all of which build upon existing capability.

- **IT enabled services:** There are already call centres in the country and there is interest in further investment. In addition to call centres, data management providers could be a source of investment.
- **Education:** The country hosts two medical schools and clearly can offer an investment proposition in this area. With demand for offshore medical and nursing education set to remain robust, investment promotion should focus on these areas. English language training is a more remote opportunity and although it is a possibility it is not a priority.
- **Medical services:** This is a huge growth industry and the fact that it is tied to tourism, that Dominica is near a key market in the US and that the local medical profession is augmented by doctors at Ross University means there is investment opportunity here. The focus should be on attracting dedicated medical tourism service providers or on encouraging US hospitals and clinics to set up offshore operations to serve their patients at lower cost.

### **The Investment Promotion Strategy – Agribusiness**

This industry is composed of a number of small agro-processors who are typically operating below capacity and fairly independently of one another, so the industry has not developed economies of scale. The industry faces a number of challenges and constraints to scaling up, notably the small size of the local market and a lack of competitiveness when exporting. Given the constraints of the local industry, attracting further agro-processing investment or investment in providing services such as bottling and packaging to the industry seems unlikely. What is required is to first strengthen the domestic industry and then determine if courting investment is viable. Discussions around forming a 'working group' of some kind to consider the challenges facing the industry are underway and the Investor Services Unit is participating in this initiative. For now, the IDA should support the industry through this group and respond to industry needs as they become clear.

### **The Investment Promotion Strategy – Entertainment**

The revenue generating and job creation potential of this industry is significantly smaller than what is afforded by tourism and professional services. Nevertheless, music and film are important because of their links to the cultural identity of the country and because they do enhance the tourism product, thereby indirectly generating revenue on top of direct earning activities. At the moment, the industry faces a number of challenges that will need to be addressed before investment in music and film becomes more attractive. Many of these challenges are being addressed under other initiatives and the export orientation and tourism links of the industry mean that the responsibility for industry development belongs to agencies other than the IDA. As such there is no need for the IDA to duplicate these activities and it can devote its limited resources to areas it has sole responsibility for. Therefore it should remain involved with the industry and determine how it can take a more active role as needs arise.

### **The Action Plan – Institutional Arrangements**

In many senses, responsibility for carrying out the National Investment Strategy falls upon the IDA. Attracting investment is, after all, its mandate and the Strategy was drafted to assist it in this regard. However, in order for its efforts to be effective, there will be a need to take a holistic look at each of the target industries and ensure that they are developing in a manner that provides fertile ground for investment. If the industries in general, and the specific niche investment opportunities being promoted, do not offer attractive potential returns to investment, then promotional efforts, no matter how diligently and skilfully carried out, are unlikely to be successful. And while the IDA can deal with investment promotion and gather information from investors that will help to gauge the factors influencing investment competitiveness, the agency on its own will not be able to take action to foster industrial development. Therefore, it is recommended that the IDA convene investment working groups for each industry that draw together key public and, where relevant, private sector stakeholders to consider the development agenda for each industry.

### **The Action Plan – Implementation Programme**

The Action Plan provides a guide to implementing the broader recommendations of the Strategy. For each targeted industries an indicative set of actions for the IDA is discussed. As resources are limited, it will not be able to carry out all of these actions concurrently, therefore suggestions for priority actions have been made. However, the total resource requirements for delivering on all the activities have been provided for budgeting and planning purposes. Activities could be delivered in sequence or the targets could be revised to allow more activities to take place at one time. The IDA will have to make these decisions during implementation.

The IDA must remain flexible in delivering against the implementation programme. Areas with expected high potential may not be as attractive to investors as anticipated, or investors may approach the agency independently of promotional efforts. In such cases, the IDA may need to shift the focus of its activities and it will need to develop this ability and judgement in response to feedback from actual investors. Over time, the recommendations in the Strategy will become somewhat dated. It is vital the IDA develop its ability to identify new areas with investment potential, learn how to target suitable investors effectively and carry out tailored and effective investment promotion without further technical assistance. In this way, the agency can continuously build its capacity and thereby ensure its sustainability. So this guide is intended to serve as a roadmap for action, one that the IDA can replicate in new areas over time, rather than a concrete schedule to be followed strictly.

# 1 Introduction

The purpose of this project is to develop a National Investment Strategy and Action Plan to guide the efforts of the Invest Dominica Authority (IDA) as it pursues its mandate of increasing investment in Dominica. Despite possessing a number of assets attractive to potential investors, particularly in tourism, the country faces several challenges in its attempts to convert interest into tangible investment. The IDA has recognised and understood these challenges and, through the support of the World Bank's Growth and Social Protection Technical Assistance (GSPTA) Project, has commissioned the development of this Strategy and Action Plan to provide a means of promoting investment while accounting for the existing constraints.

When this work was commissioned, three industries were shortlisted for inclusion in the Strategy, tourism, professional services and agribusiness. At the request of the IDA, the entertainment industry was added to the project during implementation. In order to be effective, an investment strategy must be based on a clear understanding of what a country can offer prospective investors. Therefore, the Strategy outlines the investment potential in each of these industries and where specific opportunities exist.

Essentially, this is the supply side of the investment market, and it is important for an investment promotion agency (IPA) to compile a portfolio of opportunities that includes an assessment of which have the greatest potential to result in investment. In order to get a true measure of this potential it is necessary to understand the absolute strengths and weaknesses of individual investment projects, the quality of the supply, and also to consider how they match up against the demand side of the market. No matter how attractive or viable an investment may be, if there is no 'buyer' for the product, promotional efforts are likely to be a waste of resources.

The dominant factor that affects Dominica's ability to attract and increase investment, both foreign and domestic, is the size of the country. The small size of the domestic market limits the size of businesses that can be set up locally, unless they have an export orientation. As a result the Strategy is focused on courting export-oriented investment. A second consequence of the country's size is that the scale of investment offerings is not very large, both in terms of range and depth. What this means is that a broad based review of foreign direct investment (FDI) trends and certain strengths and weaknesses as a general investment location which would otherwise form important components of an investment strategy are of less use in this context. What becomes more informative and useful from a strategic planning perspective is a consideration of factors through the specific lens of targeted investment areas, rather than from the country-level point of view. Essentially this means analysing what Dominica is selling on a more individualised basis that will indicate where demand lies and will reveal how the country can go about competing effectively for investment.

This thought process has guided the preparation of this National Investment Strategy and Action Plan and is covered in detail in Chapter 2 which discusses Dominica's economic challenges and how investment can play a role in the country's development. It also outlines the type of investment Dominica is likely to attract and explains how these prospects have shaped the focus of the Strategy.

The next few chapters discuss the shortlisted industries one by one, outlining key investment prospects and approach to be followed by the IDA in pursuing investment in each area.

In considering the recommendations provided in the Action Plan it is important to bear in mind that attracting investment through active promotion is not an exact science. It will require flexibility on the part of the IDA in taking these measures forward and the agency will need to adapt as it implements the Strategy, tabling some actions when interest seems low and prioritising others when investor appetite grows. The skills developed through the separate training consultancy provided under this project should help the IDA in pursuing an active and responsive course of implementation.

## 2 The Scope for Investment in Dominica

### 2.1 The Economic Backdrop to Investment

In developing an investment strategy, it is important to begin with a sound understanding of the country's economic circumstances, including the specific challenges it faces, the broader economic imperatives that stem from those challenges and how investment can be used in a manner that delivers the type of development the country most needs.

Dominica suffers from many of challenges that a number of other Caribbean nations face, which can be summarised as follows:

- A tourism dependent economy, with high levels of foreign debt, that is vulnerable to periodic shocks.
- Anaemic growth and a shrinking population which lead to a small domestic market that is unattractive to most investors.
- Low rates of entrepreneurship and private investment that hinder innovation, economic diversification and growth.
- Unemployment and underemployment, particularly among the youth.
- Brain drain that is depriving the country of its best human talent.

In recognition of these challenges, the Government of Dominica designed the Growth and Social Protection Strategy with the twin objectives of increasing growth and reducing poverty. The GSPTA Project, financed by the World Bank, the European Union and the Government, seeks to deliver on these objectives.

The need for action was made more evident following a severe economic downturn in 2001-2002, which exacerbated already high levels of poverty. At that time, the Government pursued a two-pronged strategy that focused on trying to attain macroeconomic stability and growth through private sector development (PSD). On the macroeconomic front, progress was made with the support of an IMF Poverty Reduction and Growth Facility, the World Bank's Economic Recovery Support Operation and Paris Club debt restructuring. The effort was far less successful, however, in stimulating growth. Although economic recovery ensued in 2004 growth has remained anaemic, apart from 2006 when it hit 4.0%, and slowed to just 0.66% in 2007 and 0.76% the year after.

While achieving greater levels of sustained growth through PSD does depend on macroeconomic stability, it also requires that complementary measures be in place. The Government continues to focus on reforms to help bring about private sector led growth but is also aware that there are certain limitations in the domestic private sector that will need to be addressed if that agenda is to be successful. For example, the rates of investment by the private sector are low and gross fixed private capital formation as a % of GDP was just 6.9% in 2008.<sup>1</sup>

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<sup>1</sup> World Bank, Private Sector at a Glance, Dominica, April 2010. These figures are seemingly contradicted by the data on FDI inflows (see Table 3 below), which stood at 14.6% of GDP in 2008. However, as that data tends to be provided by IPAs and includes forecasts for investment, the FDI data can be misleading and this is likely the reason for the discrepancy.

This is where FDI can play an important role by attracting the types of investment that can bridge the weaknesses of the domestic private sector and facilitate its growth and development over the longer term, while also providing an important source of economic activity in the shorter term. The GSPTA Project is focusing on facilitating investment through three types of initiatives: i) An improved business environment; (ii) significant enhancement of the fiscal incentives regime; and (iii) performance of the investment promotion function with greater focus and competence.

With improvements to the business environment and changes to the fiscal incentives regime being addressed by the Government with the support of multilateral donor agencies, the focus of this Strategy and Action Plan is on improving the IDA's capability to effectively promote investment. Guiding this aim is the overall objective of increasing investment in ways that will facilitate the development of the local private sector and will make a telling contribution to economic growth.

## 2.2 Types of FDI and Dominica's Prospects

While the aim of the IDA is to promote investment generally, regardless of whether it is from foreign or domestic sources, the simple fact is that the type of investment needed to kick start rapid growth is likely to come from abroad. Shortcomings of the domestic private sector mean that its ability to discover new products and markets in which the country can compete is limited. And, even when it is able to do so, growth is undermined by the small size of the opportunity which reduces the incentive to provide related goods and services needed to become competitive. As such, it is useful to consider the types of FDI, the factors that drive them and which types Dominica has the best chance of attracting.

In broad terms, foreign investors can be categorised as strategic or opportunistic based on the motivation behind the decision to invest. Specific decision-making factors in each group are outlined below:

- **Strategic investors:** Decision-making in this group is made on the basis of wider strategic considerations. Although profitability is important, the individual or initial investment is viewed as one part of a broader strategy. Objectives may include: securing presence in new markets, maximising economies of scale or scope, access to skilled labour or raw materials, supply chain considerations or taking advantage of trade blocs/surmounting trade barriers. Strategy investors can be further broken down into the following categories:
  - **Market-seeking investors** are looking to increase revenue by expanding operations into new markets. Many service industries, such as retailing, financial services and telecommunications, are market seeking. Investment is also market seeking when high trade barriers or transport costs make domestic production more attractive. Auto industry investment in countries such as Brazil is an example. Estimates generally show that market-seeking FDI has traditionally accounted for the majority of total FDI.
  - **Cost or value-seeking investors** are looking to reduce costs by locating production in a country with lower factor (land, labour, capital) costs or higher productivity

than their home country. Production is primarily for export, and may only encompass one component of a global supply-chain, rather than a finished good. Efficiency-seeking FDI is common in many manufacturing industries, such as automotives, consumer electronics and clothing.

- **Resource-seeking investors** are typically looking to gain access to key resources through investment. These could include minerals, raw materials, agricultural products or specialised labour. While there is some similarity here with opportunistic investors, the distinction between the two groups stems from the fact that the aim in this group extends beyond the simple profitability of the individual investment to include its viability in a larger strategic context.
- **Opportunistic investors:** This group assesses a target investment on the basis of its profitability alone. The ultimate objective is to identify unique projects that provide high levels of returns. The critical factor is therefore the level and time profile of the expected returns. Investors in privatisations and other specific projects are usually opportunistic in nature. Their investment analysis usually focuses on micro factors, such as the transaction costs surrounding the opportunity and factors such as tax levels, which affect the ability of the investor to appropriate benefits, as these are what determine profitability. Macro factors are also considered, but are used more for risk analysis than ranking of similar locations as in the strategic case. Risk is an important consideration for opportunistic investors as it affects the level and profile of returns – what these investors seek to maximise is the risk-adjusted rate of return after tax.

In terms of strategic investment, opportunities for Dominica are limited. The small size of the domestic market, even within the region, means attracting market-seeking FDI is a relatively slim possibility. Even on the efficiency side, Dominica cannot offer significant comparative advantages over other Caribbean countries in terms of skilled labour and factor costs. Its restricted transport links, which result in much higher costs for accessing key export markets such as the US than countries much further afield in Asia, reduce the cost efficiency of exporting. As this offers limited returns to investment and does not serve a broader strategic purpose, the proposition is unlikely to be overly attractive.

So the real prospect for Dominica is opportunistic investment in specific projects that can offer a reasonable risk-adjusted rate of return. The key to success in this area is to focus on *specific investment opportunities* and how Dominica can differentiate itself from regional competitors with similar offerings. Where differentiation is not possible, then the strategy must consider how Dominica can compete effectively through other means, such as effective promotion and marketing, providing better incentives and through more effective facilitation of the investment process.

For investors of this kind, broader macro-level considerations such as the quality of the business environment tend to be less important than they do for strategic investors. However, the extent to which they can have an impact on returns to investment does remain a factor and so it is useful to conduct a review of the competitiveness of Dominica's investment climate from this perspective.

### 2.2.1 Investment Climate Review

In order to get a sense of how Dominica compares with regional competitors offering similar investment opportunities, it is useful to assess how the country performs in the various factors that affect the prospects for investment generally. This section provides regional comparisons in the following areas:

- Infrastructure, including:
  - Transportation infrastructure.
  - Telecommunications.
  - Other utilities.
- Business environment.

While some of these factors will have more or less importance for certain types of investments, and others, such as labour costs, will vary significantly from one area to the next, undertaking a general analysis can provide an indication of Dominica's strengths and weaknesses. This will allow for an assessment of the degree to which these factors are likely to impact particular niche investment opportunities. This knowledge can then be used to formulate individualised investment strategies that minimise weaknesses and build upon strengths. Each of these factors is analysed in turn.

#### **2.2.1.1 Infrastructure**

Dominica does face certain disadvantages in this area. While it is not much worse off than many other countries in the eastern Caribbean, a generally underdeveloped infrastructure, particularly in terms of external transport links, does have an impact on competitiveness.

##### **Transportation Infrastructure**

With fewer direct flights out of the Caribbean than many countries in the region, Dominica has relatively poor air links and this is a constraint that has an impact on many industries. Although it is serviced by regional air hubs such as Antigua, Barbados and Puerto Rico, the country faces an additional challenge due to the sunset limitation, which can make it difficult to catch same day connecting flights to Dominica when international flights are delayed. The longer journey times, and the possibility of having to overnight on another island en route to Dominica makes the destination less attractive to short holiday tourists in particular. With the infrastructure now in place for night flights and regulatory approval pending, the hope is that some carriers will take advantage of the new facilities and schedule later flights to address this constraint. However, at the moment, airlift continues to be a problem in terms of movement of people to the country, which is of particular importance for the tourism industry.

The problem is exacerbated by the quality of roads on the island, which make the trip from Melville Hall Airport to areas such as Roseau and Portsmouth a difficult and lengthy journey, particularly at night. This reduces the country's attractiveness to certain segments of the tourism market (such as the luxury market), medical tourists and students. Again, efforts are underway to deal with this constraint and a contract to upgrade and resurface the Roseau to Melville Hall road has been awarded and work is expected to commence this year.

Shipping is an issue that is of particular importance as Dominica is heavily reliant on imports of goods and services, which amounted to 69.5% of GDP in 2008.<sup>2</sup> While the majority of imports are for domestic consumption, some are important inputs for products that are exported. In the agro-processing industry, for example, much of the material used for packaging and bottling of products is imported. This means that the cost of importing, and exporting for those firms doing so, has an impact on the final sale price. Anecdotal evidence from firms suggests that high costs in these areas do affect their ability to be competitive. Table 1 below compares the time and cost of importing and exporting in Dominica against competitor countries and the regional average.

**Table 1: Cost of Importing and Exporting**

Country/Region	Time to Import (days)	Cost to Import (US\$ per container)	Time to Export (Days)	Cost to Export (US\$ per container)
Latin America & Caribbean	20.9	1,481	18.6	1,243.6
Dominica	15	1,310	13	1,297
St. Lucia	18	2,645	14	1,600
Antigua & Barbuda	15	1,633	15	1,133
St. Vincent & the Grenadines	11	1,290	12	1,290
Jamaica	22	1,420	21	1,750

Source: Doing Business, [www.doingbusiness.org](http://www.doingbusiness.org)

Contrary to industry reports, the cost of importing to Dominica is lower than the regional average and the country actually outperforms key OECS competitor countries St. Lucia and Antigua & Barbuda. Of all the comparator countries, only St. Vincent and the Grenadines has lower import costs than Dominica and the difference is just US\$20 per container. On the export side, the results are largely similar, with Dominica again outperforming St. Luca and only slightly eclipsed (US\$7 per container) by St. Vincent & the Grenadines. However, Antigua & Barbuda is cheaper by US\$164 per container and the Dominica is just over US\$33 more expensive than the regional average.

However, the Doing Business measures only assess the internal requirements of trading from contractual agreement between the 2 parties to delivery of goods. In terms of exporting, Doing Business includes the cost and time of packing goods at the warehouse to their departure from the port of exit. For imports, the covered procedures range from the vessel's arrival at the port to delivery of cargo at the warehouse. In both cases, the time and cost of ocean transport are not included.<sup>3</sup> So in terms of internal trading, Dominica is largely competitive and it would appear that the cost of trading which stakeholders cite as a constraining factor derives from the cost of ocean transport.

To determine the cost of ocean transport, we requested quotes from shipping agents in St. Lucia and Dominica for getting a 20 foot container containing dry goods to and from Miami on a port to port basis.

<sup>2</sup> World Bank data, <http://data.worldbank.org/country/dominica>.

<sup>3</sup> Doing Business, Trading Across Borders Methodology, <http://www.doingbusiness.org/MethodologySurveys/TradingAcrossBorders.aspx>.

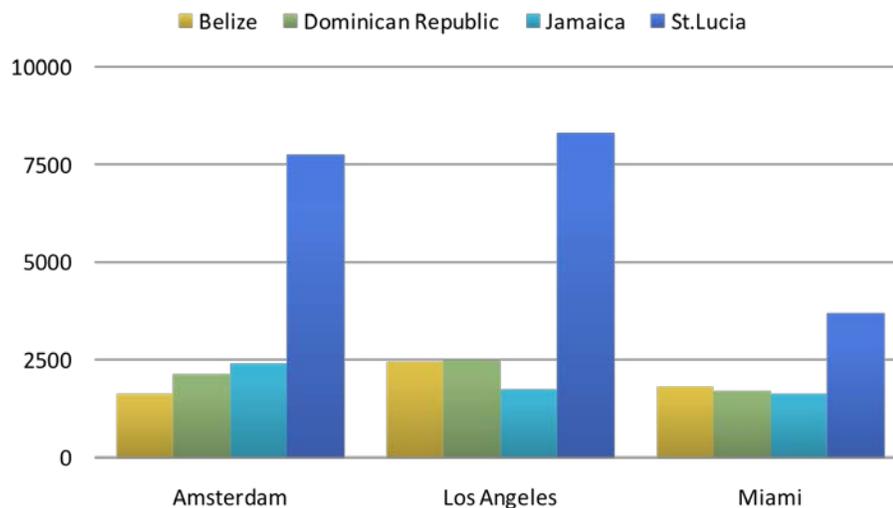
**Table 2: 20 Foot Container Shipping Costs to Miami (US\$)**

Type	Dominica	St. Lucia
Import	2,695	2,272
Export	1,900	2,172

The import cost of getting a container to Dominica from Miami is 18.6% higher than the cost of sending one to St. Lucia, so in this regard, the stakeholder claims regarding the impact on competitiveness are borne out. However, on the export side, Dominica is 12.5% cheaper than St. Lucia. Taking the total cost together, a Dominican producer importing a container of materials from Miami and then sending a container of goods to Miami for sale would be facing shipping costs that are 3.3% more expensive than a St. Lucian firm doing the same thing.

However, it must be noted that shipping costs in the eastern Caribbean tend to be higher than for countries in other parts of the region. The figure below shows that export costs in St. Lucia are multiples of the rates in Belize, the Dominican Republic and Jamaica. Given that the costs in Dominica are fairly close to the St. Lucian rates, it is at a disadvantage in terms of shipping costs against some Caribbean countries.

**Figure 1: International Sea Freight Rates, by destination (US\$ per 40 foot container)**



Source: Competitiveness and Innovation Programme for CARIFORUM Countries, Draft, October 2008, utilising 2007 information from the World Bank.

Looking globally, the picture for Dominica becomes even more bleak. The Caribbean is off the world’s main shipping routes and so transport costs for reaching the US can be higher than locations that are much farther afield, such as India and Thailand. So shipping costs do put local producers at a cost disadvantage to a number of competitors.

## Telecommunications

Investment in telecommunications in recent years has improved the quality of service on offer in Dominica. Critically, the cost of broadband for businesses has come down while the supply has improved. Feedback from an outsourcing centre, to which broadband availability and cost is crucial, was that cost levels were around US\$2,500 per month for speeds up to 16 MB, a level that makes Dominica competitive with Jamaica, a key competitor in the outsourcing industry. At the same time the quality of broadband supply was deemed to adequate. So telecommunications do not represent a constraint but it should be noted that the cost of retail supply can be much higher than what large volume businesses pay.

## Other Utilities

The cost of electricity is an important consideration from the agribusiness perspective as it influences how competitive energy-intensive production techniques are. A draft programme on competitiveness and innovation in CARIFORUM countries examined costs across the region, finding that the average price of electricity in the Caribbean was US\$0.17 per kWh in 2004.<sup>4</sup> There was significant variation around this average, with Trinidad & Tobago offering the lowest cost at US\$0.03 per kWh. At that time, Dominica at US\$0.27 had the highest cost in the region. Rates have come down since then, with charges starting at US\$0.21 per kWh up to 50 kWh in a month and US\$0.25 per kWh after the first 50.<sup>5</sup> The CARIFORUM report pointed to losses through transmission and distribution as one of the factors pushing up the local cost of electricity and these losses amounted to 19% of the unit cost. During consultations with agro-processors, the cost of electricity was identified as a constraint and the data bear this out.

### 2.2.1.2 Business Environment

In general terms Dominica's business environment is not a constraint that should impact the ability to attract investment. The country ranked 83<sup>rd</sup> out of the 183 countries covered in the World Bank's Doing Business 2010 survey. The specific results for Dominica are shown in the figure below.

#### Figure 2: Doing Business 2010 Performance - Dominica

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<sup>4</sup> Competitiveness and Innovation Programme for CARIFORUM Countries, Draft, October 2008.

<sup>5</sup> Investment Information document, IDA.

<b>DOMINICA</b>		Latin America & Caribbean	GNI per capita (US\$)	4,767	
Ease of doing business (rank)	83	Upper middle income	Population (m)	0.1	
<b>Starting a business</b> (rank)	38	<b>Registering property</b> (rank)	113	<b>Trading across borders</b> (rank)	86
Procedures (number)	5	Procedures (number)	5	Documents to export (number)	7
Time (days)	14	Time (days)	42	Time to export (days)	13
Cost (% of income per capita)	22.6	Cost (% of property value)	13.7	Cost to export (US\$ per container)	1,297
Minimum capital (% of income per capita)	0.0			Documents to import (number)	8
		<b>Getting credit</b> (rank)	71	Time to import (days)	15
<b>Dealing with construction permits</b> (rank)	25	Strength of legal rights index (0-10)	9	Cost to import (US\$ per container)	1,310
Procedures (number)	13	Depth of credit information index (0-6)	0		
Time (days)	182	Public registry coverage (% of adults)	0.0	<b>Enforcing contracts</b> (rank)	167
Cost (% of income per capita)	11.3	Private bureau coverage (% of adults)	0.0	Procedures (number)	47
				Time (days)	681
<b>Employing workers</b> (rank)	80	<b>Protecting investors</b> (rank)	27	Cost (% of claim)	36.0
Difficulty of hiring index (0-100)	11	Extent of disclosure index (0-10)	4		
Rigidity of hours index (0-100)	13	Extent of director liability index (0-10)	8	<b>Closing a business</b> (rank)	183
Difficulty of redundancy index (0-100)	20	Ease of shareholder suits index (0-10)	7	Time (years)	NO PRACTICE
Rigidity of employment index (0-100)	15	Strength of investor protection index (0-10)	6.3	Cost (% of estate)	NO PRACTICE
Redundancy cost (weeks of salary)	58			Recovery rate (cents on the dollar)	0.0
		<b>Paying taxes</b> (rank)	68		
		Payments (number per year)	38		
		Time (hours per year)	120		
		Total tax rate (% of profit)	37.0		

Source: Doing Business, [www.doingbusiness.org](http://www.doingbusiness.org)

Performance in terms of registering property (ranked 113<sup>th</sup>), enforcing contracts (167<sup>th</sup>) and closing a business (183<sup>rd</sup>) was particularly poor, but the problems that investors might face in practical terms are mitigated by the ISU, which is regarded by the private sector as a useful enabler of business. It is important that this message be communicated to potential investors as part of general and specific investment promotion activities.

### 2.3 Review of Investment in Dominica

The preceding analysis provides a good indication of where Dominica is likely to be successful in attracting investment and the general challenges it faces. However, it is important to round out the discussion by considering the pattern of previous investment in the country to see what lessons emerge from the past. The tables below present FDI data for Dominica and some key eastern Caribbean comparator countries from 2000-2008 to illustrate recent performance.

**Table 3: Regional FDI Inflows (Current US\$)**

Year	Dominica	Grenada	St. Vincent & the Grenadines	St. Lucia
2000	17,596,296	37,407,407	37,744,444	53,748,148
2001	17,116,000	58,748,148	21,040,741	58,807,407
2002	20,111,000	54,488,889	34,051,852	51,937,037
2003	31,472,141	89,166,667	55,164,448	106,425,926
2004	26,173,948	65,014,333	65,686,167	76,520,285
2005	19,235,559	70,157,130	40,087,315	78,233,430
2006	25,907,526	89,787,148	109,112,344	233,934,815
2007	53,239,830	174,243,357	109,825,707	253,372,556
2008	52,105,826	161,209,241	119,313,335	104,749,415
<b>Average</b>	<b>29,217,570</b>	<b>88,913,591</b>	<b>65,780,706</b>	<b>113,081,002</b>

Source: World Bank

**Table 4: FDI as a Percentage of GDP (%)**

Year	Dominica	Grenada	St. Vincent & the Grenadines	St. Lucia
2000	6.5	8.7	11.1	7.6
2001	6.4	13.9	6.0	8.6
2002	7.9	12.5	9.2	7.4
2003	12.0	18.6	17.9	14.2
2004	9.6	13.9	15.6	9.6
2005	6.4	12.7	9.0	8.9
2006	8.2	15.9	21.9	25.1
2007	15.6	28.7	19.8	26.4
2008	14.6	25.3	20.0	10.5
<b>Average</b>	<b>9.7</b>	<b>16.7</b>	<b>14.5</b>	<b>13.1</b>

Source: World Bank

What is immediately apparent from the figures is that Dominica has been less successful than the other countries in attracting FDI, both in absolute volume terms and in terms of relative importance to the economy. With an average inflow of US\$29.2 million over the 9-year period, Dominica attracted 44.4% of the annual flow in St. Vincent & the Grenadines, 32.9% of that in Grenada and 25.8% of the St. Lucian level. While Dominica has a smaller economy than all of these countries, its average FDI inflows were still smaller even when considered against GDP. Of the comparator countries, St. Lucia had the lowest average levels of FDI as a percentage of GDP and Dominica was 3.4% lower than St. Lucia in this measure.

While it remains less dependent on FDI than some other eastern Caribbean countries, Dominica is also less attractive as an investment destination, based on the hard numbers. Much of the recent investment in the country has been in the telecommunications and hotel industries. In the former case, the bulk of activity has been accounted for by LIME, a subsidiary of Cable & Wireless Communications plc. In the latter case, the opening of a number of small hotels and guesthouses has driven investment.

So although it has been less competitive to date, and it is starting from a lower base of FDI inflows, the performance of other countries suggests that there is potential for increased investment in Dominica. Since the country boasts particular tourism assets that differentiate it in some regards from other islands in the eastern Caribbean, which have been able to attract larger volumes of tourism investment, there would seem to be scope for increasing investment flows in this industry. Given that investment in telecommunications is proceeding of its own volition and has typically been driven by market-seeking investment, it was deemed unnecessary to include that industry in the Strategy. When this project was commissioned, two industries in addition to tourism were shortlisted for inclusion in the Strategy, professional services and agro-processing. At the request of the IDA, the entertainment industry was added to the project during implementation.

The niche offerings in each of these industries, along with their prospects for attracting investment and suggested approaches for doing so are discussed in individual chapters following

this one. However, the general approach to investment promotion that the IDA will need to adopt is discussed in the section below.

## 2.4 An Investment Promotion Campaign for Dominica

### 2.4.1 Investment Promotion Activities and the IDA

Although the primary aim of investment promotion is to attract investors, in general terms promotional activities have three objectives:

- **Image building:** These activities aim to improve a country’s image within the investment community as a favourable location for investment.
- **Investment generation:** These activities aim to directly increase investment.
- **Investment servicing:** These activities provide services to prospective and current investors.<sup>6</sup>

The first two activities seek to increase investment, while the third seeks to ensure interested parties follow through and invest and to encourage existing investors to reinvest locally. Specific techniques used in each of these activities are outlined in the table below.

**Table 5: Investment Promotion Techniques**

Investment Activity	Investment Techniques
Image Building	Advertising in general financial media
	Participating in investment exhibitions
	Advertising in industry or sector specific media
	Conducting general investment missions
	Conducting general information seminars on investment opportunities
Investment Generation	Engaging in direct mail or telemarketing campaigns
	Conducting industry or sector specific investment missions
	Conducting industry or sector specific information seminars
	Engaging in firm specific research followed by “sales” presentations
	Carrying out pre-site visit preparations
	Conducting site visits
	Carrying out post-site visit activities
Investment Servicing	Providing investment counselling services
	Expediting the processing of applications and permits
	Providing post investment services

Source: Marketing a Country, Wells and Wint, FIAS Occasional Paper 13, 2000

The IDA is well organised to carry out these activities and is divided into 2 arms squarely along a separation of these functions. The Investment Promotion Unit (IPU) is responsible for image building and investment generation, while the Investor Services Unit (ISU) handles investment servicing. At the moment, the ISU is further along in terms of delivering against its mandate

<sup>6</sup> Marketing a Country, Wells and Wint, FIAS Occasional Paper 13, 2000. Dexis Consulting Group.

than is the IPU and is actively involved in dialogue with investors and is addressing their issues and challenges. However, the IPU has yet to substantially engage in active investment promotion activities and much of its activities in the wake of the reorganisation of the National Development Corporation have been focused on reviewing and updating its systems, preparing promotional materials and raising awareness of its existence and function. As it is now in a position to take on a more active course of investment promotion, consideration should be given to the focus of the campaign, particularly as the IDA has limited resources and the IPU is made up of just 2 staff members.

#### **2.4.2 Strategy and Approach**

Countries at different stages of development will offer different characteristics that will appeal to differing types of investors. As a result of this, the types of investment promotion techniques and activities that an IPA will use in attracting investment will also vary.

Smaller developing countries generally tend to make use of more targeted investment promotion techniques, even in the area of image building, than developed countries do. The reason for this is that developing countries are less likely to attract interest from a variety of industries, so broad-based marketing activities may amount to a waste of resources. A more effective approach is to focus on raising the country's profile in a targeted group of industries. However, image building activities, even when they are targeted, usually do not directly generate investment. The Wells and Wint study surveyed 10 IPAs and in 9 cases found that image building did not generate investment.

Dominica has a generally low profile as an investment destination even in certain segments of the tourism industry. So it will be important to make use of targeted image building to raise the country's profile. However, many of the niche offerings in the shortlisted industries are in the early stages of development, which means that there is not much to advertise. So it is more important that the IDA focus on investment generation over image building as these activities could attract investment that will foster the growth of the local industries. Once the scale of each targeted industry increases, so too can the scale of image building activities around that industry.

Having established the reasons for Dominica to concentrate on investment generation activities, it is important to have a clear understanding of the how those activities can best attract investment. In the Wells and Wint study, the consensus among the surveyed IPAs was that promotional techniques aimed at generating investment were *"effective only to the extent that they were a vehicle through which decision makers, in companies likely to invest, could be identified, personally contacted, and encouraged to invest in a particular country."*<sup>7</sup> Use of less personal techniques such as mailing campaigns, telemarketing and even investment missions typically do not generate investment directly, but are simply methods of identifying the key decision makers in targeted companies.

The importance of zeroing in on key individuals within firms has also been confirmed through investor feedback. In a survey of managers involved in 30 investment decisions, 11, or 37%, reported that IPAs exerted significant influence on the decision and a further 9 (30%) reported

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<sup>7</sup> Marketing a Country, Wells and Wint, FIAS Occasional Paper 13, 2000, pages 24-25.

they had some influence on the decision. Among the “significant influence” group, 91% of respondents indicated that they had been personally approached by investment promoters who worked with their companies on an ongoing basis through the investment decision process. In only one instance was an investor influenced by a promotional technique aimed at a group of companies.<sup>8</sup> Underlying this trend is a desire among investors for tailored support through the investment decision-making process in a way that responds to their specific needs.

It is important that the IDA and this Strategy take account of this tendency as it should guide operational approaches. For example, the advance preparation and use of project profiles has been found to be ineffective as an investment generating tool, by IPAs themselves and by an evaluation of a campaign using this approach in Indonesia.<sup>9</sup> These profiles amounted to feasibility studies of certain investments, designed to provide cost and profit estimates of various projects prioritised by the government for investment. Essentially, this approach was supply-driven, rather than market-driven, and this is perhaps part of the reason it was not successful. The standard, and better, practice that other IPAs have used has been to prepare feasibility studies as part of the investment servicing function, tailoring them specifically to the needs and interests of individual investors.

Therefore the IDA will need to concentrate on using investment generating activities to identify and build relationships with key decision makers in targeted firms, while at the same time engaging in limited and targeted image building activities. The results and knowledge gained from interaction with investors will become important when interest becomes more concrete. At that stage, the ISU will have to become involved with investors and what the IPU has learned through its interaction will guide the servicing unit in responding to investor needs.

So the focus of this Strategy is on determining where specific opportunities for Dominica exist and how the IDA can go about targeting investors in these areas and making initial contact to gauge interest in investing. The importance of building and maintaining relationships as part of the investment promotion function has been made clear and in implementing the Strategy it is important that the IDA keep this in mind to guide its ongoing efforts. The suggested target areas are discussed below and the following chapters expand on the opportunities and approach in each.

### 2.4.3 Areas of Focus

The first task in this project was to establish which areas of the 4 shortlisted industries should be prioritised in the Strategy. The selection process involved a number of considerations, including which areas were actually growing and attracting investment, which had generally strong drivers and prospects based on market trends, which had potential to create more jobs and better jobs and which had potential for alleviating Dominica’s economic challenges. The goal was to identify specific niche segments in each industry to facilitate the targeted approach discussed above.

- **Tourism:** This industry is of central importance to the country and there is a natural asset base that affords some exciting investment potential. While some investment has

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<sup>8</sup> Marketing a Country, Wells and Wint, FIAS Occasional Paper 13, 2000.

<sup>9</sup> Marketing a Country, Wells and Wint, FIAS Occasional Paper 13, 2000.

taken place, it has not been of the transformative sort that could really harness what Dominica has to offer. There is room for growth in both cruise and stayover arrivals and a deepening of visitor spending. Fortunately, this potential has been recognised and understood by the Discover Dominica Authority (DDA) and a roadmap for developing the industry exists in the form of the Tourism Master Plan. With responsibility for tourism product development and destination marketing, the DDA leads efforts to develop tourism and the IDA should, and does, base its efforts around those of its sister agency. As the IDA has made some progress with investors on development of Dominica's flagship tourism assets, the Strategy has concentrated on secondary activities the IDA can take on that will supplement this work.

- **Agriculture:** Although this industry is in decline in the wake of erosion of preferential market access terms, there is still a reasonably strong asset base to work from. However the structure of the industry, i.e. a high number of small farmers and a lack of scale, means that Dominica is unlikely to be internationally competitive as an exporter of agricultural produce. Therefore it is important to focus on higher-value segments such as agro-processing of niche products, primarily for the local and regional market.
- **Services:** Among the largest industry in this sector is wholesale and retail trade, which would suggest it as an area with investment potential. However the size of the local market is small and spending levels are not that high. This market profile coupled with the fact that it is already well-supplied means that investment prospects are stronger in other areas.

Banking and insurance is another large service sector but as with wholesale and retail trade, is relatively mature. The extent to which Dominica is likely to attract offshore financial institutions has already been realised and the domestic market is well supplied. Although access to finance at an affordable cost remains an issue for many businesses, the scope for investment seems limited.

In recent years, the world has seen huge growth in areas such as ICT. Dominica has already attracted investment in telecommunications and the investment that is now likely to take place will be to supplement and fill in the current service offering. Furthermore much of this investment is taking place independently so this area has not been covered in the Strategy. However, Dominica has also seen investment in IT-enabled services such as call centres and this is an area that represents a good opportunity for the country. Global growth is strong and the industry's potential for creating jobs, a key challenge for Dominica, recommends its inclusion in the Strategy.

Education tourism is another large growth area, both globally and in Dominica, where the presence of Ross University makes an important contribution to the local economy. With All Saints, another medical school, also present on the island, there is clearly an investment proposition in this area and so it has been included in the Strategy.

The final service industry included in this work is medical tourism. Again, global growth is explosive, with revenues predicted to jump from US\$60 billion in 2006 to US\$100 billion in 2012. The fact that this industry is tied to tourism, that Dominica is near the

key US market and has a medical profession augmented by the presence of Ross University means that there are investment opportunities worth exploring here.

While attempts were made to include as many areas within each industry as possible, coverage in the Strategy had to also take account of the IDA's capacity to implement the recommendations effectively. The IPU, which will have the primary responsibility for the day-to-day execution of the Strategy, has limited resources and so there was a danger of diluting the potency of the recommendations by attempting to cover too many areas. Therefore, certain investment opportunities, particularly those which were early stage in terms of investment readiness, have not been included in this document. However, it is important that the IDA remains flexible when implementing the Strategy and continuously identifies new areas with investment potential. At the moment, the following 3 niches were dropped, but the IDA should re-evaluate their potential in the future and then determine if it should begin to actively court investment.

- **Geothermal energy:** The Wotten Waven area is a potential source of geothermal electricity production and studies and analyses on the suitability of the resource for development and transmission are underway. The matter is under high-level government consideration and until decisions are reached and technical viability established, the IDA cannot promote the opportunity effectively. Therefore the agency should continue to monitor developments in this sphere and take action when appropriate.
- **Bottled water:** At the moment, the market for bottled water does not derive a premium for quality of the product and competitiveness is based more upon effective marketing and branding. Competing on these terms would require a sophisticated investor with the wherewithal to carve out a sustainable market position, which given the low volume demanded locally and regionally, would likely have to be in higher value products. Given the state of the market, attracting such an investor seems unlikely at the moment. However, the IDA should reassess the possibilities in this area annually or biennially to determine if market conditions have changed.
- **Convalescent and elderly care:** This area does provide a complement to medical tourism and Dominica has an opportunity to build upon its reputation as a country with a very high degree of longevity. However, the lack of medical facilities, limited range of specialist services and limited quality accommodation act as constraints to development of this industry. The recommendation is that the IDA focus on courting accommodation investment in the tourism industry and investment in medical tourism to address these constraints before focusing on investment in caring services. However, where individual investors are interested in taking this area forward independently, the ISU can provide support.

## 3 Tourism

### 3.1 Industry Overview

Tourism is a critical component of Dominica's economy, accounting for a large number of jobs and providing an important contribution to GDP. In 2008, visitor expenditure alone was US\$72.37 million, amounting to 20.2% of GDP. While Dominica does have a great deal of potential in tourism, the importance of the industry to the economy means that development of this resource must be undertaken in a considered way that will improve economic returns but preserve the assets.

The Tourism Master Plan 2005 – 2015 (TMP) recognises that Dominica has a wealth of natural resources, including rain forests, waterfalls, natural spas, abundant wildlife and diving that is among the best in the region. It also acknowledges that development of mass tourism would not be suitable for the country, in part because of the damage that would result to these assets. Despite these and many other natural gifts, the tourism industry has not developed to fully capitalise on these assets, even in a sustainable manner.

The TMP points out that while several factors have constrained tourism's development, including infrastructure deficiencies, inadequate marketing, restricted airlift, a deficit of skills, etc., the fundamental reason is that Dominica offers a very limited product in terms of variety, quality and quantity. It goes on to note that "around one-third of the available room stock (285 rooms) is considered to be of acceptable international standard (export ready) and most of the stock (160) is in Roseau. There are few recreational facilities, no fine dining and very limited entertainment."<sup>10</sup> As a result, spending opportunities are limited, and the visitors that do come to the island do not spend much.

The Government set out ambitious growth targets for tourism revenues in the Dominica – Tourism 2010 Policy and the TMP rightly recognised that it would not be sufficient to rely on the existing nature and culture based tourism offering to achieve these targets. Product diversification and increased product value-addition would be required, which would in turn depend upon a great deal of investment from 2007 – 2015. The estimated investment from the private sector alone was EC\$1.278 billion, and this figure does not account for private contributions through the EC\$524 million of public private partnership investment. The solely private sector contribution works out to US\$433.33 million over the planned 9-year period.

To put this in perspective against actual FDI inflows, consider that from the 9 years from 2000-2008, total FDI inflows across all sectors, including tourism, were US\$262.96 million. Achieving the estimated investment requirements in the TMP would require a 64.8% increase over the performance in the slightly overlapping 2000-2008 period. Admittedly the volume of foreign investment in 2007 (US\$53.24 million) and 2008 (US\$52.11 million) put the country on course to achieve the target, these figures included investment in all industries and were likely to dip in 2009 and 2010 in the wake of the global recession. The point here is that achieving the private sector investment requirements in the TMP would require a very significant improvement over recent performance in attracting FDI.

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<sup>10</sup> Tourism Master Plan 2005 – 2015, page 3.

Leaving aside the point on the scale of investment required, the expected return to this investment would be significantly higher tourism revenues through:

- Higher visitor numbers;
- Increased per capita visitor spending;
- Increased average stay time; or
- Some combination of the above.

Having given consideration to the plans envisaged for development of tourism, it is also important to consider the current scale of the industry. The headline numbers of visitors to Dominica can be misleading as to the scale of tourism in the country. In 2008, 470,332 people visited the island. However, after removing cruise passengers (80.9% of arrivals) and excursionists (0.2%), the number of stay over visitors drops to 88,725, many of whom were native Dominicans coming home to visit friends and relatives.<sup>11</sup> Once business-related travellers are removed from the equation, the proportion of non-Dominica related leisure tourists drops to about one third of total stay over arrivals, a ratio that has been relatively consistent over the past few years.

When this reality is considered against the recommendations made in the TMP, what becomes clear is that current visitor numbers will not provide prospective investors with much assurance of robust revenue streams. As a result, it may prove difficult to attract investment on the scale envisaged in the Master Plan, making the target set seem even more ambitious. That is not to say that those goals should not be pursued, because the TMP is a well-conceived document that presents sound ideas for the sustainable development of tourism in Dominica. However, the reality is that the country will have to be selective in sequencing its pursuit of investment, both because of resource limitations and because certain types of investment will only become attractive once other investments have taken place.

### **3.2 Tourism Investment – An Agenda for Dominica**

Outside of having an underdeveloped tourism plant, many of the existing tourism businesses, such as small hotels also lack the resources or capability to market their products effectively. A common theme expressed during initial stakeholder consultations, particularly by small hotel owners, was that government agencies should play a role in helping increase their occupancy rates. While the role of Discover Dominica Authority (DDA) is to facilitate the development of the tourism industry through product development and destination marketing, and part of that will involve increasing visitor numbers, attracting visitors to individual properties is not the responsibility of the public sector and it should not be. And while tourism promotion may increase visitor numbers, a significant change will only come about through significant investment of a different order than what has been seen to date.

Therefore, what is required is to improve the quality of tourism investment in the country. To deal with Dominica's constraints to tourism, improved investment must take on 2 dimensions:

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<sup>11</sup> Data taken from the Eastern Caribbean Central Bank's website, [www.eccb-centralbank.org](http://www.eccb-centralbank.org).

3. Better products that act as tourist attractions in their own right; and
4. Investors with the capability to market their products effectively and independently.

Investment of this kind will be able to draw visitors to the country on its own merits as an attraction and will thereby help to raise Dominica's profile as a tourism destination. In turn, that should help to boost visitor numbers further. This will create demand for ancillary services such as airlift, restaurants, shopping and tourism attractions and will then make investment in such enterprises more viable. It is due to the fact that potential returns to investment are low that these services do not exist. And as long as visitor numbers remain low, so will returns to investment and so expanding the range and quality of ancillary services through investment will remain difficult. Breaking out of this vicious circle will require the IDA to focus on courting investment that will boost visitors numbers and then stimulate demand for additional services which will deepen Dominica's tourism offering.

The reason that Dominica has not developed tourism and visitor numbers on the scale of other Caribbean islands of comparable size, despite having a stronger asset base, is that it does not have beaches on the scale of some other islands. While Dominica does have good beaches, they are fewer in number and size than some of its competitors and the country not capitalised on the potential of the beaches it does possess. Tourism assets such as world-class diving, wildlife, natural spas etc. remain limited in their drawing power when not combined with good beach access and the pattern of performance in Dominica reflects this. This is not to say that performance cannot be significantly improved and that investment is unlikely, but it does mean that mass tourism will not be possible so niche opportunities must be the focus.

The country does have some good beaches and areas such as Calibishie have been earmarked as priority projects for larger scale resort developments and the IDA is leading efforts to attract investment in these projects. These resorts should be upmarket, roughly 200 room properties capable of being standalone tourism draws. As the flagship tourism properties on the island, they will help to raise Dominica's profile as a tourism destination.

Seeking investment of this kind is the right approach to take and so the IDA must focus its efforts on ensuring such projects go ahead. At the moment, the Woodford Hill property is in private hands and survey and design work is proceeding, along with discussions with developers and operators. The global financial crisis has slowed the pace of this project, but it remains on relatively strong footing. In the event that this interest does not crystallise into investment, then the IDA will need to shift its focus from the areas set out below to locating investors for the Woodford Hill property.

By comparison, the Hampstead location has not benefitted from the same positive direction and in order for this family-owned property to be opened up for development, it may be necessary for the government to acquire the land or facilitate its purchase. Until the ownership issue is addressed, there is no point in the IDA promoting this location to potential investors.

Given the small size of the visitor population and the nature of its tourism assets, Dominica is unlikely to develop through mass tourism and so the IDA should focus on investment that will increase spending levels. The main problem in this regard is that higher spending visitors demand high quality accommodation of the kind that generally does not exist in Dominica, outside of the Fort Young Hotel and the Jungle Bay Resort & Spa. Therefore the first step in the

tourism investment agenda is to focus on attracting investors in quality accommodation that will draw visitors to the island. By focusing promotional efforts on these types of investments, the scale of the industry will increase. Once visitor numbers rise, and with them the country's profile as a tourism destination, investors in larger and more diversified attractions and facilities may be easier to come by.

At the moment, the suggested target areas are:

- Boutique hotels;
- Nature-based tourism;
- Diving; and
- Spa and wellness tourism.

The first area, boutique hotels, is the most important and should be the focus of the IDA's activities as success in this regard will enable development of the other 3 areas. Diving has been separated from nature-based tourism because it has the potential to serve significantly higher visitor numbers with minimal investment, so the strategic approach has a different focus in this segment. Each of these areas is discussed in turn below.

### **3.3 Flagship Boutique Hotels**

#### **3.3.1 Overview**

Much of the existing accommodation stock in Dominica is made up of small hotels run by lifestyle owners. Many of these businesses face difficulties in increasing occupancy rates and even expect to receive government assistance in doing so. Setting up more businesses of this kind will not help develop Dominica's tourism industry, as their ability to attract visitors is limited. At the other end of the spectrum, there are only a few sites suitable for large (200+) room hotels and these are the IDA's priority projects.

What is required is accommodation investment that will suit the island's natural offering, will not be affected by air lift challenges and will be able to attract visitors by being a standalone tourism attraction. Boutique hotels represents just such investment as they feature smaller facilities, often privately arrange regional transport from key hubs, have the skill and resources to market themselves effectively and are of sufficient quality in terms of facilities and setting that visitors come to visit them as much as to see the country. Additionally, their presence, when sufficiently upmarket can have the added benefit of enhancing a country's reputation as a tourist destination.

Dominica does have a set of natural assets that many islands in the Caribbean cannot offer. The key to success in tourism is to tie these assets into an integrated package that offers a high standard of service in terms of accommodation, activities (including beach access and activities), dining and shopping. The reason other islands have been more successful than Dominica is developing their tourism industries and attracting investment is that this integrated package is more readily available and more well developed. Such islands have an integrated sun and sand offering that features water activities, nightlife, dining, shopping etc. and as a result are more well known as tourism destinations.

Dominica's ability to add its natural assets to a typically Caribbean sun and sand offering is limited by the low number of sandy beaches on the island and the fact that parts of the island, particularly on the Atlantic Ocean side are not suitable for recreational swimming. Furthermore, it does not have the dining, nightlife and shopping that can be found on other islands. This is why it is less well known as a tourism destination.

Tourism promotion can only raise visitor numbers within limits, because of the limits of the destination. What the TMP sets out is a course of action for overcoming these limits through investment in all aspects of tourism as a means of making Dominica more viable as a complete tourism destination. While this should be the long-term goal, as we have seen, investment on this scale will be difficult to attract. Therefore, what Dominica must do is focus on setting up accommodation capable of acting as a complete standalone tourism destination rather than trying to develop the entire country into a more complete tourism destination.

This makes sense primarily because it is an achievable goal and once a few such properties develop, they will facilitate the more widespread transformation of the industry envisaged in the TMP because higher visitor numbers with greater spending potential will create demand for additional services.

So what is required is accommodation investment that will suit the island's natural offering, will be less affected by air lift challenges will be able to draw visitors by being a tourism attraction in its own right and will present an integrated tourism experience. Boutique hotels are suitable as they feature smaller facilities, often privately arrange regional transport from key hubs, provide a high standard of service, have the skill and resources to market themselves effectively and are of sufficient quality in terms of facilities and setting that visitors come to visit them as much as to see the country. Given the approach in this segment of the market and Dominica's characteristics, there are two distinct approaches that boutique hotels could follow, the flagship upmarket approach and the eco lodge approach.

### **3.3.2 The Flagship Upmarket Approach**

The obvious model for Dominica in this area is St. Barts, which has been able to attract world-class upmarket boutique hotels that have helped build that island's reputation as a luxury destination. The existence of such a key reference point can provide an important source of information that will shape the approach to take to investment promotion in this segment of the tourism market. To get a sense of what the possibilities are for Dominica, we contacted hotels in St. Barts to determine what drives their business and makes an investment location attractive.

The Caribbean Hotel and Tourism Association (CHTA) provides a comprehensive listing of its member hotels in each country and breaks them down by size<sup>12</sup> and is a useful starting point for profiling hotels in the region. In conducting this analysis, we contacted the 7 hotels in St. Barts that appeared on the CHTA website and were classified as small hotels. We also examined one property that was not a CHTA member but belonged to Relais & Châteaux, a collection of

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<sup>12</sup> See the CHTA website for a searchable hotel membership directory:  
<http://www.caribbeanhotelassociation.com/source/Members/cHotelMemberSearch.cfm>.

exclusive hotels and restaurants aimed at the luxury travel market.<sup>13</sup> Many of the properties in St. Barts feature villa style accommodation and all of them have fewer than the 75 rooms or lower set by the CHTA as the benchmark for classification as a small hotel. As they have low capacity, these properties charge very high rates. Although the variation from hotel to hotel can be significant, on average, offseason rates start at €400 per room night and go up to €1359 per room night. During the peak holiday period, rates go up from €665-€1954 per room night and are even higher over Christmas. Most of them feature luxury villa style accommodation with an emphasis on high quality service.

As part of the research process we contacted each of the 8 hotels in the list and attempted to speak with the general managers regarding their interest and perception of investing in Dominica. A list of these hotels along with contact details of any person identified as responsible for investment decision-making has been provided to the IDA to assist with ongoing promotional efforts. The key findings from those discussions are as follows:

- Dominica has not been considered as an investment destination and even among the GMs widely familiar with the Caribbean region, there was very little knowledge of the island.
- Good access to a quality beach is critical for these properties.
- A safe location is also important in selecting a destination.
- These properties offer world-class customer service in all regards.
- In the luxury market segment, it is important that fine dining is available on site and nearby to allow for a range of choice.
- Part of the appeal of St. Barts is based on the wide range of high quality hotels, restaurants and shops within close proximity.
- Although St. Barts does not offer extensive nightlife, the hotels do arrange private parties, at times on the request of guests.

The GMs consistently mentioned that one of St. Barts' attractions was the range of choice available, particularly in terms of restaurants. As noted in the TMP, this is one area in which Dominica is severely lacking. While St. Barts as a physical location does not boast the range of features Dominica does, outside of beaches, the built up environment and its exclusivity is much stronger. And it is that environment, set near quality beaches, that seems to be drawing visitors and investors. Dominica is well behind St. Barts in this regard and may face a challenge in attracting properties based on that model. Nevertheless, 2 of the GMs we spoke with were interested in receiving some further information on investment opportunities in the country as they did have contact with investor groups.

These initial inquiries have demonstrated that GMs at certain categories of hotels can be a useful starting point in the investment courting process. While hotel managers themselves may or may not be a source of investment, in whole or in part, they are important for 2 reasons:

1. They are contact points for accessing potential investors.

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<sup>13</sup> See the Relais & Châteaux website for a searchable directory of hotels and restaurants worldwide. The 'Our Destinations' link for a listing of properties by region: [www.relaischateaux.com](http://www.relaischateaux.com).

2. They may play a role in advising investors on potential opportunities, including the type of location and property to invest in.

An additional lesson is that sending emails and other forms of correspondence/information may not be the most effective investment promotion tool in the early stages of contact with decision makers. The fact that no response was received to the emails we sent, even by parties that specifically requested further information this way, suggests a more active approach may be necessary. The IDA will need to build relationships through telephone calls and personal contact, and how it can go about doing so is discussed in the Investment Promotion Section below.

It may well prove that investment in properties in the St. Barts line is not suitable for Dominica as it does not have the supporting range of retail and service infrastructure to compete in the luxury boutique hotel market. However, investors at this level often tailor their properties to suit different locations so building up a network of boutique hotel investors would be a worthwhile exercise for the IDA even in the event that a luxury boutique hotel does not prove a viable investment in Dominica. Additionally, such a list may also be useful in attracting investment in another boutique market segment that might suit Dominica's existing environment better.

### **3.3.3 The Eco Lodge Approach**

Discussions with GMs of upmarket properties in St. Barts underscored the fact that one of the most commonly-held perceptions about Dominica is that it has a wealth of natural beauty. And this is a perception that is based on truth. Consistently regarded as one of the world's top 10 scuba diving destinations, Dominica boasts a range of marine life that also makes it one of the top whale and dolphin-watching destinations in the region. Additionally, it offers a variety of natural features such as natural springs and rainforests that make spa and wellness tourism viable, along with hiking, bird watching, biking, canopy tours and other eco-tourism activities.

So while it does not boast the built retail and service infrastructure that is one of St Barts' attractions, it does have a set of assets that St Barts, and many other islands in the Caribbean, cannot offer. As discussed above, the key to success in tourism is tying such assets into a package that offers visitors an integrated experience.

Given the range of natural assets that Dominica offers, an eco lodge in a natural setting that combines quality accommodation, good food and quality services with nature-based activities may be a more viable proposition than the flagship upmarket approach in the St. Barts mold. The Jungle Bay Resort & Spa<sup>14</sup> is an excellent example of the type of property that might be suitable for Dominica. Set over 55 acres of the jungle overlooking the Atlantic, the property features a number of private cottages accessed by a trails and stairways. Although the setting and location means that it is aimed at more active vacationers, the property does offer a spa onsite, a restaurant, a pool, 2 yoga studios and other facilities. The beach is rocky and as the property is set on the Atlantic, swimming is not recommended.

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<sup>14</sup> [www.junglebaydominica.com](http://www.junglebaydominica.com).

Importantly, Jungle Bay charges rates that are comparable to those at the Fort Young, so it is not a low value eco lodge.<sup>15</sup> Hotels of this sort might be a feasible option for Dominica and how the IDA can go about courting investment in this area is outlined in the following section.

### 3.3.4 Investment Promotion

The approach to attracting investment in boutique hotels is relatively straightforward. It is less a case of having a great product and attempting to sell it to any potential buyer than one of finding the right type of buyer at a time when they are ready to purchase. What investment promotion can do is locate as many of the ‘right type of buyers’ as possible so as to increase the chance that when they are ready to purchase, they are already aware of what Dominica can sell them. This will depend more upon the IDA being proactive and persistent than on clever sales pitches. However, using the correct investment promotion techniques can help to make the approach more intelligent and efficient, thus taking some of the excessive labour out of the equation and increasing the likelihood of success.

Essentially the starting point for the IDA will be to adopt the approach we followed in reaching out to decision makers in St. Barts. These activities for the two types of boutique hotels discussed above are set out in the table below and can be applied to attracting investment in various types of accommodation.

**Table 6: Investment Promotion Activities – Flagship Boutique Hotels**

Activity	Approach and Suggestions	Estimated Resource Requirements
Select location with hotels comparable to desired investment type.	Flagship Upmarket Hotels <ul style="list-style-type: none"> <li>St. Barts, St. Lucia</li> </ul> Eco Lodges <ul style="list-style-type: none"> <li>St. Lucia, Belize, Costa Rica</li> </ul>	1 person day.
Compile broad list of small hotels.	Flagship Upmarket Hotels <ul style="list-style-type: none"> <li>Caribbean: CHTA website</li> <li>Other countries: Relais &amp; Châteaux website</li> </ul> Eco Lodges <ul style="list-style-type: none"> <li>Caribbean: CHTA website</li> <li>Other countries: Eco Tropical Resorts (<a href="http://www.eco-tropicalresorts.com">www.eco-tropicalresorts.com</a>)</li> </ul> Other Hotel Types <ul style="list-style-type: none"> <li>Resortsandlodges.com website (<a href="http://www.resortsandlodges.com">www.resortsandlodges.com</a>)<sup>16</sup></li> </ul>	1 person day per country.
Review properties to determine suitability for Dominica based on rates, size and facilities and	The CHTA website defines small hotels as having up to 75 rooms. Properties at the upper end of this scale may prove to be unfeasible as an	1 person day per country (variable based on number of

<sup>15</sup> Over the May 16 – July 31 2010 period, the charge for a cottage plus breakfast at Jungle Bay will be US\$195 per night, based on single or double occupancy. Over a similar period, June 1 – October 31 2010), the Fort Young will charge from US\$135-\$255 per night for double occupancy, excluding breakfast, which works out to an average rate of US\$195 per night.

<sup>16</sup> This is a website with a map-based search tool that allows searches by location, resort type and accommodation type. It could prove useful as a starting point for profiling potential investors.

Activity	Approach and Suggestions	Estimated Resource Requirements
prepare database.	investment for Dominica due to limited beach access.	hotels).
Contact hotels, speak to GMs, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process. An indicative list is provided under Annex 1.	0.25 person day per hotel.
Determine follow-up action based on level of interest/ investment readiness.	<p>Depending on the level of interest, a range of activities could be suitable.</p> <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for a type of hotel but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	To be determined based on size of database established.

### 3.4 Nature-based Tourism

#### 3.4.1 Overview

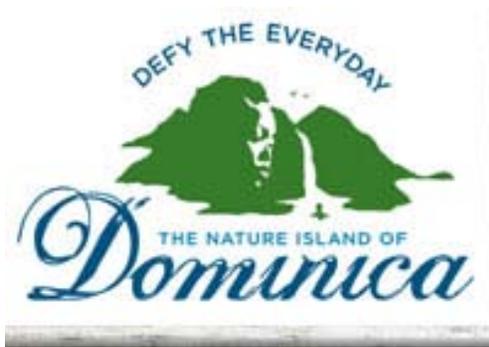
While Dominica cannot compete in the mass tourism market with other Caribbean countries, it has a distinct advantage in nature-based tourism and several features that make the country

unique in the region. However, this asset has not always been presented and packaged in a way that is conducive to attracting greater tourism numbers. The key challenge in this area is to attract investment that will promote the country's natural endowments and make them more accessible to tourists, without putting them at risk.

In terms of asset development, the TMP provides a useful framework for the sustainable development of nature-based tourism and new thinking is not required here, rather an execution of ideas that have already been put forward. Part of the problem is a lack of suitable accommodation, as discussed above, although Jungle Bay does represent an improved offering in a nature-based setting. Attracting additional boutique hotels, particularly eco lodges, should help to further address this constraint. Therefore, promotional efforts in this area should focus on product development.

Tourism product development and destination marketing is the province of the Discover Dominica Authority (DDA), which has branded the country The Nature Island and developed a logo (see figure right), a clear nod to its strong natural assets. This logo and tagline forms a platform upon which specific investments into tourism development can be promoted by the DDA and the IDA. Given that the DDA's has responsibility for tourism product development, the IDA should defer to its sister agency in this area and provide support for the DDA's activities as and when requested.

**Figure 3: Destination Marketing Logo**



Fortunately, organisational structures are in place to ensure that each agency has a good sense of the aims of the other and the operational activities underway to deliver on those objectives. The Executive Director of the IDA sits on the Board of the DDA and the Chief Executive Officer of the DDA sits on the IDA's Board and the fact that the 2 agencies share an office helps on the functional level.

### **3.4.2 Tourism Product Development**

So the strategy for investment in nature-based tourism should align with the plans of the DDA in this area. The TMP contemplates the creation of a Biopark and the DDA has indicated that this is one of their priorities for product development. A feasibility report for the Biopark has been complement and reports are that a Cabinet paper is being prepared on the matter. The next step will be for the Cabinet to decide if they are in favour of what has been proposed and endorse the approach to secure financing. Once this decision comes down, more particular investment needs will become clear and the IDA should provide support to the DDA at that time.

Another DDA focus area is the development of a premium/signature site programme, which would market key tourism assets and ensure that they are managed in a sustainable and financially viable manner. The Boiling Lake is a unique asset that could be managed more effectively by monitoring and restricting visitor levels and setting visit fees accordingly. There are regulatory issues here that may require interaction with the Ministry of Agriculture and Forestry.

Similarly, the DDA plans to market the Waitukubuli National Trail Project (WNTP)<sup>17</sup> as a signature product of Dominica. Simple and effective management and promotion techniques of this kind could help increase visitors to the assets with minimal need for additional investment. And increased visitor numbers should make investment in attendant facilities, both those developing the assets themselves and those catering to visitor needs, a more attractive proposition. So the primary focus in realising the potential of the Boiling Lake and the WNTP at the moment is on domestic coordination and marketing. Once this is addressed, the IDA could play a role in promoting investment opportunities or needs as they arise.

The key constraint to further development of nature-based tourism is financing. Often the tourism plant in the form of land is in the hands of locals who do not have the capital to develop it and make it ready for use by the primary captive market, cruise visitors. Additionally there are draft standards for sites and attractions, the adoption of which is pending. Having such standards in place would make the requirements for tourism product development more clear and that should help potential investors in accessing finance. The DDA has correctly noted that a diversification of sites and attractions should help to attract a greater number of cruise and stayover visitors and facilitate higher per capita spending. With the DDA leading the initiatives on the Biopark, the Boiling Lake and the WNTP, the IDA could perhaps play a more active role in encouraging investment in local lands to capitalise on their untapped potential. How this can be done is discussed in the Investment Promotion section below.

### **3.4.3 Destination Marketing**

On the marketing side, anecdotal evidence from industry stakeholders indicates that tour operators are willing to include Dominica in their brochures as it differentiates their offering. However, they also face a challenge in selling the country, particularly to US consumers, due to the airlift problems. Efforts to address the airlift challenge through scheduling changes and the introduction of night flights are underway, so further action by the IDA in this regard is unnecessary. In fact, Windward Island International Airways or Winair, is introducing direct flights from St. Maarten to Dominica this July.<sup>18</sup> The schedule is for 3 flights per week on Monday, Wednesday and Friday, leaving St. Maarten at 08:30 and arriving at 10:00 at Canefield Airport. While this will help alleviate some of the airlift constraints, because of the early morning departure it does not help to address the key problem of avoiding the need to overnight regionally when travelling to Dominica from countries other than St. Maarten.

Aside from improving reach in existing markets for visitors by improving airlift, attempts should also be made to tap into other markets that are a source of nature tourists, such as France, Italy and the Netherlands. The DDA is also making efforts to market Dominica's natural setting as an attraction for student and educational groups. At the moment, stakeholder feedback suggests that information about how nature tourists make their purchasing decisions is lacking so the tourism marketing that is being done is not as informed as it could be. Working with tour operators that have established marketing channels into desired markets is a way of circumventing this constraint and minimising marketing costs. While such activity does not

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<sup>17</sup> For more information on the WNTP including which segments are open and construction status, see <http://www.avirtualdominica.com/waitukubulitrail.cfm>.

<sup>18</sup> See <http://www.airsxm.eu/page.php?page=71>.

strictly constitute investment promotion, it is necessary to ensure that there are sufficient visitor numbers to make investments in nature-based tourism worthwhile. Therefore the IPU should discuss this issue with the DDA and determine how it can assist in this regard.

### 3.4.4 Investment Promotion

As the DDA is the lead agency in the development and marketing of nature-based tourism, the IDA should play a supplementary role to its efforts. Therefore the general strategic approach in this area will be to liaise with the DDA and assist in its agenda as necessary. This approach and more specific promotional activities the IDA can take on are outlined in the table below.

**Table 7: Investment Promotion Activities – Nature-based Tourism**

Activity/Area	Approach and Suggestions	Estimated Resource Requirements
Biopark.	Determine investment needs once Cabinet decision is reached.	To be determined.
Boiling Lake.	Liaise with the DDA to determine any investment needs and how the IDA can assist in promotion.	To be determined.
WNTP.	<p>Liaise with the DDA to determine any investment needs and how the IDA can assist in promotion.</p> <p>Once the Trail is fully opened, the possibility of large scale events such as ultra-running races or long-distance walking races should be explored. These would have direct economic benefits through entrance fees and increased demand for accommodation and tourism services and would also raise the profile of the WNTP and Dominica generally. Some possible organisations for assisting in setting up and promoting such events include:</p> <p><a href="http://www.ultrarunning.com">www.ultrarunning.com</a>  <a href="http://www.ultrarunningworld.co.uk">www.ultrarunningworld.co.uk</a>  <a href="http://www.ldwa.org.uk">www.ldwa.org.uk</a></p>	To be determined.
Increased investment in locally-owned lands for tourism development.	<ul style="list-style-type: none"> <li>• Liaise with the DDA on list of priority investment areas and locations.</li> <li>• Assist efforts to adopt draft standards for sites and attractions.</li> <li>• Actively approach owners of land on priority investment list. Determine interest levels and assistance needs. Prepare tracking database.</li> <li>• ISU to determine sources of finance and advise interested investors on preparation of business plans and planning documents.</li> <li>• Continue to support and advise investors through set-up, marketing and ongoing operations of tourism attractions.</li> </ul>	To be determined. Dependent on scale of priority list.

Activity/Area	Approach and Suggestions	Estimated Resource Requirements
Marketing to nature-based tourists.	Liaise with the DDA to determine any marketing needs, such as gathering of market intelligence, identification of tour operators, familiarisation trips, and how the IDA can assist.	To be determined.

## 3.5 Diving

### 3.5.1 Overview

Although diving does form part of nature-based tourism, because it is a well-developed segment, it will be treated separately in the Strategy. Reports from key industry participants suggest that a great deal of spare capacity exists in the industry and that dive visitor numbers could be tripled from the existing approximate figure of 3,000 without the need to develop the supporting infrastructure. All that would be required is additional staff, and there do not seem to be any concerns regarding availability of human resource. This suggests that there is no need for investment in the bricks and mortar of the industry, as that is already in place and is under utilised.

On the product side, Dominica offers a range of high quality sites and is consistently regarded as one of the top dive destinations in the region and indeed the world. However, it will not develop the kind of dive numbers of inferior dive locations such as Barbados because it does not attract as many general visitors who may engage in the activity as part of their holiday. And while the fragility of the underwater environment means that it should not seek to do so in any case, some increase in numbers should be sought after. Airlift has been identified as a constraint to growth in dive visitor numbers, and a constraint to growth of many industries in the country. In this case, the issue is both one of suitable flight timings for easy access to Dominica and airline limitations on luggage allowance. The introduction of night flights should help address the airlift issue and discussions with other airlines are underway which should deal with scheduling problems in terms of connecting flights from major hubs. The Winair flights should help alleviate the limitations in certain respects, particularly for the US and parts of continental Europe. The quality of the available room stock is also a barrier and there investment is required, as outlined above. As and when further hotels open up, they should be encouraged to tie in with existing dive service providers in order to make use of the existing spare capacity.

With constraints being addressed and the dive product and supporting infrastructure in place, what is required is attention to marketing and promotion to attract greater visitor numbers. So investment promotion efforts for the industry should focus on packaging and communication of the existing offering. Again, this activity would seem to fall largely within the purview of the DDA, so the IDA will again need to base its activities around those of its sister agency.

The DDA has put together a Dominica Dive package together with the Dominica Watersports Association on the basis of 6 dive and 5 pay. Packages of this sort which combine flights, airport transfers, accommodation and diving are a good tool for improving the accessibility of

Dominica’s dive product and thus its marketing reach. These packages will need to be updated on a rolling basis to include further facilities, services and activities as investment in tourism develops.

Additionally, the possibility of attracting dedicated diving hotels should be explored. Before taking this activity on, it is important to consider how this will affect the existing dive industry, since it is already operating under capacity and there may be concerns about additional operators cutting into their business further. However, the focus of investment promotion should be on attracting quality properties that will market themselves effectively and are likely to be successful in increasing dive visitors. As these properties should be able to tap into new sources of dive visitors, the risk of them undercutting the existing industry should be slight. And having a high profile dive operator on the island should help to increase the exposure of the industry overall through the operator’s reputation and its ability to draw additional visitors who will raise awareness through word of mouth. These effects should draw additional visitors to Dominica, and not all of them will use the new property, so its existence should create benefits for other diving service providers.

### 3.5.2 Investment Promotion

As the diving industry has significant spare capacity, the DDA is rightly focusing on marketing and promotion. It does not make sense for the IDA to attempt to duplicate the DDA’s efforts, and so it should supplement the DDA’s efforts by broadening their marketing reach. While this is not strictly an investment promotion activity, attracting higher number of dive visitors should make Dominica more attractive to investment generally, so it is worthwhile for the IDA to get involved in these activities. Additionally, since the DDA is leading on the design and presentation of the dive marketing campaign, the effort required by the IDA would be minimal. It should simply focus on incorporating presentation of these materials as part of its planned promotional activities.

When dive numbers increase and additional investment needs become clear, the DDA can advise the IDA on taking a more active approach to promoting investment to support the diving industry.

**Table 8: Investment Promotion Activities – Diving Marketing**

Activity/Area	Approach and Suggestions	Estimated Resource Requirements
Direct contact marketing.	Acquire promotional materials on diving and present them as appropriate as part of existing promotional activities. E.g. at industry fairs, as part of contact with accommodation investors, tour operators etc. to demonstrate range of Dominica’s tourism offering.	To be determined, ongoing activity.
Advertising	Incorporate DDA diving message and material into IDA advertising on website and periodicals.	10 person days.
Update Dominica Dive packages on rolling basis.	ISU to assist new investors in facilities, services and activities in getting their offering integrated into Dominica Dive package.	Should form part of ISU’s existing functions.

**Table 9: Investment Promotion Activities – Dive Hotels**

Activity	Approach and Suggestions	Estimated Resource Requirements
Select location with hotels comparable to desired investment type.	Grand Cayman, Belize, Costa Rica.	1 person day.
Compile broad list of hotels and prepare database.	Review leading diving periodicals for advertisements.	1 person day per country.
Contact hotels, speak to GMs, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process. An indicative list is provided under Annex 1.	0.25 person day per hotel.
Determine follow-up action based on level of interest/ investment readiness.	<p>Depending on the level of interest, a range of activities could be suitable.</p> <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for a type of hotel but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	To be determined based on size of database established.

## **3.6 Spa and Wellness Tourism**

### **3.6.1 Overview**

The US is the world's largest market for wellness. In 2003, the US and Canadian spa industries generated US\$11.2 billion and US\$2 billion, respectively, in revenue. In 2006, 32.2 million Americans and 3.7 million Canadians visited a spa, over a half of them while travelling.

Europe is also a huge market. Wellness tourism in Europe primarily revolves around spas. Austria has established itself as a world leader in wellness tourism, with an estimated 10% of tourists visiting Austria for reasons of health and wellness, generating revenue of €1.1 billion. Hungary has re-branded itself as a wellness destination to promote thermal water/spa tourism and Croatia and Bulgaria have followed a similar strategy. Bulgaria markets itself as the 'country of curative waters'. Some of the country's specialised rehabilitation hospitals are situated in scenic spa venues such as Velingrad, Pomorie, Sandanski and Banite village. In the UK, the industry is quoted as being worth £1.4 billion per annum with 20 spas opening each week.

Across Asia and Australia, the growth in wellness and spa tourism has been based around each country's heritage and cultural practice. The use of massage, yoga, acupuncture, reflexology, and meditation as preventative practices is well established in many Asian countries and has become popular among Western consumers. More and more international spa travellers are coming to the region to enjoy the vast choice of spa experiences. In the case of Australia, according to Intelligent Spas, international spa travellers account for 10% of total spa visitors, domestic tourists 25% and local residents the remaining 65%.

Dominica benefits from a wealth of natural spas that give it a distinct advantage over other islands in the region. Even St. Lucia, which has had some success in establishing itself as a spa destination, does not have the range of natural assets that Dominica enjoys. St. Lucia's market position has been built upon high quality resort spas such as LeSport and Dominica does not have the type of accommodation and facilities to compete in this area. And because it lacks the beach access that St. Lucia has, it is unlikely to be able to compete in the built resort spa segment of the market. However, the country should focus on attracting investment that takes advantage of its natural spas and will therefore help to differentiate its offering from St. Lucia's. This is not to say that built spa providers should not be pursued and encouraged to invest, but the limited resources of the IDA mean that activities should focus on promoting natural spas. Within the segment, there are two main possibilities, development of standalone natural spas and development of boutique destination spa hotels.

### **3.6.2 Standalone Natural Spas**

The challenge in this area is that with relatively low visitor numbers and, in some cases, difficulty in accessing sites, the potential returns to investment could be low if attractions are not designed and marketed well. This is despite the fact that cruise visitors represent a captive market. The proposed standards for sites and attractions represent an attempt to ensure quality in development of tourism products and could serve as a useful guide for domestic investors that may have some interest in developing facilities, but not necessarily the experience of doing so. This is not to say that local capability does not exist and Screw's Spa in Wotten

Waven is a good example of a locally-owned and developed facility that has been successful generally and in catering to the cruise market. Therefore the possibility of domestic investment may exist and should be encouraged.

However, given the financing constraints that locals sometimes face, the fact that experience in site development may not be widespread locally and the need always to market the property, the IDA should also attempt to identify interested foreign parties that could work in partnership with local owners or take independent control over site development. Approaches for courting foreign and domestic investment are covered in the Investment Promotion section.

In addition to providing facilities that enable an enjoyable and accessible natural spa experience, the possibility of providing therapeutic services should be explored. Given the natural setting, it might be suitable to focus on natural treatments using locally available flora and skills. This would allow for higher levels of spending per visitor and would deepen the spa experience to include elements of local culture. This is already underway and it is important to build on the range of services provided.

### **3.6.3 Boutique Natural Spa Hotels**

As with other types of boutique hotels, investment that combines high quality accommodation with a developed natural spa accommodation can overcome many of the constraints facing development of standalone facilities. Notably, certain categories of investors have sufficient expertise to develop properties that themselves are a tourism attraction and the capability and resources to market them effectively. Problems of low visitor numbers and potentially low returns to investment then become less daunting of an obstacle. The Rainforest Shangri-la Resort is an example of what could be done in this area, but to raise the country's profile more dramatically, further development of hotels offering a range of quality in terms of amenities should be pursued.

In such settings, treatments and medicines exclusive to Dominica should be offered, along with a range of more familiar and well-known spa treatments such as massage, Ayurvedic treatments etc as they are assets in attracting investment. Again, this will introduce the possibility of higher value added service in the tourism industry and could lead to better jobs for locals. Appropriate skill sets may not be available in the country, so foreign investment has that added benefit of accessing a greater range of expertise. As a long-term benefit, these skills could be transferred to locals over time.

Finally and crucially, the presence of natural spa hotels of a certain standard will raise the profile of Dominica both as a spa tourism destination and a general tourism destination.

### **3.6.4 Investment Promotion**

The recommended approach to investment promotion activities in this area is similar to the one put forward for attracting investment in boutique hotels. Obviously the parallels are quite direct in the case of boutique natural spa hotels, but even for standalone natural spas, the general techniques for profiling and contacting investors are similar.

The key is to find the right type of investor and maintain contact until the point where they are ready to go ahead with an investment. How the IDA can go about doing this in the two branches of spa and wellness tourism is outlined in the tables below.

**Table 10: Investment Promotion Activities – Standalone Natural Spas**

Activity	Approach and Suggestions	Estimated Resource Requirements
Select location with spa facilities comparable to desired investment type.	St. Lucia Germany (Baden-Baden) UK (Bath) Hungary (Budapest)	1 person day.
Compile broad list of spa facilities.	SpaFinder website ( <a href="http://www.spafinder.com">www.spafinder.com</a> )	1 person day per country.
Review facilities to determine suitability for Dominica based on rates, size and facilities and prepare database.		1 person day per country (variable based on number of facilities).
Contact spas, speak to GMs, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process.	0.25 person day per facility.
Determine follow-up action based on level of interest/ investment readiness.	<p>Depending on the level of interest, a range of activities could be suitable.</p> <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for a type of hotel but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when	To be determined based on size of

Activity	Approach and Suggestions	Estimated Resource Requirements
database based on changes in investment readiness as appropriate.	early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	database established.

**Table 11: Investment Promotion Activities – Boutique Natural Spa Hotels**

Activity	Approach and Suggestions	Estimated Resource Requirements
Select location with hotels comparable to desired investment type.	St. Lucia Germany (Baden-Baden) UK (Bath) Austria	1 person day.
Compile broad list of small hotels.	Caribbean: CHTA website Other countries: SpaFinder website ( <a href="http://www.spafinder.com">www.spafinder.com</a> )	1 person day per country.
Review properties to determine suitability for Dominica based on rates, size and facilities and prepare database.	The CHTA website defines small hotels as having up to 75 rooms. Properties at the upper end of this scale may prove to be unfeasible as an investment for Dominica as meeting staffing needs in the surrounding catchment areas could prove difficult.  Some of the European properties may not seem immediately suitable for the Caribbean due to the differences in climate and setting, but contact with such hotels could provide useful information to guide the promotion process, if not actually yielding investment possibilities.	1 person day per country (variable based on number of hotels).
Contact hotels, speak to GMs, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process. An indicative list is provided under Annex 1.	0.25 person day per hotel.
Determine follow-up action based on level of interest/ investment readiness.	Depending on the level of interest, a range of activities could be suitable. <ul style="list-style-type: none"> <li>Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>Mid-interest investors: Have plans for a</li> </ul>	To be determined.

Activity	Approach and Suggestions	Estimated Resource Requirements
	<p>type of hotel but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</p> <ul style="list-style-type: none"> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	
<p>Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.</p>	<p>By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.</p>	<p>To be determined based on size of database established.</p>

## 4 Services

In addition to its strong natural resources, Dominica's greatest potential lies in the country's people. Service industries provide a means of harnessing this human resource potential in a way that will preserve the natural environment and provide a source of better jobs for locals. As with tourism, there are a few areas with potential for investment and these are listed below and then discussed individually:

- IT enabled services
- Education
- Medical services

### 4.1 IT Enabled Services

#### 4.1.1 Overview

Outsourcing in the ICT field is a well-established practice and growth is projected to be explosive. According to Gartner, worldwide spending on offshore research and development will increase by 860% from US\$1.25 billion in 2004 to as much as US\$12 billion in 2010. Offshore spending on application development services will more than double from US\$23 billion to as much as US\$50 billion. The US IT offshoring market was expected to be worth \$14.7 billion by 2009. The value of business process outsourcing (BPO) and IT-enabled services that will be outsourced was to reach US\$140 billion by 2008. Such growth volumes present tremendous opportunities for offshore and nearshore outsourcing and Dominica is located near the key US market.

The Government has recognised the importance of ICT both as a standalone industry with economic growth potential and as a crosscutting industry that will enable the improved service delivery for the people of Dominica, through e-Government and e-Health platforms. The potential of ICT for overcoming some of the barriers local businesses face in expanding operations has also been recognised. In light of this, a number of initiatives are underway in the country to improve its ability to harness and exploit the opportunities for development that ICT affords.

Critically, remaining competitive in ICT-based industries depends on having a competitive workforce. This means that ICT should form an important part of education both in school and afterwards. On the education front several programmes are underway which should help to ensure that Dominica continues to produce a workforce with the skills to adapt to ICT-based technologies and the ability to use it to improve competitiveness in other industries. Some of these initiatives include:

- ICT Training for Teachers Programme.
- ICT Education in the Community Programme

The second programme will provide training to the broader community on general computer use, how ICT can help with small business management and how ICT can assist with marketing and selling of products and services.

Additionally, it is important to have the supporting infrastructure in place to support general ICT use as well as more intensive business use at competitive prices. Outsourcing investment is driven by a cost-cutting motive and if Dominica is to compete effectively with other islands in the region for foreign investment, it must have quality infrastructure in place at a reasonable cost.

Feedback from the industry has indicated that the broadband supply is satisfactory and with connectivity expected to improve through the connection of an additional cable to the island, prices should come down while supply goes up.

In terms of other constraints, there is a need for serviced sites for operations, such as business parks and a need for training in customer service skills. A plan for an ICT Park in Portsmouth, comprising 2 buildings of 3,000 seats, is under consideration and land has been reserved and a preliminary design completed. However, this is a long-term project that is just at the Memorandum of Understanding stage, so it is unlikely to offer a solution even within the next few years. While getting an investor to develop the Park would fall squarely within the IDA's mandate, the timescales involved mean that this should be pursued in the long run and promotional activities should concentrate on realising more immediate opportunities. However, interest in investment seems to be fairly robust and the Aid Bank Industrial Estate does have some serviced sites which seem to be sufficient for meeting investor needs at present. So at the moment the country seems fairly well placed to attract investment in IT enabled services.

#### **4.1.2 IT Enabled Services Investment – An Agenda for Dominica**

Dominica has already had some success in this area with Clear Harbour, an inbound call centre, apparently well settled in the country and looking to expand operations. Personnel are critical to the success of outsourcing businesses and feedback from the CEO of Clear Harbour indicates that Dominica's workforce in this area is well-educated and motivated. It is this workforce that will provide the basis for attracting investment to the island and there has been some interest from Indian investors in setting up a call centre of about 1,000 seats. This would create upwards of 1,250 jobs, providing a significant boost to the local industry.

It is difficult to determine exactly what the size of the labour pool is, but a previous call centre operation received nearly 2,000 qualified job applications, so even were the Indian investment to materialise, it seems there would be some scope for attracting further outfits to Dominica. However, depending on their location, there could be issues around having a sufficient labour pool in the immediate catchment area. So the focus should be on attracting smaller outfits than the Indian operation under consideration.

In this regard, data management is a good option, although smaller call centres remain a possibility. It would diversify the industry away from call centres into an area that offers potential for higher levels of value-addition and does not require as much labour. Furthermore, despite a degree of success in the call centre industry, Dominica is on the high end of labour costs in comparison with India and the Philippines, which means that it cannot compete intensively in that area. Higher value services would be a better proposition for investors and would provide better jobs locally. So investment promotion for this industry should focus on attracting further investment in higher value outsourcing.

As outsourcing has matured, companies have moved away from a simple model of using a home location that is supported by outsourced services, usually located offshore. A trend over the past few years is the use of a mix of on-site, offshore and nearshore services to provide a delivery model that balances risks and rewards.

This desire for balance has led service providers to situate higher value-added services closer to their clients' headquarters with the majority of their process-oriented and labour-intensive functions in low cost locations such as India and, to a lesser extent, nearshore destinations. As major service providers, particularly Indian firms, have matured they are using nearshore options not only to provide better service but to expand their reach and tap new markets. The American market has typically been served through nearshore locations in Canada and the Caribbean and it is service providers looking to take this approach that Dominica should target.

On the training side, there are plans underway for the development of an ICT Centre of Excellence for training. A proposal is under consideration by the Indian Government and the IDA will need to monitor developments on this front and provide assistance as required. Setting up of such a Centre, with the support of the Indian Government, could significantly increase Dominica's profile as an outsourcing destination.

The simple fact is that there are existing operations looking to expand and continued interest from investors. This is a clear sign that despite its constraints, Dominica has a degree of competitiveness in this industry. Therefore the primary focus should be on proactively seeking out investors and introducing them to the nearshoring opportunities the country affords.

#### 4.1.3 Investment Promotion

With spare labour capacity and reports of strong interest in investment, usually through independent inquiries on the part of investors, the IDA should focus on capitalising on a relatively strong opportunity and line up further outsourcing investments. While these activities are proceeding, the ISU should liaise with investors already on the island to determine what the longer term needs are to ensure Dominica remains competitive. This should set up priorities for investment on an ongoing basis that can provide additional options once capacity in terms of labour is maximised.

**Table 12: Investment Promotion Activities – IT Enabled Services**

Activity	Approach and Suggestions	Estimated Resource Requirements
Compile list of call centre and data management outsourcing operations and prepare investment tracking database.	The focus should be on Indian, US and Canadian service providers. Industry associations could provide a starting point for research. Additionally, the diaspora could play a role in providing contacts.	10 person days.
Contact firms, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	Prepare investor questionnaire to gather uniform information.	0.25 person days per operation.

Activity	Approach and Suggestions	Estimated Resource Requirements
Determine follow-up action based on level of interest/ investment readiness.	<p>Depending on the level of interest, a range of activities could be suitable.</p> <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for a particular type of nearshore operation but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. General factpacks and presentation materials capable of being tailored to specific interests of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	To be determined based on size of database established.

## 4.2 Education

### 4.2.1 Overview

As in outsourcing, Dominica has succeeded in attracting successful investors in the field of education. Ross University has a long track record in the country and has been successful in attracting students to the country. All Saints has also shown that Ross is not unique in identifying Dominica’s potential. These two medical schools provide a strong platform for attracting investment in medical and other forms of educational training.

The presence of Ross, in particular, gives Dominica a reputation in the field of medical education. To discuss the potential for further investment, the project team met with Ross University to discuss the scope for further investment. While there is a great deal of demand for

training, Ross did not feel that this demand could be absorbed by Dominica due to airlift issues and limited student-patient contact.

The airlift problem would be alleviated somewhat by the introduction of night flights, but opportunities for clinical contact is an issue. The education students receive at Ross is primarily focused on a classroom-based education, with clinical rotations usually taking place in the US and a one semester pre-rotation training component usually taking place in The Bahamas. Despite the focus on theory while in Dominica, students do spend time in clinics to develop their patient-contact and diagnostic skills through observation. At the moment, Ross students are reportedly in every clinic on the island. In order for an increase in student numbers above the current 1,200-1,400 to occur, opportunities for clinical contact would have to increase. Therefore, an expansion in medical education is somewhat dependent on an increased volume of medical facilities and services on the island.

English language training (ELT) for foreign students has come to be a very successful business for many countries in the world, including small islands such as Malta. The obvious markets for ELT training in the Caribbean are the nearby Latin and South American countries but Dominica is a late entrant in this game. Trinidad & Tobago, for example, has a number of schools in operation, mainly providing training to Venezuelans. However, a number of American ELT providers were looking to locate outside the US in the years following 9/11 and if an interested training provider could be found, they would have the advantage of bringing with them a ready-made offering that would include marketing and training methods. So while the opportunity in this area is likely to be limited, it is worth making some initial inquiries to determine if the possibility is worth pursuing further.

#### **4.2.2 Investment Promotion**

The existence of Ross and All Saints has demonstrated that Dominica has an attractive investment proposition in the field of medical education and the IDA can build upon this base to attract further medical schools and perhaps nursing schools to the island. The issues around availability of clinical contact may prove to be an issue but due to the length of time involved in attracting an investment and getting a school operational, it is not one that should be insurmountable. The original founder of Ross University was actually considering Dominica for the site of a nursing school, but ended up locating it in St. Kitts. Given the critical shortage of nurses in North America, and in many other parts of the world, an offshore nursing school that follows the established success of Ross University is an investment opportunity worth exploring. Similarly there are shortages of physicians in many developed countries. These labour shortages, combined with very high tuition rates have created additional demand for education, increasingly difficult entrance requirements and downward cost pressures on tuition. These factors have combined to bring about a rise in offshore medical and nursing schools, a number of which have located in the Caribbean to provide education in a holiday setting that is near the key US student market.

These offshore universities can operate at a lower cost than their American counterparts as they do not offer in house residency programmes and thereby cut out the costs related to research, and hospital and clinical facilities. Since staff do not have to supplement their teaching duties with research, salaries also tend to be lower. Lower living costs also drive down operating costs and salaries, including those of local non-medical staff. Although Ross operates on a semester

system, some of these offshore universities boost revenues by operating on a trimester system. Finally, tax concessions and import exemptions help to boost profit margins, which can start at roughly 28%.<sup>19</sup> These savings, coupled with expectations of continuing demand, make this an investment opportunity worth pursuing for Dominica.

As mentioned, the ELT opportunity is likely to be remote, but there should be some limited testing of the market to draw an informed conclusion.

**Table 13: Investment Promotion Activities – Medical and Nursing Schools**

Activity	Approach and Suggestions	Estimated Resource Requirements
Compile list of offshore medical and nursing schools and prepare investment tracking database.	US and Canadian medical schools <ul style="list-style-type: none"> <li>• Association of American Medical Colleges (<a href="http://www.aamc.org">www.aamc.org</a>)</li> </ul> US nursing schools <ul style="list-style-type: none"> <li>• American Association of Colleges of Nursing (<a href="http://www.aacn.nche.edu">www.aacn.nche.edu</a>)</li> <li>• National League for Nursing Accrediting Commission (<a href="http://www.nlnac.org">www.nlnac.org</a>)</li> </ul>	1 person day.
Contact universities, establish business development point person, speak to them, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process.	0.25 person day per university.
Determine follow-up action based on level of interest/ investment readiness.	Depending on the level of interest, a range of activities could be suitable. <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for an offshore university but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors</li> </ul>	To be determined.

<sup>19</sup> Competitiveness and Innovation Programme for CARIFORUM Countries, Draft, October 2008.

Activity	Approach and Suggestions	Estimated Resource Requirements
	should be invited to visit Dominica.	
Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	To be determined based on size of database established.

**Table 14: Investment Promotion Activities – ELT**

Activity	Approach and Suggestions	Estimated Resource Requirements
Compile list of ELT providers and prepare investment tracking database.	US ELT providers: American Association of Intensive English Programmes	1 person day.
Contact ELT provider, establish business development point person, speak to them, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process.	0.25 person day per provider.
Determine follow-up action based on level of interest/ investment readiness.	Depending on the level of interest, a range of activities could be suitable. <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for an offshore university but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in database based on changes in	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready	To be determined based on size

Activity	Approach and Suggestions	Estimated Resource Requirements
investment readiness as appropriate.	stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	of database established.

## 4.3 Medical Services

### 4.3.1 Overview

Export of medical services worldwide has become a very large business and a source of significant revenue for many countries. Global revenues in this industry were about US\$60 billion in 2006 and McKinsey and Company estimates that the number will rise to US\$100 billion by 2012.<sup>20</sup> Much of the demand for these services has come from the US and an estimated 500,000 Americans went abroad for treatment in 2005. Many went to Mexico or Latin America but some ventured as far afield as Singapore, India and Thailand. The strong growth trends in the industry look set to continue globally and in the US, perhaps even increasing with the proposed health care reform measures looking set for implementation.

The main driver of this industry is a desire for savings on the cost of treatment. Fees for treatment abroad can range from one-half to one-fifth of the price in the US.<sup>21</sup> The table below sets out treatment costs as an indication of the rates on offer in leading medical tourism destinations and the savings over the US.

**Table 15: Cost of Selected Medical Procedures in Selected Countries (US\$)**

Procedure	US Retail Price*	US Insurers' Cost*	India**	Thailand**	Singapore**
Angioplasty	98,618	44,268	11,000	13,000	13,000
Heart bypass	210,842	94,277	10,000	12,000	20,000
Heart valve replacement (single)	274,395	122,969	9,500	10,500	13,000
Hip replacement	75,399	31,485	9,000	12,000	12,000
Knee replacement	69,991	30,358	8,500	10,000	13,000
Gastric bypass	82,646	47,735	11,000	15,000	15,000
Spinal fusion	108,127	43,576	5,500	7,000	9,000
Mastectomy	40,832	16,833	7,500	9,000	12,400

\* Retail price and insurers' costs represent the mid-point between low and high ranges.

\*\* US rates include at least one day of hospitalisation; international rates include airfare, hospital and hotel.

<sup>20</sup> Medical Tourism: Global Competition in Health Care, Devon M. Herrick, National Centre for Policy Analysis, November 2007. This concise report on medical tourism provides a good overview of factors driving the industry and is a good source of data. It is available on [www.ncpa.org/pub/st/st/304](http://www.ncpa.org/pub/st/st/304).

<sup>21</sup> The information on costs in this section is taken from Medical Tourism: Global Competition in Health Care, Devon M. Herrick, National Center for Policy Analysis, November, 2007.

Source: Medical Tourism: Global Competition in Health Care

The savings on offer are significant, even with the cost of travel and accommodation factored into the equation. These data provide an important benchmark for Dominica to measure itself against as it attempts to court medical tourism investment.

While the focus of this project is on investment, the ultimate goal is to set up financially viable and competitive businesses, which, due to the small size of the local market, means some of them will be outwardly oriented. To successfully export medical services, a country needs to have, at a minimum, a strong base of qualified, competent medical professionals, the ability to offer services at a significantly lower cost than in target markets and quality medical facilities. Offering this package in a holiday setting makes the proposition even more attractive.

The presence of Ross University (140-160 faculty members with a range of training in a variety of disciplines) serves to augment the local human resource (about 70 doctors) in medical services. Ross has indicated that its staff would be willing to provide medical services in addition to their teaching duties. An additional benefit to Ross for doing so is that it may help to reduce staff turnover as more meaningful professional opportunities would be available on the island. So Dominica does have a number of doctors trained in a variety of disciplines, and therefore one of the necessary components of a medical services export industry. It can also offer a significant cost savings over the key US market. What the country lacks is quality medical facilities, which makes clear what the investment priorities should be.

#### **4.3.2 Medical Tourism Investment – An Agenda for Dominica**

From the education section, we have seen that an expansion of medical services through an increase in the number of clinics on the island would help contribute to an expansion in the volume of medical training provided by Ross and help to attract other medical and nursing schools. However, Ross itself is not in the hospital or clinic business and so another source of investment would need to be found, which would of course be contingent on demand for services existing. Data on domestic demand for medical services is lacking at the moment and could be roughly gauged through a meeting with the local medical association. While we know that there is a demand for a wider range of specialist services, it is unlikely that the domestic market alone could support the provision of such services. And in previous research, we did not encounter complaints about the availability of GP services. So exporting of services would be necessary to create sufficient demand to support an investment in clinical facilities.

Attracting foreign investment in this area to Dominica may prove difficult because of access difficulties, a lack of suitable accommodation for recovery and the difficulty of transporting patients around the island. In order to be successful, a location that mitigates some of these challenges would need to be found. Additionally, it would need to be near Portsmouth to take advantage of the Ross staff nearby. Locating near Roseau would bring more local doctors into play but may take the Ross staff out of the equation due to the time involved in travelling from Portsmouth and back. And while there would be a wider choice of accommodation near Roseau, the draw of recuperating in a tranquil holiday setting would not exist. On balance of these considerations, a site in Calibishie might be most suitable due to proximity to both Portsmouth and Melville Hall Airport, access to some of the best beaches on the island and location near the planned priority resort development areas.

A medical centre or small hospital providing a range of services would be the most useful investment and the diverse range of medical expertise available locally strengthens the proposition. It might be possible to mobilise private or public investment to support the development of such a facility, but given that it will need to have an export bent to be successful, there will be a number of operational issues that those managing the facility would need to confront. Aside from dealing with accreditation and liability matters, the key challenge will be in marketing effectively to ensure that medical tourists are attracted to Dominica in sufficient numbers to make the investment worthwhile. Therefore a good approach would be to attract a recognised medical tourism provider to Dominica, one that would invest in the development of a high quality facility, have the requisite management expertise and the marketing capability to attract patients.

The second possibility stems from the pressing need to cut medical care costs in the US. This factor is what is driving the boom in medical tourism and as such clinics and hospitals in the US could be a source of investment as they look to set up offshore facilities to save on costs. Such investors would come with the added benefit of having an established patient base.

Coming back to medical tourism providers, one of the global leaders in this industry is the Apollo Hospitals Group of India, which manages over 7,500 beds in 43 hospitals in India and roughly 1,000 more in roughly 7 more hospitals in Asia and Africa. Many of these hospitals have Joint Commission International (JCI) accreditation. The JCI is the international accrediting arm of the Joint Commission, which accredits and certifies over 17,000 health care organisations in the US and as such, the international standard set by the JCI is one that is well recognised by the US consumer.

Established outfits such as the Apollo Group may or may not be interested but could represent a starting point. Other medical tourism service providers should also be targeted. Those in places such as Singapore and Thailand may be less mobile as investors than India, but this remains to be determined. Closer to home, countries such as Mexico, Cuba and Argentina have also been successful in medical tourism and service providers in those countries should be examined.

Another way of identifying medical tourism providers and treatment facilities abroad is through medical travel agents. Essentially functioning as specialised travel agencies, they investigate medical tourism providers and assist clients in selecting locations and services and assist with logistical arrangements.<sup>22</sup> Some charge on a percentage basis of the fees paid for medical care and others work on a flat fee basis. One of best known agencies is PlanetHospital and others include MedRetreat and Medical Tours International.

**Table 16: Investment Promotion Activities – Medical Facilities**

Activity	Approach and Suggestions	Estimated Resource Requirements
Compile list of medical tourism providers. Compile list of US clinics and hospitals.	The database should provide a means of separating out the two investor groups.	5 person days.

<sup>22</sup> Medical Tourism: Global Competition in Health Care, Devon M. Herrick, National Centre for Policy Analysis, November 2007.

Activity	Approach and Suggestions	Estimated Resource Requirements
Establish investor tracking database.		
Contact both sets of investors, establish business development point person, speak to them, determine interest in Dominica, what investment requirements would be. Add contacts and information gathered to database.	It may prove useful to compile a list of questions to guide the interview process.	0.25 person day per investor.
Determine follow-up action based on level of interest/ investment readiness.	<p>Depending on the level of interest, a range of activities could be suitable.</p> <ul style="list-style-type: none"> <li>• Low-interest investors: Have a general interest in investment possibilities, but no distinct plans. These investors should be sent information on possible investment sites/projects.</li> <li>• Mid-interest investors: Have plans for an offshore university but not actively looking for sites. For these investors, visit to meet them could be made. Mid-stage visits should be made when a number of investors have been identified to maximise efficiency. Tailored information and presentation materials aimed at specific needs of investors should be prepared pre-visit.</li> <li>• High interest investors: Actively looking for a location for investment project. These investors should be invited to visit Dominica.</li> </ul>	To be determined.
Maintain regular contact with contact persons, upgrade them in database based on changes in investment readiness as appropriate.	By remaining in touch with potential investors, 2 important objectives will be achieved. One, when early and mid-stage investors move to an investment ready stage, Dominica as a location will be on their radar. Two, it will allow the IDA to understand their specific needs and interests for an investment location and thus to tailor the interaction with them in response.	To be determined based on size of database established.

## 5 Agribusiness

### 5.1 Industry Overview

Within agribusiness, Dominica has an active, informed agro-processing industry composed mainly of small and medium sized producers that face a number of challenges to expanding their businesses. The industry produces a range of processed foods similar to those made by other islands in the eastern Caribbean including juices, sauces, jams, coffee etc. as well as specialist products particular to Dominica. Many of the firms are operating on a small scale and fairly independently of one another, so the industry has not developed economies of scale in terms of input supply, packaging and delivery. A general lack of coordination to access improved services in the production process is the key challenge facing the industry, but is also fortunately one that may have some potentially quick solutions. What these solutions might be will become clearer after outlining the specific constraining factors affecting the industry.

Despite the country's natural endowments, the supply and cost of local produce often poses a barrier to processing. In some cases, arranging contract-growing schemes with farmers is an issue because they may sell produce on if offered a better or more immediate deal instead of honouring their agreements. Some avoid these agreements because they force them into farming. This is a problem because some workers do not want to put in an 8-hour day which makes it difficult to meet targets and some producers do not want to be restricted in choosing what to grow.

In other cases, the quality of production techniques is lacking and this affects supply and price. Coffee for example is available locally for EC\$4/pound. But the cost of importing roasted beans is EC\$3/pound. Furthermore, the local coffee is often not dried properly so only half is usable for roasting, and another half is lost during roasting, effectively making the local price EC\$16/pound.

Infrastructure poses a further challenge. The high cost of electricity, quoted by Dominica Electricity Services at US\$0.21 – US\$0.25 per kilowatt hour,<sup>23</sup> makes products that require energy-intensive processing techniques unviable. The cost and time of shipping were also reported as constraints, which becomes important as some of the components for the production process, particularly packaging, need to be imported.

### 5.2 Agro-processing Investment – An Agenda for Dominica

Despite the challenges, the sector does have a number of companies producing good products, some of which are exporting regionally. However, most of these companies are not producing at capacity. Naturally, local stakeholders have concerns about foreign investment representing competition for local processors. But in this situation, if industry reports regarding constraints are accurate, instead of encouraging more entrants to the market, a more effective means of proceeding would be to encourage investment in agro-processing services that would lift some of the constraints and enable existing domestic processors to ramp up production.

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<sup>23</sup> Investment Information document, IDA.

At the moment, there are coordination failures between producers and processors and amongst processors. The possibility of setting up an agro-processing industry working group to meet regularly and discuss issues needs to be explored and was an idea stakeholders displayed some enthusiasm for. Links between the industry and the ISU exist and it is possible that the unit could service this industry working group to address some of the challenges it faces. For example, the ISU could assist by coordinating initiatives such as bulk imports to allow processors to benefit from bulk prices without being oversupplied. The composition of this group is discussed further in the Action Plan but the presence of the ISU would also provide a link back to the IPU so that where there is room for investment to address some of the industry's difficulties, promotion could focus on addressing those challenges. At the moment, there is a lack of bottling and packaging services on the island and this represents a pressing need from the industry perspective.

At the moment, materials for packaging such as boxes and bottles are often imported by agro-processors from other countries in the Caribbean, the US and other parts of the world, direct from the manufacturer or through brokers. The cost of shipping these materials to Dominica adds another layer of cost to the production process and impacts on the competitiveness of local products. Agro-processing firms then typically use their own filling and packaging machinery to ready goods for the market. This high degree of vertical integration leads to further costs in the production process that drive the price of goods up. This situation suggests some immediate types of investment that could help the agro-processing industry by providing supplies locally and centralising elements of the production process. What is needed is:

- A packaging manufacturer.
- A packaging and bottling facility.
- An integrated facility that manufactures packaging and provides packaging and bottling services.

In order to determine the prospects of attracting such an investment to the island and what such investors look for in an investment location, we compiled a list of relevant firms and contacted them about the possibility of investing in Dominica.

### **5.3 Packaging and Bottling Investor Feedback**

The list of companies covers operations in the region, the US and Europe and has been provided to the IDA in order to assist with ongoing promotional efforts. The results of our initial contact with investors was not encouraging in the sense of discovering any immediate interest in setting up facilities in Dominica. The key findings were not surprising and can be summarised as follows:

- Dominica is not a desirable location because the local market for packaging and packaging services is small.
- While the size of the local market is a consideration in setting up packaging production and service facilities, it is also important that the location is strategic in terms of ease of access to other markets.
  - In this regard, the quality of freight services, particularly sea freight, becomes important. Given that local producers have cited the cost and time of shipping

as a constraint, Dominica would not appear to be competitive as a strategic location.

- Apart from having a small market and problematic shipping, Dominica is close to St Lucia, Barbados and Trinidad & Tobago, where packaging manufacturing plants already exist.

So initial feedback from the market seems to indicate that Dominica would be unlikely to attract investment in this area. While this is somewhat discouraging, it also does not reveal a lot of new information. We know that Dominica is a small market with difficult transport links to other countries and these problems have an impact on nearly every industry in the country. The transport issue is a difficult one and coupled with the fact that there are already packaging facilities in the eastern Caribbean, the prospect of setting up another such facility to serve the region can be discounted for the moment. Therefore this leaves us with the possibility of a facility that is focused on the domestic market.

While the market is small, there is a demand for packaging and packaging services. The key from the investment promotion perspective is to find an investor willing to service that demand at prices the industry is willing to pay. It may well prove that in the open market, this is not a viable proposition, but there are means of supporting such developments that could make the investment worthwhile. However, the first step in testing this prospect is to gather information that a prospective investor would require in order to make the decision on whether or not to enter the market. The initial research we conducted is useful here as we asked investors for their criteria in selecting an investment location.

Location criteria:

- Information on the variety and volume of products demanded. The demand profile should break down the volume required by specific packaging type (e.g. boxes, bottles) and type of product to be packaged.
- The size of the broader market outside the agro-processing industry, i.e. scale of demand for packaging supply to other businesses such as supermarkets.
- Technology available locally.
- Unskilled labour population size in possible investment locations.
- Skilled labour population size and cost. Dominica is limited in this regard and the skilled labour available for machinery servicing etc. is expensive.
- Cost, in terms of time and capital, for producers to get products to facilities and from facilities. While this cost may not be borne by the investor, it will have an impact on the demand for services locally. Essentially, it must be cheaper for producers to get their products to a packaging facility, pay for the service and then get them to market than if they were to do this on their own.
- Logistics such as import and export costs.

For a foreign investor, Dominica is unlikely to be an attractive prospect as larger markets exist nearby and many of them have better supporting infrastructure. However, domestic investment remains a possibility, particularly within the agro-processing industry as these producers are already operating packaging facilities in the face of constraints in terms of technology, labour

and internal and external transport costs. The ways in which the IDA can attempt to mobilise local investment and provide interested parties with support are discussed below.

## 5.4 Investment Promotion

In order to determine whether or not it will be viable for an investor to invest in a central packaging production and service facility, it will first be necessary to assess the scale of demand. This will require gathering information from the agro-processing working group on their current and forecasted needs both for packaging materials and packaging services and their internal costs of packaging their own products. The IDA, through the ISU, can lead efforts to coordinate the agro-processing working group to provide this information. Once indicative data are available, they should be shared among the industry along with an offer of continued support to anyone willing to take the investment process further. The ISU could help with site selection, planning approvals, advice on accessing finance and advice on accessing technical assistance from organisations such as the International Trade Centre (ITC). The ITC provides the following services:

- Assistance to SMEs in developing countries with:
  - Improved export packaging.
  - Upgrading export packaging knowledge and skills amongst exporters and their suppliers of packaging and packaging services.
  
- More specifically, the ITC:
  - Disseminates information on packaging technologies and issues affecting packaging, adapted to the specific needs of developing countries.
  - Trains users of packaging and export packaging professionals.
  - Provides up-to-date handbooks, bulletins and other packaging training tools.
  - Provides technical assistance to packaging service institutions and trade promotion organisations.
  
- The ITC is a member of the International Association of Packaging Research Institutes ([www.iapriweb.org](http://www.iapriweb.org)).

Table 17 details how the process of determining the scope for investment might unfold but the IDA, through the ISU, will need to remain flexible in its execution, bearing in mind the broader strategic objectives rather than following the listed activities strictly.

**Table 17: Investment Promotion Activities – Agro-processing**

Activity	Approach and Suggestions	Estimated Resource Requirements
Establish comprehensive list of agro-processors in Dominica, including informal actors as far as possible.	ISU to lead.	10 person days.
Convene agro-processing industry	ISU to chair until Chairperson appointed.	5 person days.

Activity	Approach and Suggestions	Estimated Resource Requirements
working group.		
Prepare packaging demand data collection instrument.	<p>Instrument to focus on 2 areas, demand for packaging material and demand for packaging/bottling services. The instrument should gather the following information for each area as indicated:</p> <p>Packaging material</p> <ul style="list-style-type: none"> <li>• Type and quantity of product required monthly</li> <li>• One year demand forecast</li> <li>• Unit price currently being paid by product type.</li> </ul> <p>Packaging/bottling services</p> <ul style="list-style-type: none"> <li>• Volume to be packaged monthly by type of product</li> <li>• One year demand forecast</li> <li>• Indicative price processor is willing to pay by type of packaging service.</li> </ul>	5 person days.
Circulate data collection instrument, collate results, disseminate data to list of agro-processors and foreign investors.	Due to the small size of the industry, processors may be sensitive about disclosing information, particularly on prices. The ISU will have to gather the data, provide assurances of confidentiality and only present information aggregate to the industry level to assuage concerns.	<p>20-30 person days for data collection and domestic dissemination.</p> <p>10 person days for dissemination to foreign investors and follow-up phone calls.</p>
Follow-up with agro-processors & investors to determine level of interest in investing in packaging materials and/or service facility. Track information in a database.	Categorise investors according to level of interest.	<p>10 person days for domestic processors</p> <p>10 person days for foreign investors</p>
If there is investment interest, ISU to provide support throughout the process. If no interest, viability of investment in this area to be re-evaluated.		To be determined

## 6 Entertainment

### 6.1 Industry Overview

Globally, the entertainment industry is a large one. Worldwide, the music industry was worth US\$33.6 billion in 2004.<sup>24</sup> Traditionally the market has been composed largely of sales of physical recordings, which stood at US\$29.6 billion in 2008. However, digital sales are growing rapidly with sales expected to increase 14.2% annually through 2013 from a base of US\$7.6 billion in 2008. This will cut into physical recordings and these sales are expected to decrease by 2.5% annually through 2013. Live performances and merchandising are smaller segments of the industry but are also expected to grow. Film revenues in 2008 were US\$83.9 billion and were expected to grow by 4% a year until 2013. At 66.3% of revenue, the home video market dominates, and the remaining 33.7% of sales derive from the box office.

Dominica has a small but vibrant entertainment industry that is primarily engaged in music production, live performances, audiovisual production, copyright management and location filming. The industry is an important part of the cultural identity of the country and features a unique product, Creole music, that differentiates its offering from other islands in the region. The World Creole Music Festival (WCMF) is an important event as it provides exposure for local artists and helps with the marketing and branding of Dominican music. On the film side, Dominica has a track record as a filming location, and has hosted big budget Hollywood productions, *Pirates of the Caribbean 2* and *3*, as well as TV shows, including documentaries and a reality programme in the *Survivor* series.

The small size of the local market means that Dominica's entertainment industry as a whole needs to be mainly export-focused. Therefore any attempts to court investment in the primary areas of music and film need to take account of this orientation. In this regard, exports can be divided into two streams, those which tie into the tourism industry such as the WCMF and location filming and those which are exported independently such as sales of music through digital distribution platforms.

The outward orientation of the industry has been recognised in the National Export Strategy (NES), which covers the cultural industries, focusing on the music and audiovisual industries. The NES is being implemented by the Dominica Export Import Agency (DEXIA) and so it is important that the IDA harmonise its approach to attracting entertainment investment with the activities of that agency.

### 6.2 Entertainment Investment – An Agenda for Dominica

Much of the NES focuses on addressing the weaknesses of the industry to allow service providers to better capitalise on increased market access opportunities in the EU, the CSME and the US. It identifies the following initiatives to support the prioritised industries of music and local filming:

- A campaign to:

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<sup>24</sup> Competitiveness and Innovation Programme for CARIFORUM Countries, Draft, October 2008.

- Increase intellectual property rights awareness and enforcement;
- Attract capital investment to the sector; and
- Promote knowledge of consumer preferences in target markets.
- An education programme to increase management competencies and skills requirements in the sector.
- Strengthened linkages between the music industry and the film industry and with the tourism sector.<sup>25</sup>

As the mandate of the IDA is to promote investment in Dominica, the recommendation is that it leave the non-investment related initiatives identified in the NES to be implemented under its auspices. Therefore it is necessary to determine which areas of investment the NES addresses and how the IDA can fit into this approach. This is not to say that these are the only investment possibilities in the entertainment industry, but in order to ensure harmonisation of priorities, it is important to begin with an understanding of what the NES contemplates. In terms of attracting investment, the National Export Strategy focuses on 3 areas.

- A campaign to attract investment in improved sea transportation links, specifically a ferry service connecting to Martinique and Guadeloupe, to reduce passenger and freight transportation costs.
- Ensuring that DOMLEC invests in upgrading its plan and distribution technology and developing its human resource to reverse the trend of increasing electricity rates.
- The emergence of businesses providing services undertaken inefficiently by artists, such as legal services, management, promotion and marketing, investment and production.

The first two bulleted points have to do with improving the business environment and reducing the cost of doing business and as such are outside the scope of this Strategy. The third area is of direct relevance to the types of activities the IDA should be focusing on in the entertainment industry. In considering how to approach this area, it is important that the investment agenda be informed by the scale and capacity of the industry as this will indicate whether potential actually exists.

### **6.2.1 Music**

For many people involved in the local music industry, it remains a partial source of income. Hard data on employment and revenue in the industry are lacking, but reports from stakeholders indicate that the number of artists making a full time living from music could be as low as 10.

There are a number of constraints that hinder earning potential and these have an impact on the development of the industry. As artist visibility tends to be low, it can be difficult to generate revenue from live performances and sales of physical recordings. While this constraint could be addressed by effective marketing, the cost of doing so effectively can be high. At the moment, most revenue comes from publishing rights. And although these are the primary source of revenue for artists and the legal framework for protection of copyright and intellectual property is in place, there are still problems with enforcement. This further diminishes the potential return to investment in marketing of artists as well as in other management skills and

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<sup>25</sup> Dominica National Export Strategy, June 2009.

production services, skills and facilities. As a result, many artists self-produce their music or self-finance it using the estimated 10 home studios and 10 self-taught technicians/engineers on the island.

While it may be possible to invest in technical training, management training and production facilities, the weaknesses in the industry which undermine the potential returns to investment mean that private investment could be unlikely. Until these challenges are addressed, many of which are recognised by the NES, having the IDA attempt to promote investment in the industry would not be the most effective use of resources. Therefore it should monitor progress in dealing with these constraints under the NES activities and assess the suitability of taking on active investment promotion in these areas in the future.

In addition to earnings from live performances, sales of physical recordings and publishing rights, digital distribution is a potential revenue stream. Again, the difficulty in tapping into this stream is the low level of artist visibility. As stated above, addressing this issue through individualised marketing can be cost-prohibitive. This suggests a need for a collective marketing activity to help showcase artists. The WCMF provides a suitable event for doing this and so efforts should be made to ensure that record labels and digital distribution platforms are brought to Dominica to attend this event. As the goal of this activity is primarily to increase exports, responsibility for this should be DEXIA's. It will need to work with the Association of Music Professionals (AMP) in this regard.

One of the advantages to attempting to have artists picked up by established digital distribution platforms is that they will have existing reach with consumers. The idea of setting up a dedicated digital distribution platform for Dominican artists has also been discussed. While this approach would not overcome the marketing problem in terms of established exposure to customers, it would provide a ready market access point for Dominican artists who might not otherwise get any exposure at all. The fact that Dominica has a unique music style in Creole and an established marketing event in the WCMF provides possibilities for branding and marketing of a platform. However, if this idea is taken forward, it should not be limited to Creole music but made open to artists who meet quality criteria, which will need to be established.

The cost of setting up a digital distribution platform can vary widely, but a small simple system distributing music only can begin at around US\$25,000. A larger platform offering video downloads can cost up to US\$250,000. The question in pursuing this initiative is where the funds will come from. At the moment, for the reasons stated above, potential returns to investment remain low and so private investment may not prove attractive. Therefore this may need to be regarded as a public good and the possibility of funding from the government or donor agencies explored. Again, as the focus is on exporting, this is an activity that should fall under the domain of DEXIA as it implements the NES.

In terms of music exports linked to tourism, one possibility is to stage shows for the cruise market. At first blush this seems like a good opportunity as it is a large captive market. However, stakeholder feedback indicates that the prices cruise lines pay for add-ons to their existing tours make it very difficult to incorporate entertainment into existing packages and make money doing so. And while earnings could be supplemented by merchandise sales, the fact is that cruise visitors typically do not spend much money outside of their pre-paid activities.

Therefore it may be necessary for the AMP to work with the DDA to put together a new entertainment package for cruise visitors that can be a viable earner.

### **6.2.2 Film**

Serving as a filming location can have significant economic impacts, as clearly demonstrated by the experience with the Pirates of the Caribbean movies. On Dead Man's Chest, US\$18 million was spent in Dominica from pre-production in November 2004 to close of shooting in June 2005. US\$3.7 million was spent on accommodation and roughly 500 people were directly employed in some capacity by the film project. 480 foreigners were involved in the production and only two locals were hired in middle management roles, serving as assistant location managers. All other locals hired were for 'unskilled' jobs, including positions such as secretaries, drivers, labourers and cleaners.<sup>26</sup>

What is important to note from this example is that the vast majority of skilled labour was brought into Dominica and that post-production was not done on the island. This demonstrates that what attracted this investment, which essentially amounts to an extended form of tourism, was simply the location and its suitability for purpose. The Government did not offer any specific incentives, but facilitated the production by establishing duty-free concessions on all the equipment and supplies (including food and beverages), waiving all work permit requirements, and generally providing a conducive environment.<sup>27</sup> Certainly this is no more than what many other countries offer as filming incentives and the low levels of skilled labour and quality production facilities mean that Dominica is unlikely to be able to compete as a destination for post-production services. As the location will continue to be the primary draw and the Dominica Film Office is charged with facilitating location filming, it is recommended that the IDA leave this area alone.

There is some local filming activity but these productions tend to be very low budget. If scale in the industry develops in the future, it may be possible to look at attracting investment in production services and facilities but the potential at the moment is low.

## **6.3 Investment Promotion**

It must be pointed out that even with a dramatic increase in earning potential in this industry and in job creation for artists and in support services, the potential economic impacts will not be large. This consideration has been balanced against the fact that many of the challenges facing the industry are being tackled by other initiatives and that the export and tourism links of the industry mean the responsibility for industrial development falls on other agencies. Finally, the limited resources of the IDA, when considered against this backdrop, mean that it does not need to take on an active course of investment promotion in the entertainment industry at this time. In the Action Plan, a structure for dealing with industrial development is set out and it is important that the IDA participate in this structure so that it can remain abreast of any emerging investment needs and then plan and execute promotional activities as necessary.

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<sup>26</sup> The Cultural Industries in CARICOM: Trade and Development Challenges, Keith Nurse et al, November 2006.

<sup>27</sup> The Cultural Industries in CARICOM: Trade and Development Challenges, Keith Nurse et al, November 2006.

## 7 Action Plan

Having set out the broader strategic approach to pursuing investment in each of the targeted industries, it is essential to round out the proposed measures with a plan that serves as a guide to implementing the Strategy. In order to be effective, an action plan must coordinate tasks at the institutional and operational levels, assign specific responsibilities at each, set out working relationships and provide monitoring arrangements to allow for assessment of progress and adjustment of activities in response. The purpose of this chapter is to set out an Action Plan for implementing the Investment Strategy and it begins by outlining the higher level institutional arrangements necessary and then focusing on the operational aspects of implementation. Each of the four target industries is addressed separately in each of these sections.

### 7.1 Institutional Arrangements

In many senses, responsibility for carrying out the National Investment Strategy falls upon the IDA. Attracting investment is, after all, its mandate and the Strategy was drafted to assist it in this regard. However, in order for its efforts to be effective, there will be a need to take a holistic look at each of the target industries and ensure that they are developing in a manner that provides fertile ground for investment. If the industries in general, and the specific niche investment opportunities being promoted, do not offer attractive potential returns to investment, then promotional efforts, no matter how diligently and skilfully carried out, are unlikely to be successful. And while the IDA can deal with investment promotion and gather information from investors that will help to gauge the factors influencing investment competitiveness, the agency on its own will not be able to take action to foster industrial development. Therefore, it is recommended that the IDA convene investment working groups for each industry that draw together key public and, where relevant, private sector stakeholders.

The IDA Board will monitor the actions of the IDA in implementing the Investment Strategy. With this management structure in place, the working groups will be able to take a 'bigger picture' view of each industry, considering the actions necessary to improve profitability and growth. While investment can serve as a tool in delivering on this agenda, in certain cases action to improve potential returns to investment will be necessary before investment is viable. With these aims and limitations in mind, the general functions of each group will be as follows:

- 1. Gather feedback:** The involvement of the IDA with each group will provide an important source of investor feedback that will indicate where investment can be used to deliver against each group's agenda and where investment is not yet feasible. This market feedback will be vital to guiding the activities of each working group, particularly in terms of executing the other two functions below.
- 2. Coordinate action:** In a number of cases, taking action to improve profitability and growth of the targeted industries will require dialogue and consensus between various ministries and agencies. Responsiveness in this regard has been pointed out as being a challenge in the past. Putting together the relevant parties in a standing working group should help to foster dialogue and consensus building on reforms, in turn improving the responsiveness of interventions.

- 3. Lobby for reform:** The feedback mechanism will provide a means of identifying where there are policy or institutional issues that need to be addressed. The involvement of a range of stakeholders in each group should facilitate informed discussion about the appropriate actions capable of dealing with these issues. This interplay will allow the working groups to refer the issues, along with suggested interventions, to Cabinet or other relevant government bodies for action.

The suggested composition of each group, key areas of responsibility and meeting arrangements are outlined in the sections below.

### **7.1.1 Tourism Investment Working Group**

#### **Group Composition**

Since the DDA has the primary responsibility for marketing and development of tourism assets in Dominica, it will be a central part of the Tourism Investment Working Group. With the DDA handling tourism marketing, the IDA can focus its efforts on locating and contacting investors in the niche areas identified in the Strategy. As much of the strategic focus involves investment in accommodation, the Dominica Hotel and Tourism Association (DHTA) should be part of the group as it represents the private sector perspective in this area.

Some of the areas identified in the Strategy, such as nature-based tourism and increase in dive visitor numbers, depend more upon marketing than investment at this stage. And this is the province of the DDA. As the relevant sections of the Strategy state, the IDA should therefore liaise with the DDA to determine how and if it can supplement its sister agency's agenda in these areas through investment promotion activities. This Working Group provides an ideal forum for continually evaluating whether any action on the part of the IDA is necessary.

Other aspects of tourism investment such as diving and location filming will require the involvement of other stakeholders and the Working Group will need to involve relevant organisations as appropriate.

#### **Quarterly Meetings**

As the head of the IDA sits on the DDA Board and vice versa, there will be a greater awareness of operational activities in this Working Group than in the others. While this is a benefit, both organisations should still report on their respective activities related to tourism marketing (the DDA) and investment promotion (the IDA) at the quarterly meetings. From the IDA's perspective, it should provide a detailed report of its investment promotion activities in each of the tourism niches identified in the Strategy. Specifically it should report on the number of investors contacted, categorising the numbers by level of interest as follows:

- **Low-interest investors:** Have a general interest in investment possibilities, but no distinct plans.
- **Mid-interest investors:** Have plans for an investment but not actively looking for sites. For these investors, visit to meet them could be made.
- **High interest investors:** Actively looking for a location for investment project.

The report should summarise the key feedback from each investor group regarding the suitability of Dominica as a location. This information will allow the meetings to determine where action is necessary to improve investment competitiveness. Responsibility for drafting recommendations for policy or institutional interventions to deal with constraints should be allocated at each meeting, along with a deadline for circulating for other members of the Working Group. Once the recommendations have been commented upon, redrafted and a final version agreed, they should be circulated to Cabinet or relevant government body for action.

### **Policy Issues**

Airlift is a challenge that continues to affect businesses across Dominica. With operators such as Winair introducing new service to Dominica over the coming months, access is set to improve. However, since the Winair flights are in the morning an issue remains with catching same day connecting flights to Dominica from regional hubs. With the infrastructure now in place for night flights and approval from aviation authorities pending, this difficulty could be addressed by rescheduling of existing routes to later departure times. In the event that operators do not undertake these changes of their own accord, it may be necessary to explore means of incentivising them to do so. Guarantees, financial assistance or block booking might be possibilities and it is issues of this kind that the Tourism Investment Working Group should attempt to tackle. It should go beyond simply raising the matter with government and actually consider data such as likely cost, potential demand (including impact on daytime routes) and the potential for increasing visitor numbers over the longer term.

#### **7.1.2 Professional Services Investment Working Groups**

This industry is made up of niches that are more widely disparate than those in tourism, for example. Therefore, separate working groups should be set up for each of the niche professional service areas discussed in the Strategy. The composition and focus of each of these groups is discussed individually.

##### **7.1.2.1 IT Enabled Services Investment Working Group**

#### **Group Composition**

The structure of the IDA, particularly in terms of its size, means that it may lack some of the technical expertise necessary to effectively shape reform efforts in the area of ITES. Given the pace of change in this industry, it is perhaps even more important here than in other areas that Dominica has the ability to respond effectively to investor feedback and shape the direction of industrial development through areas such as training. While there are several bodies confronting issues facing the ICT industry, dialogue between them may not always be as free flowing as it could be. Therefore, this Working Group can play an important role in taking on this function and pulling together key stakeholders, public and private. The suggested members of this group are:

- The Ministry of Information, Telecommunications and Constituency Empowerment, perhaps represented by the Director of Telecommunications; ICT service providers, including Digicel, Lime, Marpin 2K4 and SAT Telecoms; the AID Bank and the IDA.

The ICT service providers are key stakeholders as quality and competitive broadband supply is an essential component of ITES. The AID Bank also has an important role to play as well, as it

provides the type of commercial premises that investors utilise. It is important to involve these groups as they provide some of the services that underpin investment in ITES. Therefore they can help to improve competitiveness by tailoring services and price structures, where possible, in response to market needs. And they have an incentive to participate in the group as facilitating investment would provide them with a larger commercial customer base.

### **Quarterly Meetings**

At the meetings of this Working Group, the focus will be on responding to the progress and challenges the IDA has made in courting investment in ITES. The IDA should report on the number of investors contacted, categorising the numbers by level of interest and summarising the key feedback from each investor group regarding investing in Dominica. As there are some interested investors at the moment who have been in contact with the AID Bank, particular attention should be paid to the impact of those investments on capacity, specifically in terms of commercial space and labour in desired locations. Having the AID Bank and the ICT service providers as part of the group should facilitate an informed discussion on the expansion of service and facilities if necessary.

### **Policy Issues**

At the moment, training does not appear to be an issue requiring immediate action. The trainability of the Dominican workforce has been noted as a positive by the call centre industry, and plans to improve ICT/IT training on an ongoing basis are in place. Plans for an ICT Centre of Excellence were under consideration by the Indian Government a few months ago and should this project go ahead, it would help to dramatically improve the quality of training available and could also develop as an export industry, providing training to other Caribbean nationals. Even if this project does not materialise, the type of ITES investment Dominica is seeking under the Strategy does not require specialised skills such as knowledge of programming languages, but rather a basic level of IT competence and a capacity to be trained. This exists already, and educational programmes are being rolled out in schools to ensure that students continue to improve their ICT skills. However, in the event that further ITES investment comes about and the industry in Dominica continues to develop, further training needs may emerge, and the Working Group should continue to monitor this issue and advise on what is required.

#### **7.1.2.2 Education Investment Working Group**

##### **Group Composition**

The priority in this area is offshore medical education, and that focus should shape the composition of this Working Group. Although investment in ELT is a possibility, the opportunity is on a smaller scale and can still be addressed within the framework of a group concentrating on investment in medical training. In addition to the IDA, the Ministry of Education and Human Resource Development, the Ministry of Health and the Ministry of Employment, Trade, Industry and Diaspora Affairs should be part of the group. While Ross University would provide a valuable perspective in this area, they may or may not be willing to advise on efforts to attract an investor that would represent direct competition for them. If they are unwilling to join the group, then the possibility of consulting with them on specific issues, particularly in terms of nursing schools, should be explored.

Although the Ministry of Education is primarily focused on overseeing provision of domestic education, it is important that it begin to regard education as an industry capable of earning

revenues, mainly through exports, in its own right. And while it may not have regulatory control over offshore medical and nursing schools, it should begin to facilitate the growth of an education sector along these lines. But due to the fact that offshore universities operate at the intersection of education and business enterprise, it is important also that the Ministry of Employment, Trade, Industry and Diaspora Affairs be involved with the Working Group. The interaction between these two ministries will be important to the provision of educational services as a business.

Finally, the Ministry of Health must play an active role as medical and nursing education institutions may seek links with the domestic healthcare system to deepen the training they offer. For example, even though Ross provides the clinical component of its education outside Dominica, it still does place students in medical clinics to add practical work to the science curriculum offered locally. The Ministry of Health will be important in building upon such relationships.

### **Quarterly Meetings**

The focus of these quarterly meetings will be much the same as for the other groups discussed. The IDA will report on investor contact, categorising results and feedback to point to particular areas where policy or institutional change might be required to increase investment viability. The Working Group will consider what type of action is required and how it can be structured, then ensure relevant steps to implement the measures are taken.

### **Policy Issues**

At the moment there are no particular issues to consider and the focus should be on investor contact and feedback to determine if change, such as tailored incentives for this industry, is necessary.

## **7.1.2.3 Medical Tourism Investment Working Group**

### **Group Composition**

Along with the IDA, the Ministry of Health and the Ministry of Employment, Trade, Industry and Diaspora Affairs (METIDA) should come together to form this group. While the Ministry of Health's primary function is to provide quality health care in Dominica, there does seem to be some understanding and acceptance of the role medical tourism can play in improving the quality of domestic care through higher revenues and an expanded range of services. As with education exports, medical tourism involves the intersection of business with something that is usually provided as a public good. This mix warrants the involvement of the METIDA in the Working Group.

### **Quarterly Meetings**

During meetings, the IDA will report on progress in courting investment and will outline key findings as to the attractiveness of Dominica as a medical tourism destination. Where investors identify constraints, the Working Group should consider ways of removing the constraints and facilitating investment, referring matters to Cabinet as appropriate.

### **Policy Issues**

The presence of the staff at Ross gives Dominica a larger medical human resource pool than it would otherwise have. So the supply of doctors should not be a constraint. Stakeholder

feedback did indicate that support staff for health care facilities might be lacking, but a mature investor of the type Dominica should be attempting to attract could provide staff or training locals as necessary. As the industry develops, there might be a need for a larger and deeper labour pool, which is something the Working Group should monitor. If this need arises, it could be addressed in a number of ways, either through local training, attracting of diaspora professionals home to fill jobs or through incentive programmes to draw in skilled workers from other countries.

### **7.1.3 Agribusiness Investment Working Group**

#### **Group Composition**

With a number of parties having a hand in this industry, it makes sense to bring them together to consider how investment can assist in moving agribusiness forward. Initial steps towards putting together an agribusiness investment working group are already underway and the IDA has held meetings with the Dominica Agribusiness Association (DABA) to address issues facing the industry. In addition to these two organisations, the Working Group should be composed of the Ministry of Agriculture and Forestry, the Ministry of Employment, Trade, Industry and Diaspora Affairs, DEXIA and the Dominica Bureau of Standards. DEXIA will be of particular importance as it is involved in agro-processing trade and the execution of the NES, which also addresses agro-processing. The IDA has also been engaging with local manufacturers and is assisting in efforts to organise manufacturers as a unit. At the moment, a steering committee has been established that is composed of key stakeholders from the manufacturing sector to facilitate this process and if the IDA deems it suitable, that committee could be invited to participate in this forum.

#### **Quarterly Meetings**

The agenda for these meetings will be somewhat different from the approach followed for the other working groups. At the moment, attracting investment to Dominica, either in the form of further agro-processing or in terms of the provision of packaging and bottling services, seems unlikely. Early, and admittedly limited, testing of Dominica as an investment destination for a packaging/bottling facility did not yield much interest. The IDA can take this forward by assessing the scale of demand for these services and then testing the investment proposition locally and abroad on a more informed basis. If it does decide to do this, then the first meeting should focus on gathering demand data from the industry. If not, then it should respond to industry needs identified during the meetings and consider how it can service those needs, whether through new investment or by providing services to existing investors through the ISU.

#### **Policy Issues**

While there are a number of policy issues confronting this industry, the cost of importing and exporting produce, production materials and products, particularly by sea, has been identified as a significant constraint and one that undermines competitiveness. This is an issue that the Working Group will need to address.

Attempts at ensuring quality control for produce, particularly for export, are underway and the Dominica Bureau of Standards is working with farmers in this regard. Developments in this area should be shared with the Working Group to ensure the standards developed reflect the concerns of the agribusiness industry.

#### **7.1.4 Entertainment Investment Working Group**

##### **Group Composition**

At the moment, much of the entertainment industry is export oriented, either through links with tourism or as standalone exports reaching to wider markets. Due to the size of the industry, the potential for investment is lower than for several of the other targeted niche industries. As the industry develops through exports, it may become more attractive for investment. This state of play should colour the composition of the Working Group and the IDA, as part of the group, will have to fit its efforts into this agenda. The links with tourism recommend the DDA's involvement and the standalone export orientation in an area covered by the NES recommends DEXIA's involvement. Even though DEXIA remains focused on agriculture, as it is leading on implementation of the NES and is charged with export promotion, it should deal with this area. On the music side, the Eastern Caribbean Collective Organisation for Music Rights should be represented as well as the AMP. For film, the Dominica Film Office should join the Working Group.

##### **Quarterly Meetings**

With investment prospects somewhat limited in this industry, the IDA will take a less active role in the meetings than other entities, at least at the outset. The focus of discussions will be on increasing exports as a means of growing the industry and the IDA will need to respond to this approach and consider how investment can help in this regard.

##### **Policy Issues**

The Eastern Caribbean Collective Organisation for Music Rights has had success in collecting royalties for artists. It has reciprocal agreements in place with the UK, the US, Spain, Switzerland, France, South Africa, Portugal, Barbados, Cuba, Jamaica and Trinidad & Tobago and a number of other countries. The industry reports that the intellectual property rights regime in terms of legislation is strong, but there is a lack of compliance locally, primarily on the part of government and problems with enforcement. The Working Group will need to explore ways of addressing this challenge.

## **7.2 Implementation Programme**

The final component of the Action Plan is a guide to implementing the broader recommendations outlined above in the Strategy. For each of the targeted industries an indicative set of actions for the IDA to follow is discussed. As the IPU has limited resources, it will not be able to carry out all of these actions concurrently, therefore suggestions for priority actions have been built in to the discussion below. At the same time, the total resource requirements for delivering on all the activities have been provided to allow for budgeting and planning purposes.

The tables included in the Strategy for each industry set out the actions that the IDA should follow in promoting investment. In this section, these activities have been adapted into timelines to provide the IDA with indicative guides to implementation.

During this project, a standalone training consultancy was commissioned to assist the IDA in improving its investment promotion capabilities. The idea behind this separate project was that

it would equip the IDA, particularly the IPU, with the practical skills required to effectively carry out the recommended investment promotion activities and would institutionalise the learning in the form of a training manual. The output of the training consultancy was a general guide on certain aspects of investment promotion and investor aftercare services. It did not address the issues of investor targeting, initial contact and preparation of early stage information. As a result, the implementation programme below attempts to bridge this gap and should provide the IDA with a guide to its early stage investment promotion activities. This will take the agency up to the point of a pre-site visit, where the training consultancy provides some recommended procedures before addressing post-site visit activities and aftercare services.

It is important to note that the IDA must remain flexible in delivering against this implementation programme. It may prove that areas with expected high potential are not as attractive to investors as anticipated, or that investors may approach the agency independently of promotional efforts. In such cases, the IDA may need to shift the focus of its activities and it will need to develop this ability and judgement in response to feedback from actual investors. And as time goes on, the recommendations in the Strategy will become somewhat dated. It is vital that in implementing the Strategy the IDA develop its ability to identify new areas with investment potential, learn how to target suitable investors effectively and carry out tailored and effective investment promotion without further technical assistance. In this way, the agency can continuously build its capacity and thereby ensure its sustainability. So this guide is intended to serve as a roadmap for action, one that the IDA can replicate in new areas over time, rather than a concrete schedule to be followed strictly.

## **7.2.1 Tourism Industry**

### **7.2.1.1 Investment Priorities**

Before setting out the implementation timelines for the niche tourism areas set out in the Strategy, it must be pointed out that the single most important item on Dominica's investment agenda is getting resorts at the Woodford Hill and Hampstead properties. The IDA has been charged with attracting investment in these key tourism assets and there are some interested investors. As these efforts are well underway, they have not been addressed specifically in the Strategy. In the event that the current investors do not proceed with their plans, it is important that the IDA begins the process of identifying others to ensure that alternatives are lined up. It can do this in two ways, either by tendering the project using the services of a merchant bank or by using the same process by which it will identify investors in flagship boutique hotels. Before discussing these approaches, it is worth mentioning the scale of impact that attracting a resort in one of these areas could have on the tourism industry.

If we assume that one of these areas could host a 200 room hotel, then it would create 73,000 room nights (200 rooms x 365 nights). Achieving an occupancy rate of 70% for the year should be possible for investors of this level, which means they would generate 51,100 room nights. Assuming 2 people per room and an average stay of 5 nights, the number of stay over visitors brought in by one of these properties would be 20,440 (51,100 room nights \* 2 people / 5 nights), an increase of 23% over 2008 stay over numbers. So the potential impacts are huge and this should be reflected in the priority given to these projects.

In terms of identifying backup investors through the services of a merchant bank, the advantage is that it would reduce the burden of work on the IPU. The disadvantage would be a loss of control, as tendering would create an obligation to use the winning bid, as well as the cost of the bank's services. The other option would be to identify investors by contacting those operating properties similar to the desired investment. Chains such as Sandals, SuperClubs and Almond Resorts are one possibility. In addition to the chains, operators of one or two 200 room hotels are also potential sources of investment. Using the CHTA website would be a good way to identify these properties, but as its medium sized hotel category ranges from 76-500 rooms, some labour would have to go into filtering out suitable operations.

#### **7.2.1.2 Implementation Timelines**

As stated in the Strategy, the main investment priority in tourism, after the key tourism assets with good beach access, is attracting quality upmarket boutique hotels and eco lodges. The IPU will not be able to carry out the indicative timelines and meet the targets in terms of investor contact set out below due to resource constraints. The reason these targets have not been adjusted is to allow for proper planning when these activities are taken up. For planning purposes, the focus should be on flagship boutique hotels and eco lodges. The other areas could be delivered in a sequenced manner or the targets could be revised downward to allow more activities to take place at one time. These are decisions the IDA will have to make during implementation.

Given the number of activities the IDA will have to take on in implementing the Strategy and the fact that investment in standalone natural spas is less of a priority than the other niche areas in tourism, it was deemed unnecessary to plan for investment promotion activities in that area at this time. The fact that this area should get some activity through promotion efforts aimed at investment in boutique natural spa hotels mitigates the impact of this exclusion. Should the IDA wish to take this activity up in the future, it would be a useful exercise for IPU staff to prepare an implementation timeline for standalone natural spa investment promotion along the lines of those provided below.

Some of the areas identified in the Strategy, such as nature-based tourism and increase in dive visitor numbers, depend more upon marketing than investment at this stage. And this is the province of the DDA. As discussed above under institutional arrangements, the IDA should liaise with the DDA in the Tourism Investment Working Group to determine how and if investment promotion activities can fit into its marketing activities, particularly if visitor numbers begin to increase. As the scale and nature of these activities are yet to be determined, nature-based tourism and diving marketing have not been incorporated into implementation timelines as the other niche areas of tourism have.

**Table 18: Flagship Boutique Hotels – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Select locations with hotels comparable to desired investment															
1.2	Compile broad list of boutique upmarket hotels															2
1.3	Prepare tracking database if one does not exist															
1.4	Review properties for suitability based on rates, size, facilities; enter into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact hotels, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 per
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

**Small Hotel Listings**

- Caribbean: CHTA website (<http://www.caribbeanhotelandtourism.com/source/Members/cHotelMemberSearch.cfm>)

- Other countries: Relais & Châteaux website ([www.relaischateaux.com](http://www.relaischateaux.com))
- Searchable hotel directory: [www.resortsandlodges.com](http://www.resortsandlodges.com)

### **Investor Profiling Targets**

During the Investor Profiling phase, the goal should be to develop a database of 80 properties that match the desired investment profile. In this case, the profile should be 25-50 room hotels charging rates around US\$500/night and upwards. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the properties by reviewing their websites. In setting a goal of 80 matching properties in the database at the end of the allotted 5 working days, staff will have to identify 2 matching properties an hour or 16 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica.<sup>28</sup> If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

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<sup>28</sup> Investors can be categorised in terms of their interest levels as follows:

- Low-interest: Have a general interest in investment possibilities, but no distinct plans.
- Mid-interest investors: Have plans for a specific type of investment but not actively looking for sites.
- High interest investors: Actively looking for a location for an investment project.

**Table 19: Eco Lodges – Investment Promotion Timeline**

#	Activity	Weeks														Estim Wo D
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Select locations with hotels comparable to desired investment															
1.2	Compile broad list of eco lodges															2
1.3	Prepare tracking database if one does not exist															
1.4	Review properties for suitability based on rates, size, facilities; enter into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact hotels, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 per
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

**Eco Lodge Listings**

- Caribbean: CHTA website (<http://www.caribbeanhotelandtourism.com/source/Members/cHotelMemberSearch.cfm>)

- Other countries: Eco Tropical Resorts ([www.eco-tropicalresorts.com](http://www.eco-tropicalresorts.com))
- Searchable hotel directory: [www.resortsandlodges.com](http://www.resortsandlodges.com)

### **Investor Profiling Targets**

During the Investor Profiling phase, the goal should be to develop a database of 80 properties that match the desired investment profile. In this case, the profile should be 20-40 room hotels charging rates around US\$250/night and upwards. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the properties by reviewing their websites. In setting a goal of 80 matching properties in the database at the end of the allotted 5 working days, staff will have to identify 2 matching properties an hour or 16 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

**Table 20: Dive Hotels – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Select locations with dive hotels comparable to desired investment															
1.2	Compile broad list of dive hotels															2
1.3	Prepare tracking database if one does not exist															
1.4	Review properties for suitability based on rates, size, facilities; enter into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact hotels, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 per
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

**Resources**

In the Caribbean, islands such as Belize, Bonaire, the Virgin Islands and Saba are useful starting points for researching dive hotels. Outside the region, Indonesia is a good model as it does have dive hotels in remote locations that arrange transport for passengers.

- Caribbean: CHTA website (<http://www.caribbeanhotelandtourism.com/source/Members/cHotelMemberSearch.cfm>)
- Searchable hotel directory: [www.resortsandlodges.com](http://www.resortsandlodges.com)

### **Investor Profiling Targets**

During the Investor Profiling phase, the goal should be to develop a database of 40 properties that match the desired investment profile. In this case, the profile should simply be hotels catering specifically to divers. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the properties by reviewing their websites. In setting a goal of 40 matching properties in the database at the end of the allotted 5 working days, staff will have to identify 1 matching property an hour or 8 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

**Table 21: Boutique Natural Spa Hotels – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Select locations with boutique natural spa hotels comparable to desired investment															
1.2	Compile broad list of boutique natural spa hotels															2
1.3	Prepare tracking database if one does not exist															
1.4	Review properties for suitability based on rates, size, facilities; enter into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact hotels, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 per
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

**Resources**

In the Caribbean, St. Lucia is a useful starting points for researching boutique natural spa hotels. Outside the region, Indonesia is a good model as it does have dive hotels in remote locations that arrange transport for passengers.

- Caribbean: CHTA website (<http://www.caribbeanhotelandtourism.com/source/Members/cHotelMemberSearch.cfm>)
- Other countries: SpaFinder website ([www.spafinder.com](http://www.spafinder.com))

### **Investor Profiling Targets**

During the Investor Profiling phase, the goal should be to develop a database of 40 properties that match the desired investment profile. In this case, the profile should be 25-50 room hotels charging rates around US\$500/night and upwards. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the properties by reviewing their websites. In setting a goal of 40 matching properties in the database at the end of the allotted 5 working days, staff will have to identify 1 matching property an hour or 8 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

### **7.2.2 Professional Services**

The IPU will not be able to carry out all of the indicative timelines and meet the targets in terms of investor contact set out below simultaneously due to resource constraints. The reason these targets have not been adjusted is to allow for proper planning when these activities are taken up.

All of the timelines set out below represent important investment areas for Dominica and so the IDA will have to consider how to execute them all. This could be achieved through sequenced delivery, downward revision of targets to allow more activities to take place at one time or a combination of these approaches. These are decisions the IDA will have to make during implementation.

The only area set out in the Strategy that has not been reflected in a timeline below is ELT. Given the number of activities being put before the IDA and the fact that ELT is less of a priority than the other niche areas in professional services, it was deemed unnecessary to plan for investment promotion activities in English language training at this time. Should the IDA wish to take this activity up in the future, it would be a useful exercise for IPU staff to prepare an implementation timeline for ELT investment promotion along the lines of those provided below.

### 7.2.2.1 IT Enabled Services – Implementation Timeline

**Table 22: IT Enabled Services – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D		
		1	2	3	4	5	6	7	8	9	10	11	12	13-52			
<b>1</b>	<b>Investor Profiling</b>																
1.1	Compile broad list of ITES providers (India, US, Canada)																2
1.2	Prepare tracking database if one does not exist																
1.3	Review providers for suitability based on service provided, size; enter into database																
<b>2</b>	<b>Investor Contact</b>																
2.1	Contact providers, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database																0.5 per
2.2	Review results, determine follow up action for each investor																3
2.3	Present results to IDA Executive Director, agree next steps																2
2.4	Carry out follow up action																Var
2.5	Handover investors to ISU if ready, brief ISU on each investor																1 per i
2.6	Tailor contact template based on investor feedback																1
2.7	Maintain regular contact with investors, update information in database as appropriate																1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>																
3.1	Report to Working Group at Quarterly Meeting																
3.2	Revise activities if advised by Working Group																1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary																As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

#### Resources

- Multicountry (including the US):
  - Call Center Directory, a listing of call centers, contact centers, BPO, VOIP companies ([www.callcenterdirectory.net](http://www.callcenterdirectory.net))
  - ContactCenterWorld, self-described global association for contact center best practices and networking ([www.contactcenterworld.com](http://www.contactcenterworld.com))
  - International Association of Outsourcing Professionals ([www.outsourcingprofessional.org](http://www.outsourcingprofessional.org))
- India: NASSCOM ([www.nasscom.in](http://www.nasscom.in))
- Canada: Information Technology Association of Canada ([www.itac.ca](http://www.itac.ca))

### **Investor Profiling Targets**

During the Investor Profiling phase, the goal should be to develop a database of 40 providers that match the desired investment profile. In this case, the profile should be 300-500 seat call centre or data management operations. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the providers by reviewing their websites. In setting a goal of 40 matching providers in the database at the end of the allotted 5 working days, staff will have to identify 1 matching provider an hour or 8 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

### 7.2.2.2 Education – Implementation Timelines

**Table 23: Medical Schools – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Compile list of US and Canadian medical schools															
1.2	Prepare tracking database if one does not exist															
1.3	Enter details into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact universities, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															
2.2	Review results, determine follow up action for each investor															
2.3	Present results to IDA Executive Director, agree next steps															
2.4	Carry out follow up action															
2.5	Handover investors to ISU if ready, brief ISU on each investor															
2.6	Tailor contact template based on investor feedback															
2.7	Maintain regular contact with investors, update information in database as appropriate															
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

#### Resources

- US and Canadian medical schools: Association of American Medical Colleges ([www.aamc.org](http://www.aamc.org))

### **Investor Profiling Targets**

Profiling in this area is more straightforward than in tourism. The target is simply US and Canadian medical schools and there are currently 133 American and 17 Canadian universities on the AAMC website. All of them should be incorporated into the database in week 1. More nuanced information regarding their suitability as sources of offshore education investment will become more clear during the contact phase.

### **Investor Contact Targets**

At the end of the contact phase, contact should be made with 40 investors. Under Activity 2.1, 4 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

**Table 24: Nursing Schools – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Compile list of US nursing schools															
1.2	Prepare tracking database if one does not exist															
1.3	Enter details into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact universities, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 pe
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

**Resources**

- US nursing schools: American Association of Colleges of Nursing ([www.aacn.nche.edu](http://www.aacn.nche.edu))
- National League for Nursing Accrediting Commission ([www.nlnac.org](http://www.nlnac.org))

**Investor Profiling Targets**

Profiling in this area is more straightforward than in tourism. The target is simply US nursing schools and there are currently 640 members of the AACN. All of these should be incorporated into the database in week 1. More nuanced information regarding their suitability as sources of offshore education investment will become more clear during the contact phase. At the end of the initial contact phase, if the number of live targets in the database is deemed insufficient, the NLNAC website can be used to supplement the contact list.

**Investor Contact Targets**

At the end of the contact phase, contact should be made with 40 investors. Under Activity 2.1, 4 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor.

### 7.2.2.3 Medical Tourism – Implementation Timeline

**Table 25: Medical Tourism – Investment Promotion Timeline**

#	Activity	Weeks													Estim Wo D	
		1	2	3	4	5	6	7	8	9	10	11	12	13-52		
<b>1</b>	<b>Investor Profiling</b>															
1.1	Compile broad list of medical tourism providers and US clinics and hospitals															2
1.2	Prepare tracking database if one does not exist															
1.3	Review providers for suitability based on size and patient profile (medical tourism providers only); enter into database															
<b>2</b>	<b>Investor Contact</b>															
2.1	Contact providers, conduct interviews using contact template, categorise investor interest, ascertain individual requirements; enter into database															0.5 per
2.2	Review results, determine follow up action for each investor															3
2.3	Present results to IDA Executive Director, agree next steps															2
2.4	Carry out follow up action															Var
2.5	Handover investors to ISU if ready, brief ISU on each investor															1 per i
2.6	Tailor contact template based on investor feedback															1
2.7	Maintain regular contact with investors, update information in database as appropriate															1 per
<b>3</b>	<b>Reporting and Revision of Activities</b>															
3.1	Report to Working Group at Quarterly Meeting															
3.2	Revise activities if advised by Working Group															1
3.3	Repeat Investor Profiling and Investor Contact activities if necessary															As a

In carrying out these activities it is important to provide some starting points for information gathering and set some targets for IPU staff in terms of the scale of their activities. The resources set out below must be built upon during the profiling and contact processes and doing so will help develop the IDA’s institutional memory. The targets in terms of investor profiling and contact should also be examined by the IDA Executive Director in light of other IPU staff activities and revised as appropriate. The stated targets are for one staff member.

## Resources

- Medical tourism providers:
  - PlanetHospital, a medical tourism agency ([www.planethospital.com](http://www.planethospital.com), see 'Destinations' link)
  - Joint Commission International, international accrediting arms of body that accredits US health care organisations ([www.jointcommissioninternational.org](http://www.jointcommissioninternational.org))
- US clinics and hospitals: Joint Commission ([www.jointcommission.org](http://www.jointcommission.org))

## Investor Profiling Targets

During the Investor Profiling phase, the goal should be to develop a database of 10 medical tourism providers and 30 health care facilities that match the desired investment profile. In the case of medical tourism providers, the profile should simply ensure that they draw the majority of their patients from the US. In the case of health care facilities, they should be 50-100 bed operations offering clinical, diagnostic and laboratory services and facilities. Compiling a broad list should not prove difficult and the majority of the effort during this phase will involve profiling the providers by reviewing their websites. In setting a goal of 10 medical tourism providers and 30 health care facilities in the database at the end of the allotted 5 working days, staff will have to identify 1 matching provider an hour or 8 a day, which includes the time to input the information into the database. Based on a 8 hour working day, this should be an achievable target, particularly as staff should become faster at the review process after an initial acclimatisation period.

## Investor Contact Targets

At the end of the contact phase, contact should be made with 30 investors. Under Activity 2.1, 3 weeks have been allotted for initial interviews, which means a rate of 2 interviews per day, including time to input information into the database, will be required. Even at the outset, staff should be able to conduct 2 interviews per day and the expectation is that they will be able to improve upon that rate as they become increasingly familiar with the process.

Setting targets for Activity 2.4, Follow Up Action, is difficult at this stage. The precise nature of activities required will vary significantly depending on levels of investor interest. For low-interest cases, it may be a matter of simply sending more information, for mid or high-interest investors, visits to meet them could be made or they could be invited to visit Dominica. If visits are made to meet with investors, a number of parties should be identified for meetings and a schedule arranged beforehand to maximise use of resources. Investors visiting Dominica must be dealt with individually to ensure they are treated as priorities and that they go away with this belief. For these reasons, the Executive Director will have to agree with IPU staff on what is required, a process built in under Activity 2.3.

In maintaining contact with investors, the goal should be to target all parties in the database at least once a quarter. The frequency of contact will need to be adjusted upwards as necessary based on IPU staff's assessment of what is appropriate for each investor

### 7.2.3 Agribusiness

During presentation of the Strategy, stakeholders were informed of the largely negative reaction of potential investors to investing in a bottling/packaging facility. When the possibility of pursuing domestic investment in a bottling/packaging facility was put forward, it was met with a similarly downbeat response. The feeling seemed to be that even if the largely small local producers were to coordinate their needs, the scale of demand would remain low, in part because packaging needs are quite diverse. Therefore, carrying out formal investment promotion activities in this area at this time would not be an effective use of the IDA's resources. What it should do is continue to work with the industry to establish the Working Group and determine future investment needs through that forum. Due to the uncertainty of activities that will come out of this approach an implementation timeline of activities has not been provided for this industry.

At the moment, the industry has indicated a need for information on sources of packaging, machinery, parts and manufacturers. The IDA could share such information with the industry through the Working Group. This function would seem to fall under the authority of the ISU and it should carry out some research into this area on behalf of the industry. As a starting point, a list of information portals and a brief description of what they cover has been provided below.

- The ITC has a Packaging Partners Network database which includes private companies, standards bodies and SME associations involved in packaging supply and research. It provides names of companies, contact phone numbers, emails and web links. [www.intracen.org/ep](http://www.intracen.org/ep).
- A website with a packaging directory and packaging design news. [www.packaging.tradeworlds.com](http://www.packaging.tradeworlds.com).
- A website with a packaging directory and packaging news. [www.packagingeurope.com](http://www.packagingeurope.com).
- A packaging website with buyer and seller sections and resource downloads. [www.packagingnetwork.com](http://www.packagingnetwork.com).
- A packaging business-to-business gateway aimed at international users. It provides access to information and services for the packaging sectors. [www.trpackaging.com](http://www.trpackaging.com).

### 7.2.4 Entertainment

As set out in the entertainment chapter in the Strategy, the revenue generating and job creation potential of this industry is significantly smaller than what is afforded by tourism and professional services. Nevertheless, music and film are important because of their links to the cultural identity of the country and because they do enhance the tourism product, thereby indirectly generating revenue on top of direct earning activities. At the moment, the industry faces a number of challenges that will need to be addressed before investment in music and film becomes more attractive. Many of these challenges are being addressed under other initiatives and the export orientation and tourism links of the industry mean that the responsibility for industry development belongs to agencies other than the IDA. As such there is no need for the IDA to duplicate these activities and it can devote its limited resources to areas it has sole responsibility for. Therefore it should remain involved with the Working Group and determine how it can take a more active role as needs arise. For these reasons, there is no need to provide an implementation timeline for the entertainment industry to guide the IDA's actions.

## **8 Annex 1 – Indicative Investor Contact Questionnaire**

### **General Questions**

1. How do you select an investment location?
2. What specific factors do you look for in a location?
3. What is the role of an IPA in your investment decision (i.e. when do they enter the process, what do they then do)?
4. Do you have plans to expand your operations to other locations?
5. Do you arrange regional travel for your guests? (Applicable to upmarket boutique hotel investors)

### **Dominica-specific Questions**

6. Have you considered investing in Dominica? Why or why not?
7. What investment location factors would encourage you to invest in Dominica?
8. What investment incentives would encourage you to invest in Dominica?
9. What support through the investment process would you like to receive from the IDA?
10. What is your perception of Dominica as a specific investment destination?
11. What is your perception of Dominica as a general investment destination?