

## TC Document

### I. Basic Information for TC

▪ Country/Region:	Regional/ CCB
▪ TC Name:	Strengthening Capacity to improve Trading Across Borders in Dominica
▪ TC Number:	RG-T3257
▪ Team Leader/Members:	Hennessey, Michael (IFD/CTI) Team Leader; Krista Lucenti (INT/TIN) Alternative Team Leader; Stevenson, Claudia (IFD/CTI); Pereira Stefano (IFD/CTI); Grant Kayla (IFD/CTI); Pilgrim, Valarie (IFD/CTI); Gonzalez, Yohana (IFD/CTI); Centeno Lappas, Monica (LEG/SGO); Granados, Jaime (INT/TIN)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract	May 15 <sup>th</sup> , 2018
▪ Beneficiary	Commonwealth of Dominica <sup>1</sup>
▪ Executing Agency	INTER-AMERICAN DEVELOPMENT BANK
▪ Donors providing funding (amount and Fund's name):	Compete Caribbean Partnership Facility - CCP
▪ IDB Funding Requested:	\$ 65,000.00
▪ Local counterpart funding, if any:	\$109,200.00 (in kind)
▪ Disbursement period (Execution period)	15 months (12 months)
▪ Required start date	June 30 <sup>th</sup> , 2018
▪ Types of consultants	Consultants, Firms
▪ Prepared by Unit:	Competitiveness, Technology and Innovation Division (IFD/CTI)
▪ Unit of Disbursement Responsibility:	Institutions for Development Sector (IFD/IFD)
▪ TC Included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

### II. Objectives and Justification of the TC

- 2.1 The objective of this Technical Cooperation (TC) is to stimulate trade by improving efficiencies for completing cross-border transactions in Dominica. The target beneficiaries are Customs Officers, Customs Brokers, Tariff clerks and Shipping Agents.
- 2.2 Dominica is a small and open economy that has faced significant challenges in the areas of low economic growth and high debt, exacerbated by a number of external shocks. The country is an upper middle-income economy with a population estimated

<sup>1</sup> In accordance with GN-2851, paragraph 2.9, Dominica is an eligible beneficiary country under the Compete Caribbean Partnership Facility.

at 73,890 inhabitants in 2017, and a per capita GDP of US\$ 12,000<sup>2</sup>. Trade is an important part of Dominica's economy with exports representing 32.7% of GDP and imports representing 38.8% of GDP.

- 2.3 Dominica's ranking in the World Bank's Ease of Doing Business Index has been fairly stagnant over the last 5 years with a ranking of 94 in 2014 and 98 in 2018. For the 2018 edition of the ranking Dominica occupied the position 98, being surpassed in the Organization of Eastern Caribbean States (OECS) region only by St. Lucia (91). The indicators that are causing the most drag on Dominica's ranking are: (i) *Registering Property* (164); (ii) *Getting Credit* (142); (iii) *Resolving Insolvency* (132); *Protecting Minority Investors* (96) and (iv) *Trading Across Borders* (81). Dominica stands to benefit from a number of recent, ongoing or planned regional and sub-regional business climate reform initiatives<sup>3</sup>, which should contribute to improve its ranking.
- 2.4 In addition, the Customs and Excise Division has developed, and is implementing, an Action Plan to improve the ranking for Trading Across Borders. The Division is actively implementing the following (i) online application and issuing of import and export permits; (ii) improving communication and coordination of work flows between the various border agencies; (iii) upgrading the online payment infrastructure; (iv) formulation of an integrated National Risk Management Strategy for security and compliance purposes, including establishing National Border Risk Management Group comprising representatives of the Control Border Agencies; (v) upgrade of legislation related to the operations of all Control Border Agencies to reflect current best practices; (vi) improving capacity to monitor the average release times of consignments, beyond customs and covering all border crossing requirements; (vii) training of Customs Brokers, Tariff Clerks, Shipping Agents, and Customs Officers to enhance their competency in specialized subject matter relating to customs and trade; (viii) enacting Customs Brokers and Tariff Clerks Regulations to professionalize these professions; and (ix) implementing an enhanced facilitation program for selected companies.
- 2.5 Training of Customs Brokers, Tariff Clerks, Shipping Agents and Customs Brokers will directly contribute to improving trade facilitation. In the case of the Customs Brokers and Tariff Clerks, the training will also support enforcement of imminent CARICOM Customs Regulations, which mandates that all Brokers and Tariff Clerks should be tested with an approved examination to ascertain their competence before being certified and licensed to operate as Customs Brokers or Tariff Clerks. Improved competencies as a result of the training will contribute to the Division achieving the following objectives: (i) increased revenue collection; (ii) trade Facilitation; (iii) expedited clearance times; (iv) improved services to the trading public; (v) greater reliance on information technology (paperless environment) and (vi) introduction of

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<sup>2</sup> Central Intelligence Agency. "World Fact Book"

<sup>3</sup> These include (i) an ongoing Eastern Caribbean Central Bank-led initiative to establish a credit bureau for the eight-member Eastern Caribbean Currency Union; (ii) completion of a diagnostic assessment and towards reforming the Secured Transaction Legal Framework in the Member Countries of the OECS; (iii) the development of guidelines for harmonized insolvency reform in the Eastern Caribbean towards a regional approach for insolvency reform; (iv) establishment of the USD12m Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) Agreement; (v) the completed 10th European Development Fund (EDF)-financed The Caribbean Community (CARICOM) Online Companies Registries project, which provided a region-wide electronic platform for online name searches and name reservation, business and company registration, public access to records, e-payment and e-signature, among other features; and (vi) diagnosis and development of action plans to improve Starting a Business, a recently initiated regional project by the Commonwealth Secretariat and the Caribbean Association of Investment Promotion Agencies (CAIPA), Caribbean Export Development Agency.

risk management, post auditing and other innovations. The training, based on a preliminary needs assessment, will cover Harmonized Commodity Description and Coding System (HS) Classification, GATT Valuation, Rules of Origin, Trade Agreements, and procedures associated with the new Automated System for Customs Data (ASYCUDA) World System. The training need assessment data for staff of the Customs and Excise Division will also assist the Division in understanding and planning for additional staff training and development beyond this TC.

- 2.6 This TC is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) and is aligned with the development challenges of productivity and innovation, as well as regional integration, as it seeks to catalyze the implementation of projects which will boost productivity in the region, with process innovation as one of its main mechanisms and facilitate trading across borders. The TC is also consistent with the cross-cutting theme of Institutional Capacity and the Rule of Law by supporting an enabling environment for doing business and institutions to enforce the rule of law. Furthermore, this TC is consistent with the objective of the Integration and Trade (INT) Sector Strategy to strengthen the regional capacity to manage modern integration initiatives.

### III. Description of activity/component and budget

- 3.1 **Component I. Design and Delivery of Training (US\$159,200).** This component will finance the conduct of a training needs assessment the design of approximately **7** training courses; the preparation of training materials; and delivery of approximately **13** training workshops (approximately **30** training days) to **318** participants over a period of **4 - 8** months<sup>4</sup>. The final number of courses, training participants and period of delivery will depend on the findings of the training needs assessment. A tentative training plan, based on a preliminary needs assessment conducted by the Customs and Excise Division, is provided ([EZSHARE-1580900560-3](#)).
- 3.2 A customs training consultant will be engaged to lead the conduct of the needs assessment and the design and delivery of the various training modules, working in close collaboration with the World Customs Organisation (WCO) and the IDB's Integration and Trade Sector (INT). The training needs assessment will specifically seek to capture information on the training needs of women-owned firms, given that 38% of women-owned in Dominica are engaged in export<sup>5</sup>. The training need assessment is also expected to generate data, for staff of the Customs and Excise Division, which will assist the Division in understanding and planning for additional staff training and development beyond this TC. The training consultant will also provide guidance to the management of the Customs and Excise Division on actions to be taken post-training to support the transfer/application of the knowledge gained during training.
- 3.3 The training material prepared will be consistent with the foundational training materials prepared by the WCO; and the material will draw on free training materials made available by the WCO, IDB and other agencies. The material developed will, however, be customized to the Dominica context. The training will be delivered using

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<sup>4</sup> These targets are based (a) staffing level at Customs and Excise Division; (b) the number of registered and/or practicing customs officers, customs brokers, customs tariff clerks, and other agents engaged in trading across borders in Dominica; and (c) number of persons who are yet to benefit from similar training conducted in the past by the Customs and Excise Division.

<sup>5</sup> Productivity, Technology and Innovation survey / PROTEqIN (2014).

an optimal blend of training delivery methods, will incorporate information and communication technologies in delivery. The training materials will also be packaged as online learning materials and made available via CED's Website in a manner that promotes knowledge and skill development after the completion of the TC. The Customs and Excise Division will provide the training facilities and meals and refreshments for the planned workshops.

- 3.4 **Coordination and Project Monitoring and Evaluation (US\$15,000).** The projects will finance a Training Coordinator who will be responsible for (i) collecting and analysing monitoring data, including prior and post knowledge and skill levels; (ii) designing and administering training evaluation instruments; (iii) ensuring the quality of training materials and training delivery; (iv) providing feedback on and recommendations for improving training effectiveness during and at the end of the project implementation period; (v) preparing status and project completion reports; (vi) developing a communication plan for the dissemination of project results and (vi) packaging and communicating the training materials developed under the project into an online learning resource, which will be accessible via the Customs and Excise Division's website. The Training Coordinator will work closely with a member of staff of the Customs and Excise Division, assigned by the Comptroller of Customs. Compete Caribbean will provide a template for status reports to the coordinator that will include pertinent information needed to update Convergence, including progress on components, risk assessment, up-to-date counterpart disbursements, sustainability and innovation and stories from the field. The resource will work closely with Compete Caribbean to collate, communicate and disseminate results of the project with relevant stakeholders.
- 3.5 The total cost of the TC is **US\$174,200** of which US\$65,000 will be financed by the Compete Caribbean Partnership Facility (CCPF) and US\$109,200 will be financed by the counterpart (in-kind).

**Indicative Budget (in US\$)**

Activity/Component	IDB/CCPF	Counterpart Funding (In-Kind)	Total Funding
<b><u>Component 1: Design and Delivery of Training</u></b>			
Trainers' Fees and Expenses (including preparation of training materials)	50,000	0	50,000
Training Facilities, Meals and Refreshments (318 persons, 30 days, 13 workshops)	0	109,200	109,200
<b><u>Coordination and Project Monitoring and Evaluation</u></b> Training Coordinator's Fees and Expenses	15,000	0	<b>15,000</b>
<b>TOTAL</b>	<b>65,000</b>	<b>109,200</b>	<b>174,200</b>

#### **IV. Executing agency and execution structure**

- 4.1 The Compete Caribbean Partnership Facility (CCPF), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, through the CCPF's Facility Coordination Unit (FCU) established in COF Barbados. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels. The execution of this TC will be carried out by the Bank through the Competitiveness, Technology and Innovation Division (IFD/CTI) in coordination with FCU. Project output indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the CCPF.
- 4.2 The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources (HRD) Complementary Workforce Policy (AM-650). The procurement of consulting firms will be carried out by the IDB in accordance with the Policy for the Section and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1). The procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policy (GN-2303-20).
- 4.3 In accordance with a Financial Agency Agreement signed between the IDB and the Caribbean Development Bank (CDB), the CDB will act as the Financial Agent for the purposes of administering the Facility's grant resources that will finance the implementation of individual projects in the Organization of Eastern Caribbean States (OECS), for which Dominica is a member.

#### **V. Major Issues**

- 5.1 There is strong ownership for the project at the local level and therefore participation is expected to be high. Additionally, the major risks to achieving planned results are availability of participants for training due to work demands, and the occurrence of extreme weather events. To mitigate these risks, training will, as far as is possible, not be scheduled during peak trading periods (e.g., end of the year or pre-Christmas period) or during the peak hurricane period (August to October). The feasibility of weekend training will also be explored. The most convenient times for scheduling classes, especially for women and rural residents, will be explored during the training needs assessment. In addition, the risk of loss of skills acquired due to staff turnover or to passage of time will be countered by the creation of an online learning resource using the training materials prepared under the project, so the information provided during the training is always available to anyone who might need it. The management of the Customs and Excise Division will also be coached on techniques for optimizing the transfer of the knowledge acquired.

#### **VI. Exceptions to Bank policy**

- 6.1 No exceptions to the Bank policy are foreseen.

#### **VII. Environmental and Social Strategy**

- 7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C" (See [Safeguards Policy Filter Report](#) and the [Screening Form](#)).

**Required Annexes:**

- Annex I: [Letter of Request](#)
- Annex II: [Results Matrix](#)
- Annex III: [Terms of Reference](#)
- Annex IV: [Procurement Plan](#)

**STRENGTHENING CAPACITY TO IMPROVE TRADING ACROSS BORDERS IN DOMINICA**

**RG-T3257**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under the **Compete Caribbean Partnership Facility (CCP)** through a communication dated May 15, 2018 and signed by Goro Mutsuura (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$65,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

Certified by:	<u>Original signed</u>	<u>07/26/2018</u>
	Sonia M. Rivera	Date
	Chief	
	Grants and Co-Financing Management Unit	
	ORP/GCM	

Approved by:	<u>Original signed</u>	<u>07/27/2018</u>
	Gonzalo Rivas	Date
	Division Chief	
	Competitiveness and Innovation Division	
	IFD/CTI	