

## TC Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Support to Economic Recovery in the Caribbean through Trade and Investment in Blue Economy
▪ TC Number:	RG-T4017
▪ Team Leader/Members:	Umana, Mario Alberto (INT/TIN) Team Leader; Alleyne, June Julianna Cecilia (IFD/CTI); Balani, Hero Ranjit (CID/CBL); Dorantes Gomez, Angela Carmelia (INT/INT); Esteves, Yasmin (INT/INT); Moreno, Michelle Leonor (ITE/IPS); Queila Delgado (INT/TIN); Sanchiz Vicente, Alex (IFD/CTI); Vasco Henao, Oscar Dario (INT/TIN); Vila Saint-Etienne, Sara (LEG/SGO) Blani, Hero (CID/CBL); Moreno, Michelle (ITE/IPS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	16 Nov 2021.
▪ Beneficiary:	Belize and Organisation of Eastern Caribbean States OECS
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Compete Caribbean Partnership Facility(CCP)
▪ IDB Funding Requested:	US\$410,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	18 months
▪ Required start date:	06/01/2022
▪ Types of consultants:	Firms, individuals
▪ Prepared by Unit:	INT/TIN-Trade & Investment
▪ Unit of Disbursement Responsibility:	INT/INT-Integration and Trade Sector
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic integration; Gender equality; Institutional capacity and rule of law

### II. Objectives and Justification of the Technical Cooperation

- 2.1 The **general objective** of this Technical Cooperation (TC) is to increase institutional capacity to attract private sector investment into the Blue Economy (BE) in the Caribbean (Belize, St. Lucia, Grenada, and St. Vincent and Grenadines) as a mean to generate employment, growth, diversification of the economy and to contribute towards the reach of Sustainable Development Goals (SDGs) targets. The **specific objectives** are: (i) to increase knowledge of the Investment Promotion Agencies (IPAs)´ staff in Foreign Direct Investment (FDI) Promotion of sustainable BE sectors; and (ii) to develop and support the implementation of strategies to attract sustainable BE investments.
- 2.2 **The Coronavirus (COVID-19) pandemic has exacerbated the vulnerabilities of Small Island Developing States (SIDS).** The global health crisis has impacted the socio-economic pillars of very dependent societies. Gross Domestic Product (GDP) losses in the Eastern Caribbean will surpass two digits in almost all countries. The rise of extreme poverty, unemployment, and the damage to Micro,

Small and Medium Enterprises (MSMEs) are significant, especially in the tourism and ancillary sectors. The BE Strategies are amongst the most promising approaches to support SIDS economic structuring transformation to build resiliency to exogenous shocks, including natural disasters, manmade or financial crises, and global viral pandemics while preserving their natural heritage.<sup>1</sup> Belize has been equally hit and shares similarities in size and economic structure to SIDS. In fact, this country has recognized BE as a key sector in its National Strategy and created a specific ministry –The Ministry of Blue Economy and Civil Aviation (MBECA).

- 2.3 **Setting the policy and institutional frameworks for the BE sectors to operate is crucial.** Equally important is the ability to attract and retain FDI that contributes to job creation and sustainable economic growth. In this regard, an important challenge harnessing FDI is to reduce the information asymmetries to position a country or region on the radar of Multinational Enterprises; FDI promotion is a mechanism. There is evidence that from every US\$1 invested in FDI promotion, an additional US\$56 of FDI can be generated.<sup>2</sup> Evidence showing a correlation between higher lead generation and IPAs focused strategy and specialization.<sup>3</sup> However, on average, IPAs in Latin America and the Caribbean region (LAC) are smaller, less specialized, have less focused strategies, and evaluate less than their Organisation for Economic Co-operation and Development (OECD) counterparts.<sup>4</sup> This TC works on assisting Caribbean IPAs in BE specialization and focused strategies.
- 2.4 **The first component** focuses on the development of an investment promotion strategy and capacity building of BELTRAIDE<sup>5</sup> (Belize's IPA) on sustainable BE, and an upskilling pilot program targeting industry skill gaps identified with the private sector. These activities will be designed to support FDI attraction and job generation, and to contribute toward gender equality and SDGs targets. **The second component** of this TC has a broader geographical approach to benefit the Organisation of Eastern Caribbean States (OECS)<sup>6</sup> countries. More specifically, the activities will be deployed in St. Lucia, Grenada and St. Vincent, and Grenadines, generating best practices and knowledge for the rest of the countries. Therefore, activities will concentrate on developing and implementing of BE FDI promotion strategy, using digital tools to create content and generate more qualified leads at a lower cost. This component is a regional output, benefiting three OECS' countries. These activities will be complemented with capacity

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<sup>1</sup> UNDP. Blue Economy Finance for SIDS. [Link](#).

<sup>2</sup> IDB, Making the Invisible Visible, C. Volpe 2021. [Link](#).

<sup>3</sup> IDB, Making the Invisible Visible, C. Volpe 2021. [Link](#).

<sup>4</sup> IDB, How to solve the investment promotion puzzle, C. Volpe 2019. [Link](#).

<sup>5</sup> The Belize Trade and Investment Development Service (BELTRAIDE) is a statutory body of the Government of Belize. BELTRAIDE, a national economic development agency, operates within the portfolio of the Ministry of Economic Development, Petroleum, Investment, Trade and Commerce. Its mission is to enhance Belize's prosperity by fostering investor confidence, entrepreneurship, business growth and innovation.

<sup>6</sup> This TC is financed with the Compete Caribbean Partnership Facility (CCPF) funds. Established in 2016 (GN-2851), it is jointly funded by IDB, the United Kingdom's Foreign, Commonwealth & Development Office (FCDO), the Caribbean Development Bank (CDB) and the Government of Canada. The primary objective is to contribute to the increase in the standard of living and quality of life by enhancing the competitiveness of Caribbean countries, including IDB member countries as well as Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, and Saint Vincent & the Grenadines.

building for IPAs personnel in two areas: (i) sustainable BE sectors investment selection criteria, and (ii) how to maximize the benefits of using digital tools in FDI promotion. Finally, the third component will build upon the previous components to deliver a virtual Blue Economy Investment Forum and a gender-sensitive BE investment development toolkit.

- 2.5 This TC has complementariness with the operation BL-L1040 and with its accompanying TC, BL-T1139, in their efforts to facilitate investment in Belize, and with BL-L1042, and with its related TC, BL-T1149, due to its focus to promoting sustainable growth through the facilitation of FDI in the Blue Economy sector.
- 2.6 **Bank and Sector Knowledge.** The challenge of reducing the information asymmetries in order to attract FDI, has been studied by Christian Volpe in [“Making the Invisible Visible”](#) (IDB, 2021). Evidence gathered by C. Volpe and M. Sztajerowska in [“How to solve the investment promotion puzzle”](#) (IDB-OECD, 2018), shows a correlation between IPAs with focused strategy and specialization, and a higher lead generation volume. **Lessons-learned** in the operations UR-L1150 and JA-L1079 have shown positive results in job creation through upskilling activities if related to key FDI sectors.
- 2.7 **Strategic Alignment,** the TC is consistent with the Institutional Strategy Update 2020-2023 (AB-3190-2) by aligning itself with the development challenges of Economic Integration by supporting the countries’ capacities in fostering FDI to increase their participation in regional and global BE value chains. The TC is also aligned with the cross-cutting area of Institutional Capacity and Rule of Law by strengthening the technical capacity of beneficiary countries in BE investment promotion matters. Also, with the promotion of Gender Equality by assessing best practices to create BE jobs with gender lenses. This TC will contribute to the indicators of the Corporate Results Framework (GN-2727-12) of Economic Integration by supporting the institutional capacity, talent readiness, and promotion activities to increase FDI inflows. The TC is also aligned with the priorities (investment promotion) defined in the Integration and Trade Sector Framework Document (GN-2715-11). It is also aligned with the IDB Vision 2025 regarding the strength of regional integration through the promotion of investment. Finally, it is aligned with the Pillar II, Enhancing the Business, and Innovation Climate of Compete Caribbean Partnership Facility (CCP) (GN-2851), as it supports institutions in charge of private sector development. Further alignment with Belize’s country strategy (2022-2025) (GN-3086), with the priority areas of private sector productivity and sustainable growth, by supporting the attraction of investment, and with the human capital priority by training in the identified skill gaps for employability. It also aligns with the cross-cutting issues of gender through the generation of knowledge to foster gender parity, climate resilience, and disaster risk management by supporting Belize in the attraction of blue economy investment. This TC is also aligned with a parallel TC which objective is to strengthen the policy and institutional framework for the development of the Blue Economy in Belize (BL-T1145).

### III. Description of activities/components and budget

- 3.1 **Component 1. Increasing BE investments flows in Belize (US\$140,000).** This component will be executed in coordination with BELTRAIDE. Its objective is to foster BE FDI in Belize and will finance: (i) a BE Investment Promotion Strategy

and Action Plan targeting the 2-3 subsectors with a stronger value proposition for Belize, the subsectors will be chosen using as criteria the potential for investment attraction, sustainability, job creation, and existing skills set, and alignment with Government's new vision according to Belize's FDI strategy; (ii) Capacity Building Program for BELTRAIDE focused on BE sector promotion and facilitation; and (iii) BE upskilling pilot program to fill industry skill gaps identified with the private sector. The training<sup>7</sup> program is expected to be co-designed<sup>8</sup> with the private sector targeting job creation and gender focus.<sup>9</sup>

- 3.2 **Component 2. Increasing BE investment flows in OECS (US\$185,000).** Its objective is to foster BE FDI in OECS and will finance: (i) investment Promotion Strategy & Action Plan, which must include situational analysis, preliminary feasibility assessment, and impact on SDGs; (ii) creation of digital content, based on value propositions, and a platform<sup>10</sup> to support the digital generation of FDI leads; and (iii) capacity building for OECS' IPAs to maximize lead generation and cooperation synergies in sustainable BE sectors in the region. All these activities will be delivered for the IPA's<sup>11</sup> of the three OECS' countries selected: St. Lucia, Grenada and St. Vincent and The Grenadines.
- 3.3 **Component 3. Dissemination and coordination (US\$50,000).** Its objectives are: (i) to foster BE FDI in the Caribbean, and (ii) to disseminate best practices and lessons learned. It will finance: (i) a virtual Blue Economy Investment Forum to foster sustainable BE investment in the Caribbean; (ii) a gender-sensitive toolkit on how to foster gender parity in BE sectors, including worldwide best practices of BE FDI impact on gender parity and SDGs, and recommendations to maximize the positive effects; and (iii) dissemination of results and findings.
- 3.4 **Other costs (US\$35,000).** Coordination of supporting activities for the execution of this TC.
- 3.5 **Budget.** The total cost of this TC is US\$410,000 and will be funded by The Compete Caribbean Partnership Facility.

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<sup>7</sup> Training will be in-person unless external circumstances (like an increase of COVID cases) force a virtual implementation. In the design of the training methodology, these externalities will be considered, and mitigation measures will be provided.

<sup>8</sup> The Terms of Reference of the consultancy describes the approach to be followed to co-design the training with the private sector.

<sup>9</sup> BELTRAIDE will be the link with the private sector, as well as the channel to recruit and deliver the training to participants. This pilot aims to be a source of learning for BELTRAIDE in how to prepare and deploy programs to facilitate investment through upskilling of local labor force.

<sup>10</sup> The responsible for the administration and maintenance will be the OECS, and sustainability efforts are expected from this institution.

<sup>11</sup> The selection of the three countries made by OECS, taking into consideration the interest and strategic alignment of the individual countries. IPAs are the Investment Promotion Agencies of the countries: Grenada Investment Development Corporation (GIDC), Invest Saint Lucia, and Invest SVG.

### Indicative Budget (in US\$)

Activity/Component	Description	IDB/CCP	Total Funding
<b>1. Increasing BE investment flows in Belize</b>		<b>140,000</b>	<b>140,000</b>
Investment Promotion BE in Belize	Investment promotion strategy plan targeting the 2-3 subsectors in Blue Economy	48,000	48,000
Capacity Building in BE investment promotion	Capacity Building for BELTRAIDE focused on BE sector promotion and facilitation	22,000	22,000
Blue Economy upskilling pilot program	BE upskilling pilot program to fill industry skill gaps identified with the private sector, targeting job creation and gender focus	70,000	70,000
<b>2. Increasing BE investment flows in OECS (2-3 countries)</b>		<b>185,000</b>	<b>185,000</b>
Investment Promotion Strategy	Investment Promotion Strategy & Action Plan, which must include situational analysis, preliminary feasibility assessment, and impact on SDGs	<b>65,000</b>	<b>65,000</b>
Capacity Building	Capacity building for OECS's IPAs to maximize lead generation, and cooperation synergies in BE sectors in the region	<b>35,000</b>	<b>35,000</b>
Digital content and platform	Creation of digital content based on value propositions and a platform to support the digital generation of FDI leads	<b>85,000</b>	<b>85,000</b>
<b>3. Dissemination and Coordination</b>		<b>50,000</b>	<b>50,000</b>
Virtual BE Investment Forum	Virtual Blue Economy Investment Forum to foster BE investment in the Caribbean	<b>30,000</b>	<b>30,000</b>
Toolkit Gender parity in BE sectors	Gender-sensitive toolkit on how to foster gender parity in BE sectors	<b>15,000</b>	<b>15,000</b>
Webinar	Dissemination of results and findings	<b>5,000</b>	<b>5,000</b>
<b>Other</b>		<b>35,000</b>	<b>35,000</b>
Technical Coordination	Coordination of supporting activities for the execution of this TC	<b>35,000</b>	<b>35,000</b>
<b>Total</b>		<b>410,000</b>	<b>410,000</b>

- 3.6 **Supervision** of the TC will be carried out by the Team Leader, an Integration and Trade (INT/TIN) Lead Trade Specialist from IDB headquarters in Washington DC. He will coordinate with Belize Country Office; Compete Caribbean and the beneficiaries, and the consultants hired.
- 3.7 The **monitoring** system of this TC will be carried out by the sector specialist through regular follow-up meetings, every two weeks, with the consultants hired to deploy the outputs and the beneficiaries. Deliverables will require the IDB approval before payment. Final reports will be shared in a web seminar presentation with

the key stakeholders. The Monitoring and Reporting System (TCM) will be used for the correct monitoring of this TC.

- 3.8 The **evaluation** of this TC will be done by annual progress evaluation and final evaluation.

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

- 4.1 The Bank will execute this TC through INT/TIN in coordination with Compete Caribbean, the Belize Country Office, OECS, and beneficiaries IPAs (BELTRAIDE, Invest St. Lucia, GIDC and Invest SVG). Project output indicators will be monitored very closely.
- 4.2 The Bank will execute this TC due to the following reasons: (i) previous experience and knowledge on the part of the IDB in implementing project(s) similar to this proposed operation; and (ii) limited institutional capacity of the beneficiary institutions in Belize and OECS. These justifications are aligned with Annex II of the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4).
- 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 grant resources that will finance the implementation of individual projects in the Organization of Eastern Caribbean States (OECS).
- 4.4 The execution and disbursement period will be 18 months and the UDR will be the Integration and Trade Sector (INT/INT). All activities to be executed under this TC will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and (c) GN-2303-28 for logistics and other related services.
- 4.5 All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property.

#### **V. Major issues**

- 5.1 The main risks identified for this TC are: (i) the upskilling pilot program can be affected by new COVID restrictions and the identification of suitable private companies; and (ii) different interests of St. Lucia, St. Vincent, and The Grenadines in conjoint FDI promotion activities may arise. To mitigate these risks, different measures will be put in place: (i) design the program from the beginning with the virtual option if new COVID outbreaks do not allow physical training and work closely with the private sector to ensure training identification is demand-driven; (ii) work closely with OECS and the country beneficiaries to agree with targets and activities beforehand with decision-makers to keep the activities as a common goal to drive more sustainable FDI to the region by promoting complementariness.

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

- 6.1 The project does not contemplate any exceptions to Bank policy.

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

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

### **Required Annexes:**

[Request from the Client - RG-T4017](#)

[Results Matrix - RG-T4017](#)

[Terms of Reference - RG-T4017](#)

[Procurement Plan - RG-T4017](#)