

## **DRAFT TERMS OF REFERENCE**

### **Local Economic Development through Enhancing SME and FDI Linkage**

**RG-T2347**

#### **I. Background**

Small and Medium-sized Enterprises (SME) and Foreign Direct Investment (FDI) are the key components of a nation's economic growth on a sustainable basis. Both SMEs and FDI are the engines of most local economies, generating valuable economic benefits and enhancing regional integration. In this context, the Inter-American Development Bank (IDB) seeks to conduct a Pilot Feasibility Study for establishing SME-FDI Industrial Clusters, based on SEZ (Special Economic Zone).

#### **II. Objective**

The main objective of this consultancy is to: (a) identify, analyze and suggest an optimal solution for local economic growth; and (b) enhance the probability of success and revealing deficiencies by addressing and mitigating all factors associated with it.

#### **III. General Information**

- Title: Pilot Feasibility Study for establishing SME-FDI Industrial Clusters
- Project Number: RG-T2347 (Component 2.1)
- Duration: 5 ~ 6 months
- Post of Duty: Place of residence
- Contract to be awarded: Firm (Institution) or Individual

#### **IV. Scope of Services**

In order to achieve the above mentioned objectives, this Feasibility Study will comprise the following tasks:

- Project definition
  - Determine project objectives and parameters
  - Present criteria and metrics for assessing locations
  - Weight criteria to reflect relative importance
  - Establish geographic scope of analysis etc.
- Need assessment and market analysis
  - Review existing studies, reports and strategic plans
  - Analyze industrial structure and current trends
  - Provide key market information such as sales volume, major vendor, top suppliers etc.
- Location assessment and preliminary analysis
  - Identify information sources

- Gather location data
- Assess data to evaluate locations
- Rank locations and selecting top candidates etc.
- Location study and factor analysis
  - Identify suitable sites
  - Conduct site visit
  - Select final site etc.
  - Conducting economic and environmental impact
  - Identifying business environment and incentives
  - Analyzing key determinants for investors (focused on labor management) etc.
- Action plans
  - Defining scope of work for the next phase
  - Proposing policy recommendation for implementation and project management
  - Other relevant issues etc.

This scope of work may be expanded or modified at the discretion of IDB to focus specific factors or include other assignments. Intensive Interview, survey, questionnaire and review with clients will be expected throughout the whole project.

## **V. Requirements**

Consulting firms or institutions interested in performing these services must exhibit relevant experience with this type of work, and should emphasize both the experience and capability of particular personnel who will actually perform the work. As well as strong background and understanding of SME, FDI and SEZ concepts, the following specific conditions must be met:

- At least 5 years of proven experience in advisory services including industrial clusters
- Proven work experience with local authorities engaged in SME-FDI promotion
- General understanding of target industry and location
- Relevant understanding of key industry players

The consulting team should include at least the following key experts:

- Team leader, at least 8 years of international experience in local economic growth
- Expert with relevant experience in the target industry and location
- Expert with strong background and experience in SME, FDI and Industrial Clusters

In addition, the following core competencies will be required for consulting team members:

- In-depth knowledge and understanding of the topics with industry recognition
- Excellent policy research and analytical skills
- Excellent written and oral communication skills in English and local language
- Abilities to build networks with a range of stakeholders engaged in the target industry

## **VI. Description of Deliverables**

- Provide a project work plan
- Monthly status updates to project team leader
- Executive summary
- Comprehensive study
- Executive summary
- 50 hard copies of Executive summary and Comprehensive Study
- One day presentation on site of final report briefing to local stakeholders

## **VII. Payment schedule**

- 30% upon contract signature
- 30% upon approval of draft report
- 40% upon approval of final report

## **VIII. Coordination**

This consultancy will be coordinated and supervised by the team leader of the operation RG-T2347.

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### **I. Background**

Small and Medium-sized Enterprises (SME) and Foreign Direct Investment (FDI) are the key components of a nation's economic growth on a sustainable basis. Both SMEs and FDI are the engines of most local economies, generating valuable economic benefits and enhancing regional integration. In this regard, the Inter-American Development Bank (IDB) seeks to provide best practices from the Korea's Special Economic Zone (SEZ) program that has successfully combined FDI attraction policies with SME export promotion activities.

### **II. Objective**

The main objective of this consultancy is to: (a) share the best practices of the Korea's Economic Zone model; and (b) suggest practical insights into local economic growth driven by SME and FDI in the local context in Latin America and the Caribbean (LAC) countries by developing a benchmark study.

### **III. General Information**

- Title: Benchmark Report on the South Korea's Special Economic Zone Program
- Project Number: RG-T2347 (Component 1.1)

- Duration: 6 months
- Post of Duty: Place of residence
- Contract to be awarded: Firm (Institution) or individual

#### **IV. Scope of Services**

This benchmarking report will comprise the following core components:

- General background and development history
  - Rationale for adopting the Korean model
  - Historical, social, economic and technical circumstances leading up to SEZs in Korea
  - Development patterns and trends in a time line etc.
- Framework analysis
  - Organization and structure
  - Main features and key characteristics
  - In-depth technical analysis of the regional FEZs in Korea (IFEZ<sup>1</sup>, BJFEZ<sup>2</sup>, GFEZ<sup>3</sup>, YESFEZ<sup>4</sup>, DGFEZ<sup>5</sup>, SGFEZ<sup>6</sup>)
  - Economic performance and impacts
  - Case studies and critical success/failure factors etc.
- Policy analysis
  - Export facilitation, FDI promotion and other business support policies
  - Major incentives and advantages
  - Policy approach to conflict management between investors and local stakeholders etc.
- Knowledge application
  - Lessons learned from development experience and its implications for LAC
  - Policy recommendation or suggestion etc.

This scope of work may be expanded or modified at the discretion of IDB to focus specific factors or include other assignments.

#### **V. Requirements**

As well as a strong background and understating of SEZ, SME and FDI concepts, consulting firms (institutions) or individuals interested in performing these services must meet the following requirements:

- At least 5 years of experience in policy analysis and advice for public sector
- Proven experience in knowledge transfer or dissemination in the area of local economic growth

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<sup>1</sup> IFEZ: Incheon Free Economic Zone

<sup>2</sup> BFEZ: Busan-Jinhae Free Economic Zone

<sup>3</sup> GFEZ: Gwangyang Bay Area Free Economic Zone

<sup>4</sup> YESFEZ: Yellow Sea Free Economic Zone

<sup>5</sup> DGFEZ: Daegu-Gyeongbuk Free Economic Zone

<sup>6</sup> SGFEZ: Saemangum-Gunsan Free Economic Zone

- Previous work experience with the KFEZ<sup>7</sup> or other relevant authorities (advantage)

In addition, the following key competencies will be required for team members who will perform this consultancy work:

- In-depth knowledge and understanding of the topics with industry recognition
- Excellent policy research and analytical skills
- Excellent written and oral communication skills in English and Korean
- Abilities to build networks with a range of stakeholders engaged in SEZs in Korea

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<sup>7</sup> KFEZ: Korean Free Economic Zone