

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CCB - Caribbean Group
▪ 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; QUEILA DELGADO (INT/TIN); VILA SAINT-ETIENNE, SARA (LEG/SGO); VASCO HENAO, OSCAR DARIO (INT/TIN); ESTEVES, YASMIN (INT/INT); SANCHIZ VICENTE, ALEX (IFD/CTI); ALLEYNE, JUNE JULIANNA CECILIA (IFD/CTI); DORANTES GOMEZ, ANGELA CARMELIA (INT/INT); BALANI, HERO RANJIT (CID/CBL); MORENO, MICHELLE LEONOR (ITE/IPS)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	16 Nov 2021
▪ Beneficiary:	Belize and Organisation of Eastern Caribbean States OECS
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$410,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INT/TIN - Trade & Investment
▪ Unit of Disbursement Responsibility:	INT/INT - Integration and Trade Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Economic integration

II. Objective and Justification

- 2.1 The objective of this Technical Cooperation is to increase capacity to attract private sector investment into the Blue Economy in the Caribbean as a mean to generate employment, growth, diversification of the economy and the reach of SDGs targets.
- 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 and unemployment, and the damage to Micro, Small and Medium Enterprises (MSMEs) is significant, especially in the tourism and ancillary sectors. The Blue Economy (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, global viral pandemics, while preserving their natural heritage. Belize has been equally hit and shares similarities in size and economic structure to SIDS. In fact, Belize has embraced BE as a key sector in its National Strategy and created a specific ministry.

- 2.3 Setting the policy and institutional frameworks for the BE sectors to operate is crucial. Equally important is the ability to attract Foreign Direct Investment (FDI) that contributes to job creation and economic growth. In this regard an important challenge to attract FDI is to reduce the information asymmetries to position a country or region in the radar of MNEs; FDI promotion is a mechanism. There is evidence that from every US\$1 invested in FDI promotion, additional US\$56 of FDI can be generated . There is also evidence that shows correlation among higher lead generation and IPAs focused strategy and specialization . However, in average, IPAs in LAC are smaller, less specialized, have less focused strategies and evaluate less than their OCDE counterparts . This TC works on assisting Caribbean IPAs in BE specialization and focus strategies.

The first component focuses on the development of an investment promotion strategy and capacity building of Beltraide (Belize's IPA) on BE, together with an upskilling pilot program targeting industry skill gaps identified with the private sector. These activities will be designed to support FDI, job generation and to contribute towards gender equality and SDGs targets. The second component of this TC has a broader geographical approach to benefit OECS countries. Therefore, activities will concentrate on development and implementation of BE FDI promotion strategy, using digital tools to create contents and generate more qualified leads at a lower cost. These activities will be complemented with capacity building for IPAs personnel in two areas: (i) BE sectors investment selection criteria and (ii) how to maximize the benefits of digital tools use in FDI promotion. Finally, the third component will build up on the previous components to deliver a Virtual Blue Investment Forum and a toolkit for gender-sensitive BE investment development.

III. Description of Activities and Outputs

- 3.1 **Component I: Increasing BE investment flows in Belize.** This component will be executed in collaboration with BELTRAIDE and will finance: (I) a BE investment promotion strategy plan targeting the 2-3 subsectors with stronger value proposition for Belize. The subsectors will, be chosen using as criteria the potential for investment attraction, job creation, 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.
- 3.2 **Component II: Increasing BE investment flows in OECS.** It 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 to support digital generation of FDI leads; and (III) Capacity building for OECS's IPAs to maximize lead generation, and cooperation synergies in BE sectors in the region.
- 3.3 **Component III: Dissemination and Coordination.** It will finance: (I) a Virtual Blue Economy Investment Forum to foster 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 into gender parity and SDGs, and recommendations to maximize the positive effects; (III) Dissemination of results and findings; and (IV) Coordination of supporting activities for the execution of this TC.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Increasing BE investment flows in Belize	US\$140,000.00	US\$0.00	US\$140,000.00
Increasing BE investment flows in OECS	US\$185,000.00	US\$0.00	US\$185,000.00
Dissemination and Coordination	US\$85,000.00	US\$0.00	US\$85,000.00
Total	US\$410,000.00	US\$0.00	US\$410,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank will execute this TC through INT/TIN in coordination with Compete Caribbean, and the Belize Country Office. Project output indicators will be monitored very closely. 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) weak institutional capacity of the beneficiary institutions in Belize and OECS. These justifications are aligned with that foresight in Annex II of Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4)
- 5.2 The execution and disbursement period will be 36 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.

VI. Project Risks and Issues

- 6.1 The risk level for the execution of this TC is considered low. The risks identified are: (i) the challenge of aligning the interests and expectations of many countries with different levels of development, objectives, and personnel at their IPAs; and (ii) the continuity of the COVID-19 pandemic which complicates travel and increases uncertainty related to FDI. To ensure the success of the project, the operation will mitigate the risks by: (a) Specific evaluations of the resources available and skills of IPA's personnel, will be undertaken. The results of the evaluations will be taken into consideration in the design of the consultancies and in the training; and (b) the necessary tools and processes to work remotely with providers and Bank specialists will be provided, and the design of the consultancies will take into consideration how to work on the current scenario of FDI uncertainty.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".