

CINDE STRATEGIC VISION

2019-2022

A Vision

Costa Rica as a leader of sustainable productivity

A Strategy

FDI as the driver to embrace the knowledge economy

essential
**COSTA
RICA**

CINDE





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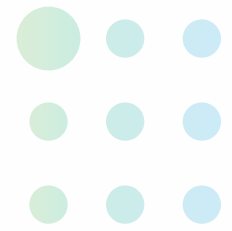
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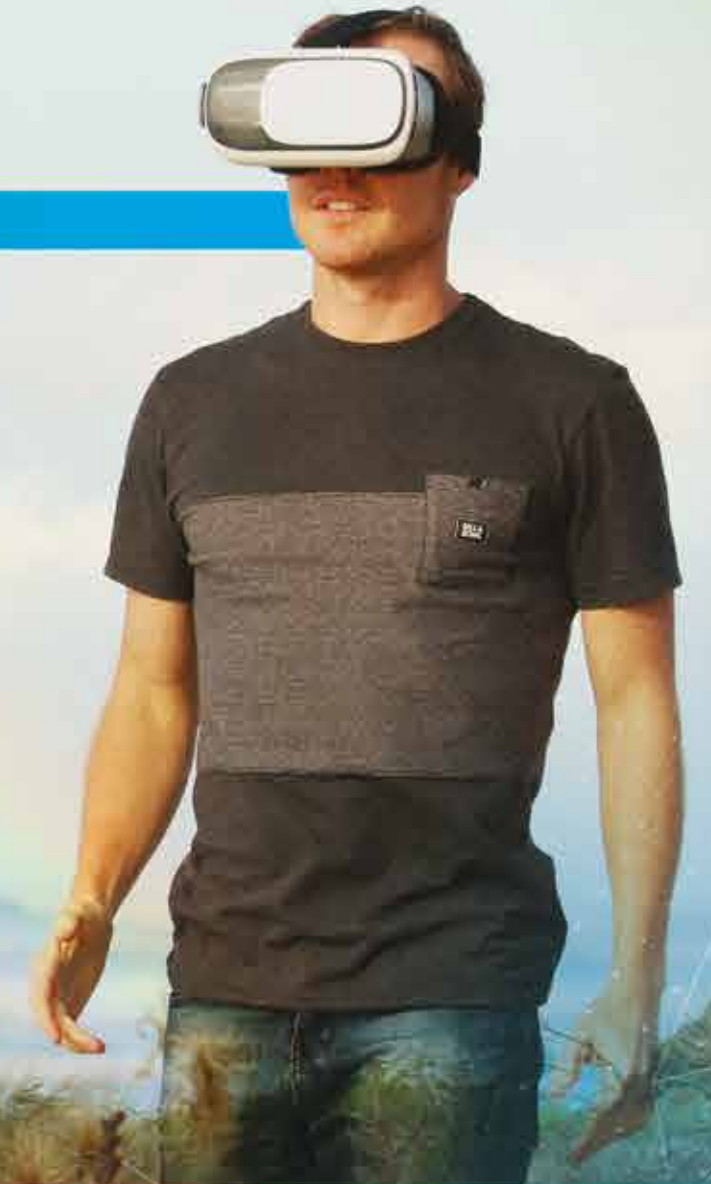
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Introduction



2019 2022





MESSAGE FROM the chairman and managing director

Costa Rica has proven its capacity to transform itself as a country. We are now part of the knowledge economy due to our human talent, where service exports account for 45% of all Costa Rican exports, almost double the 27% average of OECD countries.

This has been possible thanks to an clear strategy for attracting foreign direct investment, an economic engine that generates jobs, opportunities, and knowledge transfer to continue driving Costa Rica's development.

With almost four decades of service to the country, CINDE is once again envisioning the Costa Rica of the future to build the path for the upcoming years.

The knowledge economy poses an unprecedented technological development challenge while at the same time opening big opportunities for Costa Rica in this new world order.

Today more than never, Costa Rica needs to step back and assess its public policy and the right choices it has made in the past to understand that the fourth industrial revolution requires constant transformation.

Together with Ernst & Young, and employing innovative planning methodologies, CINDE has defined its 2019-2022 Strategic Vision to help meet the country's challenges and continue making a positive impact on Costa Rica's sustainable development in its three dimensions: people, planet, and prosperity.

CINDE's success and prestige have led many to visualize a broader task for the organization when it comes to boosting productivity, innovation management, and entrepreneurship, or its role as a development agent.

After analyzing the different aspects and reach that CINDE should have, the Board of Directors realizes that its success has been the result of to prioritizing its policy of attracting investment. Expanding the organization's action framework would be a less efficient and highly risky decision.

The consensus reaffirms CINDE's future task: its role as Costa Rican agent for attracting foreign investment.

CINDE is defining its plan for the next four years to reinforce its customer-centricity in response to the needs and dramatic transformation faced by multinational companies. We see ourselves as a strategic partner for our customers, where our actions to attract FDI go beyond the transaction itself to forging a true relationship with companies that contributes to their relevance, evolution, and success over time.

Costa Rica is a living laboratory for the development of new customer-centered solutions. Our human talent is our greatest asset in this process, added to a collaborative ecosystem where digital technologies, health, and welfare converge with a robust life sciences sector, all under the umbrella of a sustainable environment where 99% of the energy is from renewable sources. This compact, agile, and adaptable ecosystem will make it possible to create and develop processes in the context of global megatrends.



Costa Rica's successful entry to the knowledge economy will help us build the country we envision: a Costa Rica that aspires to be the global model for sustainable productivity. By increasing productivity and environmental performance and strengthening its green positioning, Costa Rica will achieve greater socioeconomic development and a more equitable society, furthering the wellbeing of all its citizens.

The 2019-2022 Strategic Vision thus defines the following key strategic areas in which CINDE can help achieve the future country vision and continue its positive impact on development:

- 1 Foster Costa Rica's entry to the knowledge economy.
- 2 Strengthen the investment climate and influence public policy on the country's strategic issues.
- 3 Continue encouraging capacity-building in communities outside the Greater Metropolitan Area (GMA) that foster investment opportunities.
- 4 Expand productive linkages in global value chains.
- 5 Systematize high-value strategic partnerships to increase CINDE's impact.
- 6 Continue with the process of excellence and institutional strengthening.

In addition to defining these six strategic pillars, CINDE also did an evaluation to report its results on the contribution it provides to the United Nations Sustainable Development Goals (SDGs).

CINDE's efforts intrinsically contribute indirectly to most of the 17 SDGs. But according to UN guidelines, four SDGs were selected taking into account how effectively we can measure our contribution, namely:

- Generation of quality jobs throughout the country and contribution to economic growth.
- Development of industry and innovation.
- Gender equality.
- Quality education.

With these four goals, CINDE has a more precise measurement of its actual impact on the SDGs.

We are confident that this strategic vision, formed after ample consultation with the different sectors and with an eye to CINDE's contribution to the SDGs, will expand CINDE's capacity and success as an investment promotion agency and as a vehicle for promoting opportunities and bringing wellbeing to all Costa Ricans.

We are especially grateful to Mr. Luis Gamboa Arguedas, former chairman of CINDE's Board of Directors, who led the strategic planning process from August 2018 to the beginning of March 2019, when the results were presented to the Assembly of Members.

We would also like to thank everyone who contributed to this process with their experience and expertise, the general management team, and the entire team of CINDE employees whose daily efforts impact positively on Costa Rica's development.

Jorge Sequeira
Managing Director

Eric Scharf
Chairman of the Board
of Directors



About CINDE

CINDE, the Costa Rican Investment Promotion Agency, is a private, non-profit, and non-political organization.

Founded in 1982, and for more than 38 years, CINDE has worked hand-in-hand with ten different government administrations to attract foreign direct investment (FDI) to Costa Rica.

Through FDI, CINDE creates new and better jobs, helps strengthen the investment climate, and contributes to Costa Rica's economic and social development.

#1 INVESTMENT PROMOTION AGENCY IN THE WORLD

United Nations International Trade Center
2017 - 2018 - 2019

Its efforts have been highlighted by the **United Nations International Trade Center (ITC)**, which has recognized CINDE as **the world's best investment promotion agency**.



VALUES

Excellence

We are devoted to our work for Costa Rica, driven by the highest quality standards and the pursuit of continuous improvement and success.

Passion

We work with enthusiasm and pride, maintaining a positive and persistent attitude and seeking to inspire and involve other.

Collaboration

Our purpose unites us as a team, which we build through constant communication, fostering different perspectives, and building relationships that enhance our impact.

Innovation

We work in a bold, agile and creative way, constantly striving to learn and transform ourselves to create opportunities.

Impact

We carry out profoundly transformative work, which contributes to the development and well-being of our country and our clients, partners and collaborators.

Integrity

We build our relationships with mutual respect, ethics, and trust, maintaining the highest level of professionalism and leading by example.

VISION

To position Costa Rica as a sustainable country, highly connected with the global economy, reliable to investors; fostered by its growth in modern, high-tech, and knowledge-intensive industries which drive employment on a national scale and promote productive linkages.

MISSION

To contribute to the country's economic and sustainable development, its economic impact and its social progress by attracting foreign direct investment and nurturing the right investment climate to do so.



Together We Build Wellbeing

Costa Rica is a concentrated country. It unquestionably needs to participate in international trade to achieve sustainable economic development. Trading with the world creates better jobs, raises the capacity for consumption, permits transfer of technology and enhances public wellbeing.

Costa Rica today is a different country from what it was forty years ago. We have transformed our export model from a few agricultural products at the beginning of the 80s to more than 4,300 products today, exported to more than 150 countries. Services and medical devices are now the country's main exports.

Cybersecurity, data analysis, process automation robotics, software development, financial analysis, virtual reality, manufacturing

automation, engineering, and research and development are just a few of the activities carried out in Costa Rica for the world's most demanding customers.

The engine for this transformation has been foreign direct investment (FDI), encouraged by both political, social, and economic stability and active investment attraction policies.

Despite complex conditions, strong international competition, and declining global investment trends, especially in recent years, CINDE has helped Costa Rica meet foreign direct investment goals and steadily create new jobs.

A SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIP

In 2011, CINDE set up a public-private partnership with the Ministry of Foreign Trade (COMEX) and the Costa Rican Foreign Trade Promoter (PROCOMER). The funds executed within the framework of this agreement have had strong impact and achieved a visible transformation, which is reflected in many national indicators:

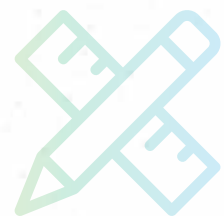
- **Per capita GDP in dollars was US\$17,559** in 2018 compared to US\$5,139 in 1990.
- **More than 300 companies attracted to Costa Rica by CINDE** (181 new companies from 2011 to 2018)
- **106,707 formal direct jobs**, cumulatively
- **51,000 new jobs** created
- **US\$6,835 million in FDI** accumulated in 8 years in free trade zones, representing annual growth of close to 6% since 2011
- **Record number of goods and services exported** in 2018 for US \$20.8 billion, representing a 5.5% growth from 2017.
- **This growth in exports was double the pace of growth** of the entire economy in 2018. Services accounted for 44% of total Costa Rican exports in 2018.

More than a third of the occupied workforce is in the country's export sector, which has become the national economy's most important sector. These differences help explain why service exports have been fundamental to our economy's transformation – especially those that have known how to take advantage of the advent of technological platforms for exportation.

EXPANDING the impact

In 2019, CINDE also signed an agreement with the **Costa Rican Tourism Institute (ICT)** for promoting tourism infrastructure. This has been reinforcing conditions for development, particularly in regions outside the GMA.

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Designing the Strategy



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Developing the Strategy

METHODOLOGY

From August to December 2018, Ernst & Young (EY) helped CINDE with its strategic planning using a future-back approach, which consists of describing the evolution needed by an organization over time, generally with an aspirational purpose of three to five years. The resulting strategy defines the processes as well as organizational and technological capacity needed for achieving the purpose.

A strategic roadmap is then defined to identify the capacities and limitations that might keep the strategy from being successfully implemented. This process helps to prioritize operational initiatives, partnerships, and investments for obtaining the result.



PHASES OF development

Frame

What are the challenges the strategy must address?



1

Design and commit

What would be the strategic areas, needs and conditions for implementing the strategy?



5

Forecast

Based on the future development, what elements should be considered?



2

Evaluate and choose

What strategic options have been identified, and what will be the strategic business approach?



4



Imagine

What are the potential responses to the challenges?

3



The Challenges



2019 2022





The Challenges

A LOOK AT THE FUTURE

CINDE has been catalyzing the country's progress for decades because it has been able to recognize and identify opportunities to not only meet the needs of today but also anticipate the needs of tomorrow.

In order to conceptualize the future of Costa Rica, CINDE conducted an extensive consultation process with customers, strategic partners, international organizations, business chambers, national and international academia, entrepreneurs, foundations, representatives from communities outside the Greater Metro Area (GMA), and CINDE's Board of Directors and management team.

CINDE interviewed a variety of individuals, held meetings with four discussion groups and more than 50 participants, and gathered information through a digital survey sent to almost 1,000 contacts. All this was extremely valuable for determining not only the main challenges but also the areas of greatest impact CINDE could have on Costa Rican development to design and enrich the country's vision it might achieve by 2030.

CINDE's mission is to contribute to the country's social and economic development, so the challenges it has defined for itself are closely tied to Costa Rica's.

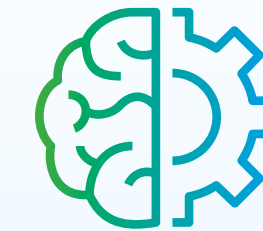
The consultation process helped consolidate the recommendations received and, after an analysis, define CINDE's course of action for the coming years.



CHALLENGE

01

What might Costa Rica do to boost its economic and social development?



CHALLENGE

02

How can Costa Rica develop in the era of the knowledge economy and megatrends?



CHALLENGE

03

Where might CINDE have the greatest social and economic impact on Costa Rica?



CHALLENGE

04

What should CINDE's role be in the future?

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Forecast



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MEGATRENDS
are
transforming
everything

Megatrends are disruptive events that are occurring today that will take on even greater relevance in the next three to ten years. They can be identified by their impact on technology, demography, and globalization, leading to a series of questions as to how Costa Rica should prepare itself.

For strategic planning, CINDE considered key megatrends in line with studies done by Ernst & Young (EY). Of these, CINDE identified the ones that might impact the country the most and the contribution it could make to take advantage of the opportunities they offered, these being industry redefined, health reimagined, and jobs of the future.



Health Reimagined

Health reimagined is a 100% technology-driven megatrend. It is evidence of the way health is disrupted by two drivers, the first being the pursuit of sustainability by leveraging demographic data, new, healthier biological materials, globalization, access, quality, and costs. The second is digital health through mobile applications, wearables, social media, big data, and analytics.

In short, strategies will have to be defined to address this impact on the medical device sector and the cross-cutting use of technologies, as well as the potential growth and opportunities the e-health sector might bring to Costa Rica.

Sources: Oxford University THE FUTURE OF EMPLOYMENT: HOW SUSCEPTIBLE ARE JOBS TO COMPUTERISATION? Carl Benedikt Frey and Michael A. Osborne
: WEF - The Future of Jobs Report, 2018



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Industry redefined

Industry redefined is the result of the evolution of technology and consumer behavior toward increasingly more sophisticated dynamics.

The different sectors and industries are converging and the barriers between them are being erased. With this comes the entry of new players and new technological ventures (startups), leading us to question how relevant the sectors will be when the industries are being redefined.

The service and digital technology industries will grow dynamically. The Internet of things (IoT), cloud data and data analytics, artificial intelligence and automation, cybersecurity, among others, will be cross-cutting technologies in many industries.

All this will be geared to the development of increasingly customer-centered solutions to meet consumer demands, and this is where Costa Rica can serve as the ideal laboratory for developing these new offerings.

Manufacturing, specifically, will be transformed by a new production paradigm: 4.0 manufacturing, or manufacturing as a service (MAAS). In this way, processes are emerging that go beyond prototyping, such as 3D printing, new materials, personalization, automation, micro-electro-mechanical systems (MEMs), and nanotechnology.

This leads us to think that, beyond sectors, CINDE should identify the processes it will focus on in the future to continue driving Costa Rican development.



Jobs of the Future

Costa Rica must prepare for the coming changes in jobs and the new capacities those jobs will require.

According to the study in the World Economic Forum's 2018 report on jobs of the future, some 50% of companies plan to reduce personnel in favor of automation, and by 2020 some 42% of the work will be done by machines. Moreover, 47% of current jobs will disappear in the next 15 to 20 years and will be replaced by automation and artificial intelligence.

The job revolution is being generated in two phases. The first is the gig economy, where the enablers will be the sharing economy platforms on which independent workers and temporary assignments are identified. The second phase is job automation, artificial intelligence, and robots. A massive disruption of work is foreseen for this second phase. Human talent will be replaced, and current jobs will be seen as simply tasks.

The work of the future is the megatrend that relates most closely to the work done by CINDE, since it directly and cross-cuttingly impacts the country's different productive sectors.

In the face of these phenomena, which are already starting to be perceived in Costa Rica, CINDE is a key player for identifying the priorities the country should set and the urgent changes it needs to make in its educational policies to not just take advantage of but rather excel in these new job opportunities and continue being a competitive country.

The most relevant skills for the future will be critical thinking (STEAM), adaptability for retraining and responding to change, and creativity, self-learning, and soft skills. But connectivity will also be crucial, not only to provide an efficient response to the needs of new industries and processes, but also to achieve a transformation of our citizens' skills by democratizing access to tools that will enable them to educate themselves in the competencies required by the fourth industrial revolution. This will require a knowledge economy tactic that goes beyond an ITC strategy and a robust connectivity infrastructure aimed at 5G as a platform.



FDI Trends and Global Value Chains

Global FDI flows diminished by 6% in 2018 to 1.4 billion, their lowest level since 2010.

The knowledge economy faces a major challenge concerning investment flows, which are increasingly less capital-intensive (non-equity), leading companies to opt for other ways to enter countries, such as remote contracting, licensing, contracting of R&D and manufacturing, partnering, among other things.

This is also reflected in a change in global value chains (GVCs), which are running out of steam and aiming at intangibles. Among other things, this forces local companies to digitalize to form more effective linkages.

According to the World Economic Forum study on the future of jobs, by 2022, 59% of the companies will have changed the composition of their value chains. Moreover, half expect to have modified their geographical base of operations, with 74% prioritizing the availability of skills and local talent for determining their decisions.

COMPETING ECOSYSTEMS

Sector convergence is transforming competition. The scenario is changing from companies competing against companies to partnership ecosystems competing against partnership ecosystems. The unit of analysis for investment decisions, then, will not be the ecosystem's industry or market but rather the new forests of opportunity that the ecosystem provides.

Sustainability as a Priority

The global commitment to the Sustainable Development Goals (SDGs), driven by a pursuit of fairer and more equitable societies, also entails stronger attention from the public and therefore from corporations.

Leading companies are aligning their strategies to their impact on sustainability. To achieve the SDGs, the world needs to invest US \$7 trillion, and countries need to aim their public policy at encouraging investment in line with the SDGs.

Consumers themselves are the ones controlling this, demanding a product design, materials, and, in general, a production process where a circular economy can be fostered.

Far from being just something desirable, then, sustainability becomes one of the key factors to be considered in a company's evolution. With more than six decades of commitment to environmental sustainability and a 99% renewable energy matrix, Costa Rica has an opportunity to set the standard in productive sustainability.

The role of investment promotion agencies

Investment promotion agencies must increasingly redefine their strategies according to four essential criteria for investors: the impact they can have on achieving the Sustainable Development Goals (SDGs); country conditions and ecosystem competitiveness; opportunities for gaining a foothold in the value chains; and the variables considered for investing abroad when defining their operations.

CINDE indirectly contributes to most SDGs, but in accordance with UN guidelines it focused on those it could effectively measure: quality job creation and economic growth, including the creation of opportunities in different parts of the country; industrial development and innovation; gender equality; and strengthened education. These goals motivate CINDE to continue building wellbeing in Costa Rica.

Moreover, although the country's location is still a key criterion in investment decisions, intangibility in global

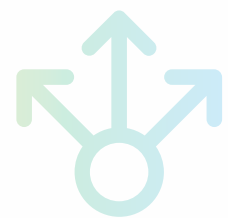
value chains will start to overshadow geographical location. Companies will increasingly consider other factors, available talent being the most relevant criterion.

Finally, the decision-making process of investors is shifting, with the differentiated experience offered by one country compared to other locations taking on greater importance. Investors look for a balance of profit, cost, and risk, and the experience offered by a country has become increasingly relevant.

For CINDE to continue generating job and development opportunities, Costa Rican institutions and public policies must aim at fostering a suitable investment climate that serves the needs of investing companies and adapts to constant technological change.

As an institution, CINDE will need to strengthen its advisory role, helping companies transform, serving as a bona fide expert in business strategies, and responding with a genuine customer-centered approach in its services.

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The Possibilities



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THE RESPONSE to the Challenges

CINDE's 2019-2022 strategic planning process encouraged extensive dialogue both within and outside the organization, taking into account national and international stakeholders.

To respond to the country's challenges, all criteria pointed in the same direction. Costa Rica must improve its competitiveness, strengthen its education policies, and invest in infrastructure. Also focus on developing the country with public policies that are sustainable over time and extend beyond political cycles, and strengthen the quality and relevance of education for the opportunities offered by the jobs of the future, while keeping the end customer as the main axis of the equation in the strategies to be developed.

Changes needed by Costa Rica



COMPETITIVENESS

- Simplification of red tape and response times
- SETENA and immigration reforms
- Facilitating permits and cooperation with the private sector
- Facilitating company startups
- Revision and updating of the Labor Code: flexible hours and schemes
- Operating costs: opening of the energy sector
- General FDI paperwork VUI project
- New investment incentives in the knowledge era
- Innovation – high-value entrepreneurial ecosystem: from “made in Costa Rica” to “created in Costa Rica”
- Improving competition outside the GMA to close country development gaps
- Alternative solutions: importing talent to improve technology transfer, export energy, etc.



EDUCATION

- Overhaul the current educational structure (primary, secondary, vocational and university)
- Substantially improve educational quality to match the budget spent on education
- Languages: Full mastery of English and a third language
- Reform of CONESUP
- Transformation of the National Learning Institute (INA)



DEVELOPMENT APPROACH

- Knowledge economy
- Productivity
- Adaptability
- Circular and orange economy



GOVERNMENT

- Reduction of the state apparatus
- Entry to partnerships, OECD, Pacific Alliance
- Modification of parliament rules
- Rule of Law
- Agile decision-making
- Government digitalization (Digital Government Initiative)



INFRASTRUCTURE

- Strengthen public-private partnership models: for all kinds of infrastructure, not just roads
- Invest in public works (country connectivity): airports, ports, and highways
- Technological infrastructure: broadband, 5G
- Expand investment in science, technology, languages, and soft skills



CINDE's

action proposals

CINDE has built tremendous capacity for coordinating and leading positive change, sustainable over time, to the benefit of the country, thanks to its nature as a private association. It has maintained the task of attracting FDI as a Costa Rican development strategy.

In consultations, CINDE was acknowledged for its positive efforts to develop collaborative programs on topics such as education, train talent in STEAM (science, technology, engineering, arts, and mathematics) areas, identify opportunities for increasing productivity, and solve infrastructure problems.

CINDE's tangible results led to the consideration of a wide spectrum of potential action areas for responding to the changes needed in Costa Rica.

Consideration was given to CINDE's potential involvement in addressing challenges, such as acting as an agency for boosting productivity, leading the development of an entrepreneurship and innovation ecosystem. Also serving as a think tank for technological transformation, attracting venture capital for investing in local startups, and leading a strategy to build capacities of local enterprises, among other things.

Development of Opportunities for Costa Rica

- Convergence: build relationships among the different sectors
- Focus on process-based opportunities
- Be the driver of new technologies: horizontal implementation in the different productive sectors
- Identify and attract companies in megatrend areas
- Avoid preselection of sectors: analysis of value chains
- In-depth customer knowledge (current and future enterprises)
- Map skills of the talent and local ecosystem: to expand opportunities for generating linkages and attracting multinationals
- Develop skills for attracting capital and find where it should be invested

Institutional Sustainability

- Evaluate its available resources and define CINDE's micro/macro scope on the basis of these.
- Institutional strengthening
- Diversify funding sources and/or charge for services: "freemium"

Strategic Partnerships and Advocacy

- Strengthen and diversify partnerships
- Systematize partnerships
- Use networking as a way to reinforce results
- Policy support for prioritizing key areas of interest
- Improve dissemination of issues concerning investment climate and its importance for the country
- Influence the government to see the urgency of acting in the face of technological changes
- Develop soft skills, capacity for adaptation, creativity and innovation
- Bring universities and companies together

Outside the GMA

- Enhance impact in rural areas
- Work with key institutions outside the Greater Metro Area (GMA) and take advantage of development and experience in areas with projects of impact on FDI
- Provide assistance with information for improving the local ecosystem
- Focus on transparency

Infrastructure

- Reformulation of the National Council on Concessions: assistance for capacity-building
- Support of several specific apps as a mechanism for necessary transformation

Innovation

- Create a culture of innovation to boost productivity and lead the country vision in this area
- Promote an ecosystem of innovation and high-value ventures
- Attract angel capital to support local enterprises
- Help develop a private local capital system

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FLIGHT plan

CINDE analyzed the potential fields of action where it can take an active role and increase its impact on Costa Rica, thus defining its course for the next four years. At the heart of this course are our customers and an expansive vision of the opportunities offered by the knowledge economy and the avail of our human talent for megatrends.

There was a general consensus in the consultations, interviews and survey groups that CINDE's structure as an investment promotion agency has ensured the country's social and economic development for decades by creating quality jobs for thousands of Costa Ricans, and their families.

Its task has been strengthened by CINDE's growing participation in supporting the government, academia, and the private sector when it comes to fostering an investment climate that is increasingly secure, stable, and in line with the needs of foreign investors.

After extensive consultations, CINDE concluded that its success during these 38 years and the years to come lies in keeping its efforts narrowly focused. Reinforcement of this, added to enhancement of the investment climate, should always take the direction determined by CINDE's mission and vision. Likewise, the Board of Directors recognized that for CINDE to continue strengthening, it must be constantly transforming itself and have the ability to adapt and achieve excellence in line with market demands.

Its specialized work team, delivery capacity, in-depth knowledge of promotion, installation and post-establishment processes have been essential for attracting more than 300 multinational

companies to Costa Rica and keeping them continually seeking ways to expand their operations in Costa Rica.

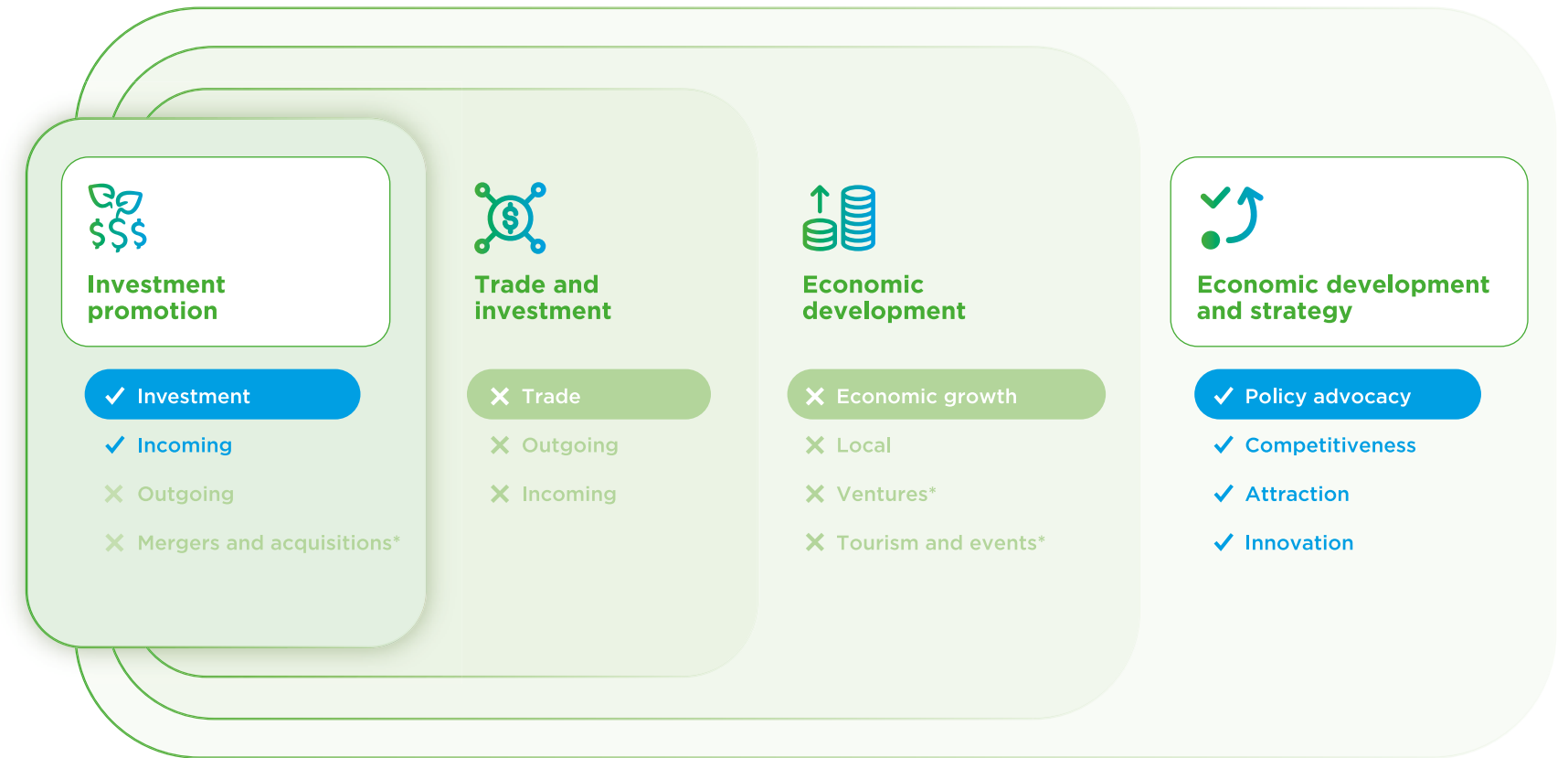
From now on, CINDE will be reinforcing its task by taking a more active part in continuously improving the investment climate, seeking to create positive change in certain urgent issues on the national agenda and contribute potential ways to resolve them. Likewise, another priority area in which CINDE will be reinforcing its task is by fortifying and systematizing its network of strategic partnerships, prioritizing actions, and projects that nurture the country's investment climate and development.

CINDE will also be tackling internal challenges associated primarily with driving more high value-added productive linkages while continuing to help communities outside the GMA build local capacities for promoting foreign investment.

What is CINDE's role?

CINDE will continue to be an investment promotion agency in constant transformation, with a capacity for adaptability and excellence in line with market demands.

Considering all the possible roles CINDE might have, the following focus areas were defined:



Mergers and acquisitions: CINDE will not play an active role as intermediary in the purchase of a local company. It will support the country decision process according to strategic projects.

Ventures: CINDE will collaborate in creating an ecosystem of value-added ventures in line with FDI needs.

Tourism: CINDE will help develop projects focused specifically on tourism infrastructure, according to the terms of an agreement formalized with the ICT.



STRENGTHENING our Essence as an IPA

To establish a framework approach and heighten its sustainable economic and social impact, CINDE will be focusing on reinforcing its role as investment promotion agency (IPA).

CINDE will have to strengthen its advocacy, building up, expanding and systematizing its network of strategic partnerships for an agenda of actions and projects that can enhance the business climate and effectively impact the country's development and, therefore, that of the companies investing in Costa Rica.

2030 goal

Enhance CINDE's impact by 2030, reflected through investment, re-investment, jobs, sector and function diversification, exports, added value, linkages, sophistication, and deepening of investment and impact outside the GMA



PROMOTION OF FOREIGN DIRECT INVESTMENT

Promotion of FDI to drive development, which improves productivity, achieves technology transfer, and generates wellbeing.



ADVOCACY

CINDE's action to influence/positively affect the investment or business climate to generate positive change.



INVESTMENT CLIMATE

The framework that defines the country's doing-business and how it affects the companies' too.



CINDE's primary role will be to **promote foreign direct investment** in the country as a driver of sustainable development for Costa Rica.



CINDE STRATEGIC VISION



The Strategy



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Looking to the future for acting in the present

The strategy definition process proposes a future 2030 scenario in which CINDE and Costa Rica must compete and then returns from the future to the present (future-back) to establish the strategic initiatives CINDE should take to transform itself and link the strategy with innovation.

OUR VISION FOR 2030

Costa Rica as a global model for sustainable production

By increasing productivity and environmental performance and strengthening its green positioning, Costa Rica will achieve greater socioeconomic development and a more equitable society capable of transforming itself in the face of constant change.

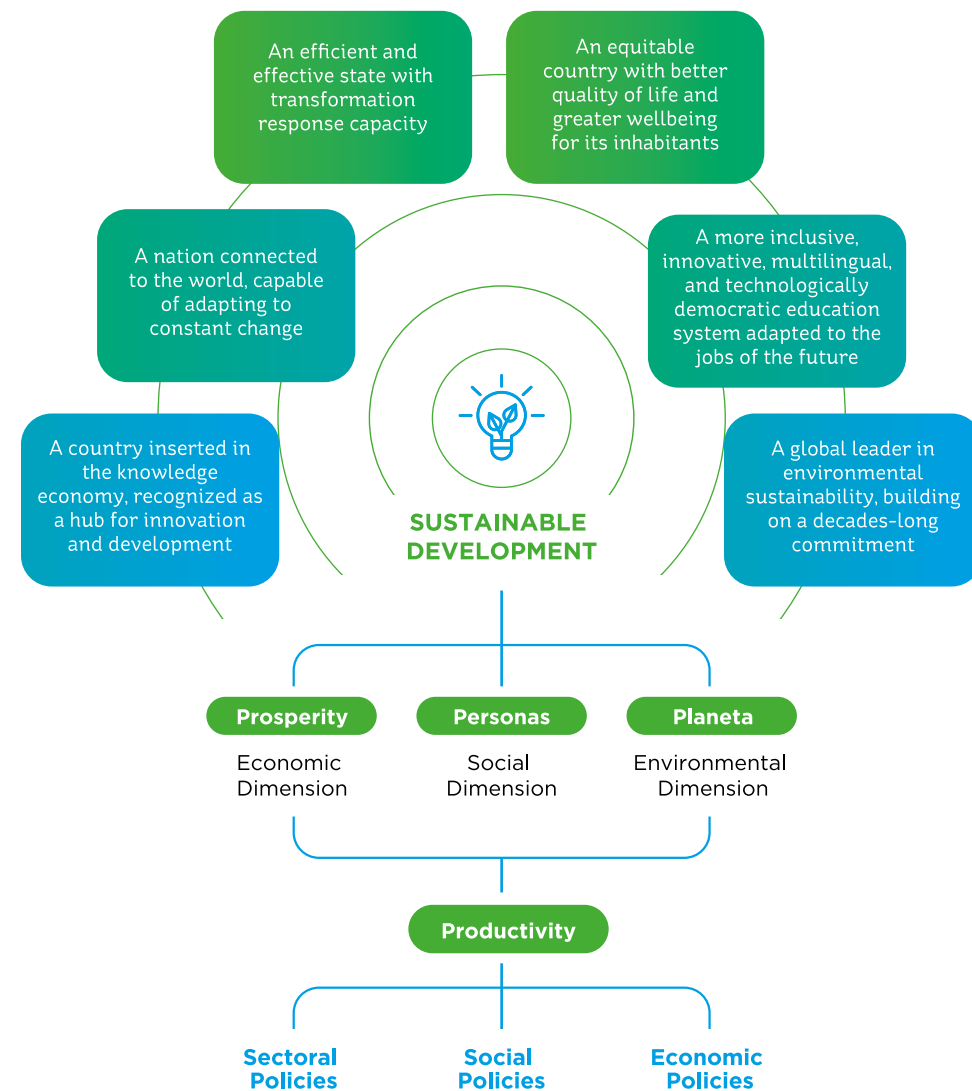
At the core will be its human talent, capable of reinventing itself in the face of rapidly evolving global markets and embracing the opportunities offered by the knowledge economy.

With the avail of this human talent and in conjunction with sectoral, social, and economic policies, productivity will be enhanced, enabling the country to insert itself with increasing success in the fourth industrial revolution.

Costa Rica will thus achieve true impact on the three dimensions for ensuring sustainable development: people, planet, and prosperity.

CINDE: ITS CONTRIBUTION TO THE COUNTRY VISION

CINDE's contribution to this Costa Rica centers on the promotion of foreign investment that creates quality jobs, improves productivity, and actively supports country opportunities for strengthening the investment climate through education, connectivity, infrastructure, and reduced paperwork.



The Path to Follow

CINDE will continue to specialize in promoting foreign direct investment (FDI) to contribute to our country's economic and social development.

CINDE has a comprehensive view of its customers and will take it to the next level with a customer-centered approach that will help it serve as a genuine advisor to guide companies in their global transformation strategies.

By building its institutional capacities and maximizing its resources, CINDE will be able to adapt more quickly to changes in the surroundings and promote ongoing transformation to serve the needs of investors.

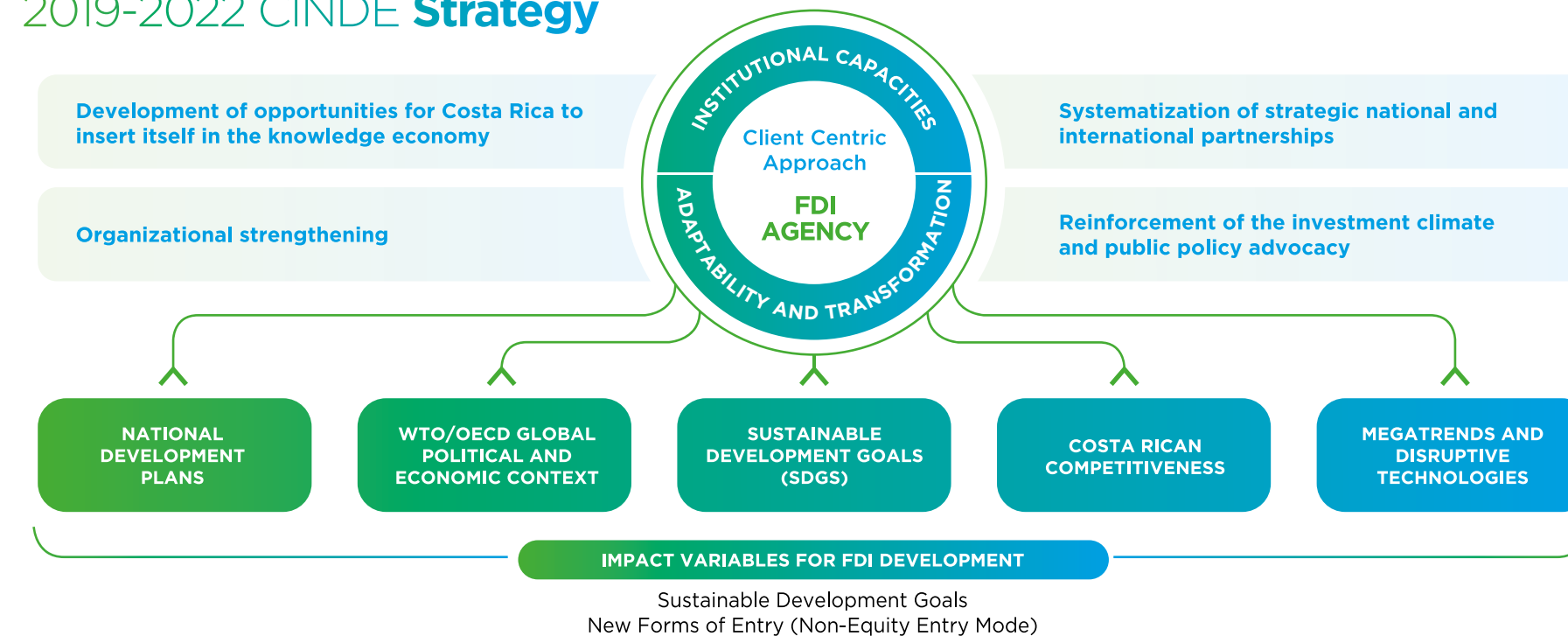
FOUR PRIORITIES FOR THE NEXT FOUR YEARS

Considering the national development plans, Costa Rica's competitiveness, the global geopolitical context, megatrends, and the priority that companies the world over are giving to their contribution to the SDGs, CINDE has identified four priority actions for responding to the new ways that FDI is entering.

- 1 Development of opportunities for Costa Rica to insert itself in the knowledge economy
- 2 Reinforcement of the investment climate and public policy advocacy
- 3 Organizational strengthening
- 4 Systematization of strategic national and international partnerships, making this a cross-cutting competency of CINDE

Once the route is established with these priorities, the strategic axes and programs to be developed by the institution are defined.

2019-2022 CINDE Strategy





THE SIX CINDE ACTION PILLARS

#01

CINDE ACTION
PILLAR

Drive Costa Rica's Insertion in the knowledge economy



This pillar focuses on talent development, innovation, and research and development.

Costa Rica has proven its ability to transform and established itself as a service-intensive economy, open to the world, and included in global value chains.

The next step is to prepare the country to take advantage of the opportunities offered by the knowledge economy. To this respect, FDI is directed at encouraging the presence of leading research and development (R&D) firms in Costa Rica, which will make it possible to promote more solid innovation ecosystems.

The idea is to create an increasingly robust local ecosystem with collaboration between transnationals and local capacities, where different technologies converge to create new customer-centered solutions.

The line of development is shifting from a focus on sectors to one of capacities and processes. This implies identifying the new forms and trends of

FDI entry. The greater the specialization, the more likelihood of success in attracting FDI to Costa Rica.

Likewise, Costa Rica's new value proposition, based on the concept of sustainable production, will also be crucial to a successful attraction. CINDE's goal for 2019-2022 is to develop a value proposition customized to new leaders in the knowledge economy and to identify new investment proposals in line with the sector and process strategy.

A key step for expanding opportunities is the geographical diversification of FDI sources. To mitigate the current risk of concentration in investment from the United States, CINDE proposes to prioritize its attention on new geographies, especially Europe and Asia.

Programs

- 1.1 Promotion of foreign direct investment based on processes and functions
- 1.2 Creation of an ecosystem that permits the attraction of research, development, and innovation projects
- 1.3 Development and implementation of a new Costa Rican value proposition
- 1.4 Strengthening of the customer-centered approach for establishing strategic relationships with investors.
- 1.5 Market diversification

#02

CINDE ACTION
PILLAR

Strengthen the investment climate and influence public policy on the country's strategic



Talent is the resource in greatest demand in the global environment. This pillar aims at fostering education for employability in the knowledge economy, advocacy for the development of technological, mobility and connectivity infrastructure, and facilitation of the installation and reinvestment processes of multinational companies.

At present CINDE is leading key projects for developing the national human talent and the skills needed for the knowledge economy.

To take this a step higher and respond to the "jobs of the future", CINDE proposes to promote new



initiatives to close the gap between supply and demand of skilled human capital, particularly with certification and training in languages, soft skills, among others.

CINDE will continue assigning top priority to the alignment of job supply and demand with technical specialties or degrees, an urgently needed strengthening of education in STEAM areas. Also national awareness-raising on the value of technical education, so that companies will have the skilled human talent available for their growth plans in Costa Rica.

Additionally, CINDE will be advocating for public policies aimed at improving the investment climate, especially those that tend to upgrade and reinforce the country's educational offer to meet the needs of multinational companies.

Programs

- 2.1 Development of talent for the knowledge economy
- 2.2 Development of optimal conditions for investment, reinvestment, and non-equity entry modes (NEEM)
- 2.3 Improvement of the regulatory framework for strengthening the investment climate
- 2.4 Strategy to promote foreign investment in tourism infrastructure



THE SIX CINDE ACTION PILLARS

#03

CINDE ACTION PILLAR

Continue encouraging capacity-building in communities outside the GMA that foster investment opportunities

Led by CINDE for more than four years and supported by a group of CINDE employees, the strategy for investment outside the GMA has opened up opportunities for six new sectors of foreign investment and coordination with 20 communities: Liberia, Carrillo, Orotina, Puntarenas, the five southern zone cantons, Pérez Zeledón, Siquirres, Pococí, Limón, Turrialba, San Carlos, and the five western cantons.

This work will now be led formally by a new department, comprised a manager and a specialist, that will focus on identifying opportunities in key industries and sectors for these areas, proactively generating interest, and promoting support for the Discover program led by the Ministry of Foreign Trade (COMEX) and stronger collaboration with the regional offices of the Foreign Trade Promoter (PROCOMER).

It will supply the key information needs of investors, advocate for the reforms needed for a local and foreign investment climate in areas outside the GMA and strengthen its positioning with the communities.



Programs

- 3.1 Promotion of local capacity-building outside the GMA
- 3.2 Attraction of investment projects outside the GMA
- 3.3 Advocacy for development of a national governance model for capacity-building in communities outside the GMA

3

#04

CINDE ACTION PILLAR

Expand productive linkages in global value chains

This pillar proposes to ensure continued reinforcement of CINDE's work as another key agency collaborating with PROCOMER, particularly for the division of linkages.

Costa Rica has proven its ability to provide top quality local services, which has generated significant efficiency for multinational companies while driving the growth and specialization of domestic companies. Local purchasing by multinational companies has thus shot up from 20% of their total purchases in 2010 to 47% in 2018.

CINDE seeks to strengthen this impact on the development of the national ecosystem. This task

requires the creation of a new department that will act as CINDE's implementing arm in support of the efforts led by PROCOMER, with a focus on demand.

This pillar will concentrate on key foreign direct investment sectors/industries to achieve these linkages. Among other things, it will promote new, still unexplored sectors or industries, establish synergies and opportunities through the Discover program, and help develop clusters, also jointly and in close coordination with PROCOMER and the government's economic sector coordinator.



Programs

- 4.1 Expansion of high-value productive linkages throughout the country
- 4.2 Attraction of international suppliers
- 4.3 Advocacy for the development of a national governance model for fostering productive linkages

4



THE SIX CINDE ACTION PILLARS

#05

CINDE ACTION PILLAR

Systematize high-value strategic partnerships to enhance CINDE's impact

The design of increasingly collaborative models with the participation of CINDE's customers, academia, interested parties who nurture the FDI environment in Costa Rica, and key stakeholders in the transformation towards the country vision, will be crucial for multiplying the impact.

Within the framework of the COMEX-PROCOMER-CINDE Interinstitutional Cooperation Agreement, CINDE has shown its ability to set up solid, sustained partnerships in win-win relationships where risks and responsibilities are shared. This is how CINDE's work can have greater impact.

The new 2019 -2022 Strategic Vision prioritizes the formation and measurement of greater partnering of CINDE with strategic domestic and international partners.

This pillar proposes to create a separate department for managing partnerships and developing such matters as investment attraction outside the GMA, productive linkages, impact measurement and evaluation studies, investment climate, and other priority issues for CINDE.

Programs

5.1 Development, implementation, and consolidation of a partnering strategy in CINDE

5.2 Management of strategic partnerships as a cross-cutting strategic competency throughout CINDE



#06

CINDE ACTION PILLAR

Continue with the process of excellence and institutional strengthening



This strategic pillar addresses CINDE's ongoing commitment to being the world's best foreign investment promotion agency, as recognized in the last two years by the International Trade Center (ITC), an agency of the World Trade Organization (WTO).

To meet this commitment, CINDE must continue to be adaptable and versatile, widely open to transformation for addressing the needs and demands of multinational companies.

An analysis will be made to determine the best way to ensure CINDE's financial sustainability, since as a non-governmental organization CINDE's budget

is based primarily on its own funds and financial support within the framework of the COMEX-PROCOMER-CINDE Cooperation Agreement for the design, implementation and monitoring of programs to attract foreign investment.

In addition, the proposal implies the implementation of instruments for institutional excellence, such as the innovation and environmental sustainability program, all to the benefit of CINDE's customers.



Programs

6.1 Management of institutional capacities

6.2 Innovation management

6.3 Strengthening of the organizational climate and culture

6.4 Digital organizational transformation for enhanced internal customer experience

6.5 Corporate social and environmental sustainability strategies

6.6 Strengthening of CINDE's financial sustainability





WHY COSTA RICA?

We understand that the fourth industrial revolution brings major challenges for companies, so that their geographical positioning, market shares, and operating costs are no longer their main challenges.

Multinational companies are seeking to transform their business in an accelerated race to grow. The question is, grow at any cost or grow in the best way?

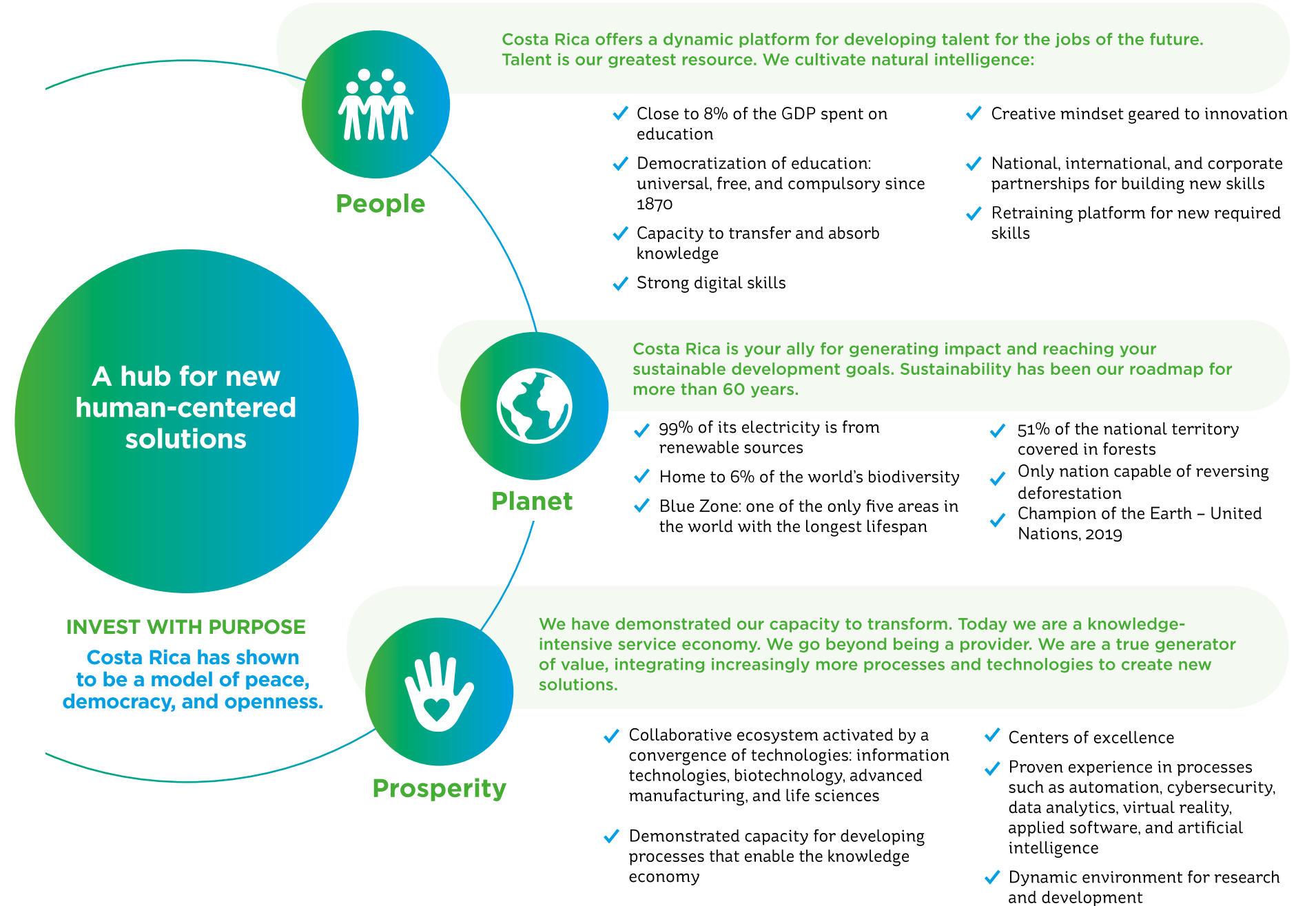
Costa Rica provides the ideal solution for achieving integrated, sustainable growth, creating value with a purpose.

The knowledge economy is driving our customers to define how they can operate in collaborative ecosystems with third parties and through their

global business units. Also how they can leverage and integrate information for developing more relevant solutions for their customers; and how they can pursue more efficiencies and personalization.

The focus is, therefore, on creating increasingly more relevant and consistent experiences through all their channels, centering on the sustainable development of their operations.

The result of their activities is reflected in the triple bottom line: people, planet, and prosperity. Costa Rica is unquestionably the ideal partner for achieving this impact.





essential
**COSTA
RICA**

CINDE

Invest in Costa Rica

INVEST WITH PURPOSE



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