**ANNEX B-III**

**Regional**

**RG-T3175**

**INE/INE**

**Infrastructure services: identification of relevant issues for Latin America and the Caribbean**

**TERMS OF REFERENCE**

**Background**

The Inter-American Development Bank serves 26 client countries in the Latin America and the Caribbean region. The Infrastructure and Energy Department (INE) has been responsible, in the last few years, for the delivery of more than 40 per cent of IDB’s loans—about US$5 billion annually. The department is comprised of three divisions covering (a) transport; (b) energy; and (c) urban, water and sanitation. Aside from its large lending portfolio, the department is responsible for an active dialogue and analytical program on cross-cutting issues of regional importance regarding infrastructure endowment and services.

The Front Office of INE’s Manager is responsible for operational control as well as for the coordination of the knowledge agenda as well as the generation of research in cross-cutting infrastructure and environment issues. The Front Office is also responsible for the quality assurance of the department’s extensive portfolio of Economic and Sector Work and provides analytical and operational support to the three divisions of INE in targeted areas of economics and econometrics as well as impact evaluation. The countries in the region seek high quality support from the Bank and the key strategic areas of assistance in the infrastructure arena include: (a) planning and programming of infrastructure sectors and services; (b) strategies and mechanisms for managing, financing, and maintaining infrastructure assets (with renewed interest in private sector participation and public-private partnerships) and (c) attention to externalities, including environmental, climate change, biodiversity, energy efficiency, air quality issues, logistics and road safety.

The provision of good-quality infrastructure services – water and sanitation, electricity, transport – represents a key challenge for the Latin America and Caribbean countries. For example, the average electricity losses in LAC is 16% of the total electricity produced, while in OECD countries they reach 6% (Jimenez, et al 2014). World Bank (2012) shows that losses from power outages in Latin America reached US$68 billion in 2012. The incidence was higher in Central America, where losses were equivalent to 1.5% of total business sales, and it was lower in the Caribbean (at 0.5% of sales). Similar losses resulted from water shortage or interruptions in the supply, while losses due to breakage or deterioration of merchandise during shipping exceeded US$70 billion in 2012. Losses due to electrical outages, as a percentage of annual sales, reached 1.2% in LAC, compared to 0.1% in OECD countries (World Bank enterprise survey, 2010). Additionally, Latin America has low transport infrastructure density given its income level, with paved road density like Africa’s and about one quarter that of the next lowest region (World Bank, 2017). Also, when it comes to road safety, more than 100,000 people die each year in Latin America and the Caribbean because of road accidents. This is the main cause of death for the 15- to 29-year old age group, giving rise to costs estimated at 1% to 3% of GDP (Serebrisky, 2014). The World Bank’ Logistic Performance Indicators (LPIs) show how the region ranks poorly, close to Sub-Saharan Africa countries. The region also shows higher costs and longer times to export than East Asia (and higher costs than South Asia) (World Bank data, 2017). The challenges in LAC are huge when it comes to infrastructure: 34 million people lack drinking water, 106 million people lack adequacy sanitation, or 30 million people lack access electricity; just to mention some dreadful figures (IDB, 2015).

Thus, the provision of infrastructure services presents enormous shortcomings in the region. To a large extent, these shortcomings are explained by the lack of investment in infrastructure. However, lack of investment is only part of the problem. The management of services, which is estimated to be up to 5 times more than investment in infrastructure, is a fundamental determinant for the availability and quality of services. Surprisingly the factors that determine its production and performance have received very limited attention.

**Consultancy objective(s)**

INE’s Front Office received the mandate to produce a flagship report (most probably the IDB report Development in the Americas 2020). This report will identify the main challenges in the delivery of infrastructure services in Latin America and the Caribbean. The report will focus on studying infrastructure services – particularly their performance and drivers –, with the goal of proposing policies that increase efficiency and productivity – and consequently competitiveness – in the region.

The objective of this consultancy is to produce a thinking piece on the topic of the delivery of infrastructure services, identifying the most relevant policy questions and proposing an annotated outline of the IDB’s DIA 2020.

**Main activities**

The consultant is expected to produce a short conceptual and analytical piece with the following components:

1. Identification and description of the most relevant policy questions in the area of the provision of infrastructure services worldwide and in Latin America and the Caribbean. When analyzing infrastructure services, the consultant should present a balance between infrastructure services for competitiveness and for quality of life in cities (for instance quality and quantity of inter urban roads and trucking services vs quality and quantity of urban transport infrastructure and bus/metro/urban rail services)
2. Each question must be followed by a description on how the consultant would respond the question: what data is required, tradeoffs between relevance from a theoretical point of view and possibility of having impact on decision makers.
3. Ranking of the questions to be prioritized given data restrictions and taking into account that the ultimate objective will be the production of a report aimed at policymakers.
4. Produce an annotated outline of a DIA on infrastructure services. The outline should briefly indicate what the storyline would be and then present the logical structuring/sequencing of chapters.
5. Provide comments to outline drafts that the ToR Coordinator shares with the consultant.
6. Share news, recent papers or reports of relevance to the issues listed as most relevant policy questions for the provision of infrastructure services.

**Reports / Deliverables**

The primary duties and deliverables of the assignment will be to present, to the satisfaction of the IDB, the following products (and activities):

* Produce a thinking piece as detailed in the previous section.
* Provide feedback to outline of report to be prepared by IDB staff.
* Be available to participate in brainstorming Conference Calls (2 hours per week until the completion date of these ToR).

**Payment Schedule**

Payments will be done according to the following schedule:

* 30% upon signature of the Consultancy Contract
* 30% on submission of the first draft of the described deliverable
* 40% on submission of the final draft of the described deliverable, after IDB feedback.

**Qualifications**

The work expected under this consultancy requires technical skills typical of a PhD in economics. The set of skills required are presented below:

* PhD degree in economics (or Masters in Economics) with in-depth knowledge of at least one infrastructure sector (transport, electricity, urban, water and sanitation) and experience in quantitative analytical tools. Strong knowledge of environmental economics.
* Minimum of 15 years of professional experience in infrastructure economics
* Practical experience in carrying out feasibility analyses, impact evaluation, cost-benefit analysis and/or econometric modeling.
* Experience applying these tools to such tasks as investment feasibility or prioritization, market structure and competition analysis, transport/utilities sector reviews, public expenditure reviews, tariff design, regulatory frameworks, or ex post review of the impacts of investments, or the effects of private sector participation (e.g., PPPs, concessions)
* Fluent in English and Spanish and/or Portuguese.

**Characteristics of the Consultancy**

* Consultancy category and modality: Products and External Services Contractual, Lump Sum
* Contract duration: Three (3) months
* Place(s) of work: External consultancy
* ToR Coordinator: Tomas Serebrisky, Economic Principal Advisor in INE/INE

**Payment and Conditions:** Compensation will be determined in accordance with Bank’s policies and procedures. In addition, candidates must be citizens of an IDB member country.

**Consanguinity:** Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

**Diversity:** The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.