



MILLENNIUM CITIES INITIATIVE (MCI)  
THE EARTH INSTITUTE AT COLUMBIA UNIVERSITY

# How to prepare an offer to potential investor(s)

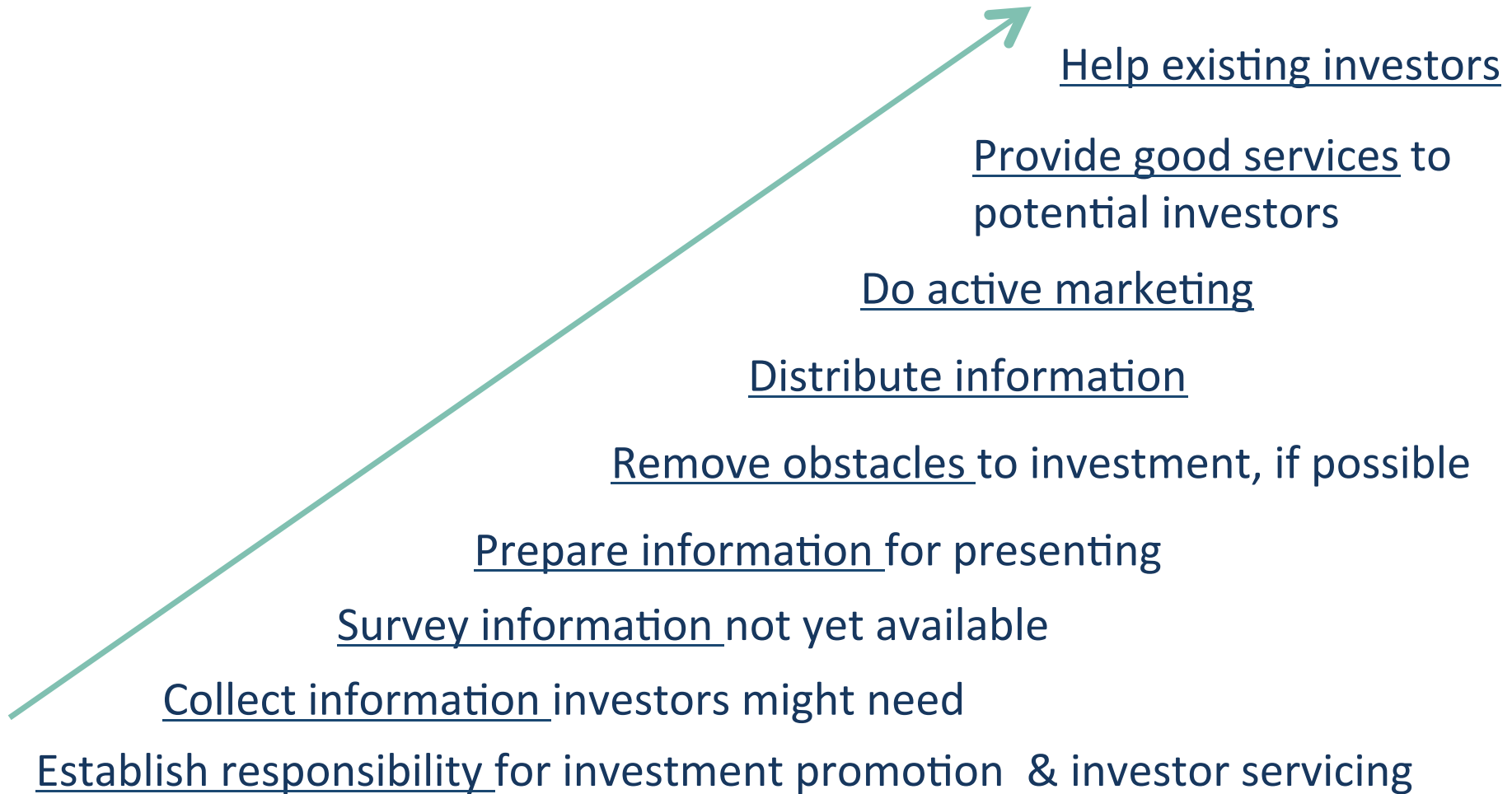


**René Samek**  
**Tabora**  
**27 March 2012**



# Steps to successful investment promotion

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# Promotion of a location (city, region, ...)

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# Promotion of a location (city, region, ...)

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- Non-targeted image building activities:
  - Exhibiting at trade shows, conferences, ...
  - Advertising, public relations
  - Mailing campaigns, etc.
- Targeted active marketing activities
  - Seminars (organised by someone else / own seminars) – presentations, leaflets, posters
  - Roadshows, company visits
  - Pre-arranged individual one-to-one meetings



# Non-targeted image-building activities

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- + Possibility to reach a wide audience
- + Relatively easy planning of these activities
- + Possibility to control the message, be creative
- Limited control over the audience
- Unpredictability of results
- Usually high cost of image-building campaigns



# Targeted active marketing activities

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- + Possibility to define the audience in more detail
- + Possibility to target the message to individual companies
- + Lower costs of these activities (relatively)
- Time-consuming selection of companies to be approached
- Necessity to have the skills to arrange a meeting
- Necessity to have a good understanding of the product (sector plus investment climate)



## Types of potential investors (2)

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1. Greenfield investors: they prefer to build their own plant, typically on a greenfield (industrial zone) or buy or rent an existing manufacturing hall
2. Joint-venture/equity investors: they prefer to establish a joint venture or buy an existing company which makes the same/similar product(s)



# What information does Tabora need?

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- Suggestions for investment into selected sectors or sub-sectors
- Information on local companies which are looking for potential partner for joint venture or an equity partner
- Information on the investment and business climate in Tabora and the surrounding area (Tabora region)
- Information on potential locations in Tabora – the industrial zone, other potential locations? Offices?





# Suggestions for investment

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- Investment suggestions = investment propositions = investment opportunities (terminology)
- KPMG / MCI study identified several sectors/sub-sectors as those where:
  - Tabora and the surrounding area offer some advantages and or inputs
  - Investment into these sectors/subsectors would be beneficial for Tabora
- The sectors/subsectors are: honey processing, edible oils, tourism, biofuel, dairy products, plus other mentioned briefly (timber + furniture manufacturing)



# How to create an investment suggestion?

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Most important factors influencing location of companies in 2007-2009 (% of responses from multinational companies) :

1. **Size of market (21%)**
2. **Growth of local market (20%)**
3. **Access to international/regional market (10%)**
4. Stable investment environment (10%)
5. Availability of skilled labor force (9%)

*Source: UNCTAD World Investment Prospects Survey 2007-09*



# How to create an investment suggestion?

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- Remember what investors need to decide whether to invest or not:
  - Initial information on potential market
  - Information on the investment and business environment, which enables them to calculate the costs of investing and doing business, profitability ...
  - Information on potential locations
  - Support from the government/government bodies (national, regional, municipal level)
- The investment suggestion(s) should have this format



# Information on the potential market

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- What is the market we are offering to potential investors:
  - Tabora? Region of Tabora? Tanzania?
  - Tanzania and the surrounding countries?
  - Wider export markets? Which? Africa? Europe? Asia? The whole world?
- Data on the size of the market:
  - Production, consumption, export, import
  - Trend in the last 10 years (of the above)
  - Other market indicators: growth of population, growth of spending power, major new corporate customers in the city/region/country/continent



# Information on the potential market

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- Reason(s) why we offer this opportunity to potential investors:
  - This product is imported to Tanzania/East Africa, but we think/know it could also be produced locally
  - Tabora has some/all inputs necessary for the production of this product
  - Tabora has skilled labour, which is necessary for the production of this product
  - The product could be produced in Tabora at lower costs and/or supplied to customers for lower costs
- Examples of competitors who have built a production facility in Tanzania or neighbouring countries



# Information on the potential market

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- The data must show that the market is large enough to justify building of a new production facility – the investment must make economical sense
- The market must be large enough now or within next 2 years – companies will not build a production facility which will not be sufficiently utilised
- The trends must show that the market will continue to be large enough for 10-20 years
- It must be possible to deliver the product to customers for reasonable costs



# Suggestions for inv.into selected sectors

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- Sectors/sub-sectors identified by the city/MCI or other studies as sectors/sub-sectors which offer some market opportunities
- Also, it should be clear from the suggestion, that the market opportunity can be best realised by investing in Tabora, not just by importing to Tanzania
- The suggestion must be realistic – offer a real opportunity, not a dream
- The suggestion must be doable – it must be possible to make the suggested investment



# Honey processing

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- HONEY PROCESSING – Favorable Factors
  - Good climate favorable for honey production
  - Many people involved in beekeeping
  - High-quality dark honey
- HONEY PROCESSING – Challenges
  - Honey supply shortage in the short term
  - Primitive production methods, fluctuations in quantity and quality
  - Export not possible/difficult due to non-existence of national testing and certification body





# Honey processing –some questions

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- Do we know, how much honey is produced in Tabora/ region? Are the data reliable?
- Processor will need raw honey – who will collect it from individual honey farmers?
- Can we influence the government to ensure certification of honey for export?
- Is there a possibility for investment into containers/jars for processed honey? How big is the market? (+- as large as local production of honey?)



- EDIBLE OILS - Favorable Factors
  - Favorable agro-climatic conditions
  - Availability of appropriate land plots
  - Tanzania currently imports 50% of consumption
- EDIBLE OILS – Challenges
  - Fluctuating/unstable demand – low interest of farmers
  - Is local consumption high enough to justify construction of a production facility?
  - Packaging? Distributions channels?



# Edible oils –some questions

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- Do we have information on how large is the potential market (domestic consumption in Tanzania)?
- What is a minimum capacity of a sunflower production capacity?
- How can farmers be supported to produce sunflower seeds?
- Is crop rotation necessary for sunflowers? If yes, what will be the other crop(s)?



- TOURISM- Favorable Factors:
  - Airport / daily flight from Dar es Salaam
  - Game reserves
  - House of Dr. Livingstone (anything else?)
- TOURISM – Challenges
  - Insufficient marketing of Tabora/region
  - Lack of other tourist attractions plus roads to them
  - Lack of well-trained workforce to service tourism sector



## Tourism sector – some questions

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- Is it necessary to build further hotels? Are the existing hotels fully occupied every day?
- Who is responsible for maintenance of Dr.Livingstone's house? Who will ensure it is kept in good condition?
- When it is open for visitors? Is there anything to see inside?
- Apart from Dr.Livingstone's house, which other potential tourist attractions there are in Tabora/region?



- BIOFUEL – Favorable Factors
  - Favourable climatic conditions
  - Available land
  - Growing demand globally
- BIOFUEL – Challenges
  - Export – long transportation distance
  - Domestic use – no government support
  - Global attitude to alternative energy sources seems to be changing due to financial crisis



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# Dairy products

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- DAIRY PRODUCTS- Favorable Factors
  - Huge potential market (200 l/pp/pa x 39 l/pp/pa)
  - High demand in the region
  - Government strategy to support animal husbandry and consumption of milk
- DAIRY PRODUCTS – Challenges
  - Investment into livestock needed
  - Enough land for grazing?
  - Poor transport infrastructure to deliver milk to customers
  - Customer purchasing power?





# Dairy products – some questions

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- Sectors/sub-sectors identified by the city/MCI or other studies as sectors/sub-sectors which offer some market opportunities
- Also, it should be clear from the suggestion, that the market opportunity can be best realised by investing in Tabora, not just by importing to Tanzania
- The suggestion must be realistic – offer a real opportunity, not a dream
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# Info on companies seeking JV partners

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- Profiles of local companies, which are looking for potential partners to establish a joint venture or partners who would invest in the company (buy a share, equity, in the company)
- Description of each company, its performance, why it is looking for partners,
- What the company offers to the joint venture and what it expects from the partner(s)
- Profiles can be with names of the companies or without names and addresses – “blind profiles“



# Profile of a company seeking a JV partner

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- Name of the company, contact data / or blind profile – a code instead of the name and contact data
- Sector, products or services
- Size of the company: turnover, number of employees
- Ownership, history
- Economic performance of the company
- Certificates the company has
- Markets for the products/services of the company
- Plans of the company
- Reasons for looking for partners



# Profile of a company seeking a JV partner

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- What it will insert into the joint venture
  - Land and buildings?
  - Management?
  - Employees?
  - Machinery? (list of machines the have)
  - Production know-how?
  - Market access?
  - Finance?



# Profile of a company seeking a JV partner

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- What it expect the partner to insert into the joint venture:
  - Management?
  - Machinery? (list of machines needed)
  - Production know-how?
  - Market access?
  - Finance?



# Profile of a company seeking a JV partner

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- Each profile should have 2-3 pages
- Created in MS Excel, MS Access or MS Word (alternative: buy an expensive database system)
- Each profile created together with the company which seeks partners for a joint venture and approved by them (written agreement and written approval)
- Profiles to be distributed electronically (email, websites) in the pdf format and in print form (printed on a normal office printer)



# Info on the investment/business climate

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- Labour availability: population, workforce, unemployment rate + number of the unemployed
- Skills: secondary schools/specialisation/ number of students, universities/specialisation/ number of students, large existing companies, number of employees
- Transport channels for goods to and from Tabora: to other parts of Tanzania, to Africa, Europe, Asia, distances and time for transportation
- Availability of utilities and costs
- Support available from the city



# Info on the investment/business climate

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- Statistical data, not too old
- Graphs, tables, no long texts
- Comparison of Tabora with Tanzanian average and/or with other regions in Tabora, international comparisons
- Maps
- Testimonials from existing investors, foreign and domestic (example: „We had no problem finding 100 qualified workers in Tabora“, says Mr.X, General Manager of company Y located in Tabora)





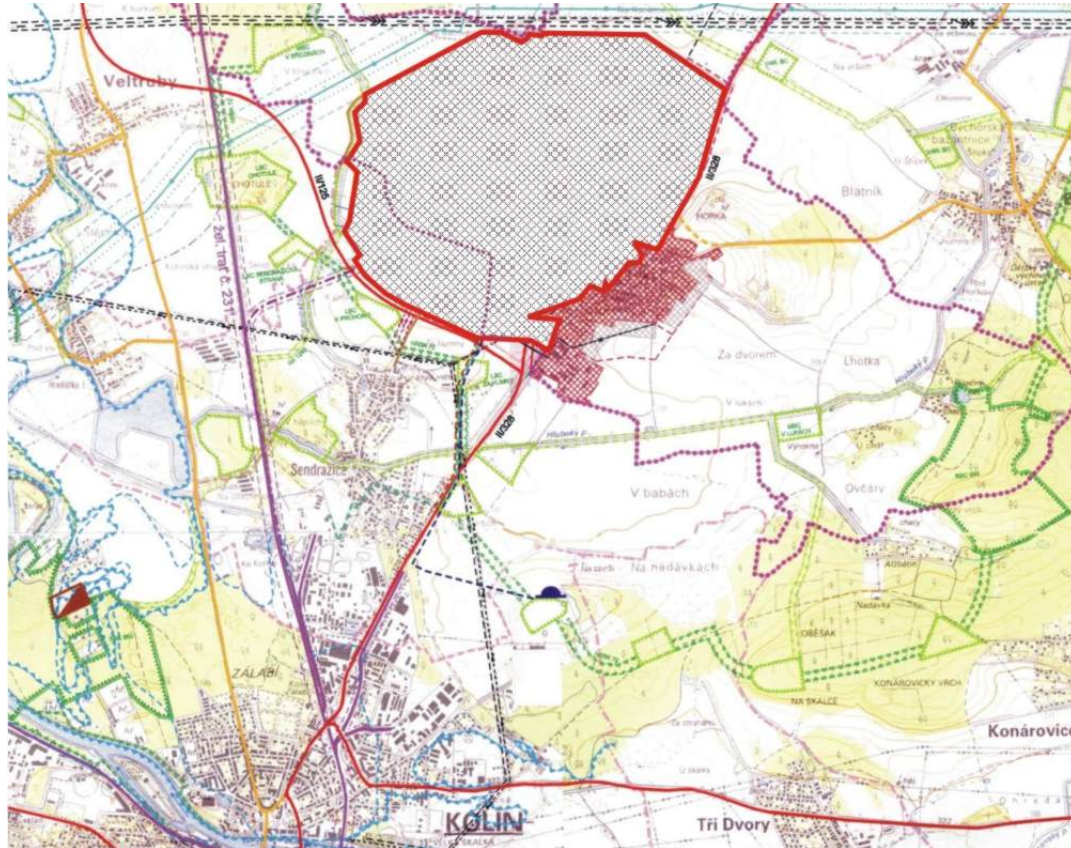
# Info on potential locations in Tabora

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- Size of available land in the industrial zone – now and planned in 2-3 years, other options in Tabora
- Map/plan of the zone, showing available land plots
- Availability of utilities within the industrial zone
- Map showing the industrial zone in relation to the city, existing and planned roads, airport, ...
- List of limitations (environmental, legal) on location of different investment projects within the zone
- List of conditions for renting the land in the zone
- Price and mechanism for receiving permission to rent land within the zone



# Example: info on Kolin municipal ind.zone





# How to market the industrial zone

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Spread information on your industrial zone to as many potential investors as possible BUT at low costs – use low-costs or free channels such as:

- website
- simple leaflet
- Your national IPA, directories
- Your embassies abroad, foreign embassies in Dar
- chambers of commerce and other bodies



# Website of a Czech industrial zone

Triangle Strategic Industrial Zone - Internet Explorer provided by Dell

http://www.triangle-city.cz/general-information-en.php

Triangle Strategic Industrial Zone

**TRIANGLE**  
PRŮMYSLŮVÁ ZÓNA

General Information  
Owner and Contact  
Technical Infrastructure  
Transport Connection  
Investors in the Zone  
Offer of Job  
Press Reports  
Useful Links  
Photo Gallery  
Maps

### General Information

**Name:** Triangle Strategic Zone  
**Country:** Czech Republic  
**NUTS II:** North - West  
**Region:** Ústí Region  
**District:** Louny  
**Municipality with extended competency:** Žatec  
**Municipality/administrative territory:** Žiželice, Staňkovice, Velemyšleves, Bitozeves  
**Former use:** Žatec military airport  
**Type of the zone:** strategic industrial zone / large-scale business park  
**Total area:** 365 ha  
**Area for investors:** 295 ha  
**Planned number of jobs:** first phase 5 - 8 000, target number 15 - 20 000

### Characteristic of the Industrial Zone

Triangle strategic industrial zone is situated at the border of three districts: Chomutov, Most and Louny. From traffic point of view the zone military airport. The site adjoins arterial road I/7 Prague - Chomutov - Hora Sv. Šebestiána/Reitzenhain (FRG) (to become R7 express about 1 km from the site. The Triangle industrial zone is mainly intended for investors whose business and investment plans are for processing of raw materials), strategic services, technological centres and/or those operating in the field of research and development. V Region, and the Ministry of Industry and Trade, the Triangle zone can also host businesses from the field of logistics, facility management support companies servicing businesses already based in the zone (so called "manufacture servicing"). The Triangle zone's priority is projects, the size of which would be about 20 - 25 ha each.

- Close vicinity of larger towns in the catchment area (about 300 thousand inhabitants)
- Flat countryside
- Location in the area with high unemployment rate
- Relatively low labour cost
- Advantageous strategic location near the border with the FRG, suitable for export - oriented manufacturers
- Very good transport connection to the existing arterial road network
- Location about 40 km from the D8 highway (under construction)
- Good qualification level of labour force due to industrial tradition of the region
- Number of potential supply firms mainly in automotive industry sector
- State system of investment incentives; in this region in the largest extent possible
- The zone is primarily prepared for a strategic investor from manufacturing industry sector, i.e. a multinational company with si

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# Brochure of a Czech municipal ind. zone

**Bystřice nad Pernštejnem Industrial Zone**

Investment opportunity for all fields of modern business

## Bystřice nad Pernštejnem

The town of Bystřice nad Pernštejnem is located approximately 50 km south-west of Brno in the East-Moravian Highlands, and has a population of approximately 10,000. The city currently has the status of a town. The city currently has a total area of approximately 21,000 hectares. Bystřice nad Pernštejnem is a long industrial tradition, primarily in the fields of advanced engineering (production of electric control, metal machining, the furniture industry and processing of food agricultural products). Chemical mining has also played an important role in the region.

The first modern industrial zone covering over 100 hectares was established in the city in the beginning of the 1970s. The area was an area almost fully occupied by the construction of the industrial zone, the city's present and development with the total area of 80 ha. In 2002-2004, the first two investments of Czech manufacturing firms were implemented here, and in 2008 the French company S. Renault began implementation of an investment on 10 hectares.

## Infrastructure in depth

With regard to the business plan, the industrial zone is fully prepared to accommodate any particular investor. The utilities under the area are installed in the most convenient manner with regard to proximity of the plots concerned, the city water supply, 10.73 ha of the area under the management of the Czech Republic, General Fund of the CR, 1 ha is under private ownership and 12.3 ha are occupied by forests.

The purchase price of plots is negotiable and is in the range of CZK 1000/m<sup>2</sup> (EUR 8.300/m<sup>2</sup>). This is the lowest price in the area, the city is prepared to make concessions for the importance of a specific investor's project by possibly lowering this price.

Water 100 TWh/year	total pressure gas line 0.6/0.3 MPa	sewerage 100,000 sewer	electricity 100,000 kW
0 ha	600 to 800 m <sup>2</sup> /ha	150 m	1 MW

General information on the plot's coverage can be provided to investors in the form of a series of regularly published tables and the method of establishing prices also on an individual basis. This is valid especially with electricity and gas where individual negotiation is necessary; the prices to be calculated in connection with the area's total consumption. The price of water is approximately CZK 27.50/m<sup>3</sup> and average price amounts to CZK 30/m<sup>3</sup>. The price of gas is 0.02 CZK/m<sup>3</sup>.

Note 1: In the case of the construction of a district network 0.6 MPa, it is possible to bring in a special high-voltage 10 kV line with capacity up to 20 MW from a substation at a distance of approximately 1,500 metres. In the case of full high-voltage, a substation can be installed from the high-voltage line at a distance of approximately 3 km with practically unlimited capacity.

Note 2: The necessary supply of supply of natural gas amounts to 600 m<sup>3</sup> or 100 kWh, depending on power. By increasing the pressure to 300 MPa, a maximum capacity of 800 m<sup>3</sup> can be achieved. In the case of gas consumption exceeding the stated capacity, a connection to the high-pressure line at a distance of approx. 1,500 metres is possible.

### Transport connections of the city and industrial zone

railway station	directly through the zone
colliery station with loading and unloading ramp	100 m
colliery siding	directly in the zone
highway	directly in the zone
1st class highway	2 km
main highway (I/1 Prague - Brno)	23 km
international airport - Brno Tuřany	60 km
- Prague Václav Havel	170 km



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**Thank you  
for your attention and questions!**



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[rene.samek@gmail.com](mailto:rene.samek@gmail.com)**