**TERMS OF REFERENCE**

**Export-Led Development in the Corozal District**

1. **BACKGROUND**
   1. As a small country, Belize depends heavily on trade, and its prospects for economic growth and development depend on the expansion of exports (of both goods and services) and foreign direct investment to provide employment and foreign currency generation. For the past two decades, tourism has been the main driver of economic growth, while the government has also sought to expand goods trade (which remains dominated by primary commodities, mainly agricultural) and attract foreign investment. In this context, Free Zones (FZ) were originally conceived in the 80s as tools to meet these objectives in the border regions of Benque Viejo and Corozal, where FZs were developed with the support of private investors. Corozal FZ, situation at the border with Mexico, became an important park, with the number of registered companied peaking in 2007 at 414.
   2. Belize’s Free Zones, however, have lost direction. The largest by far, the Corozal FZ, while still vibrant in terms of sales and employment (with an estimated 3,000 direct and 800 indirect jobs), suffers from several policy contradictions. First, shops and warehouses cater to Mexican consumers who pay cash with Mexican pesos that the Belizean banking system finds difficult to clear and exchange into US or Belizean dollars. Accounts cannot be opened in Mexican pesos and local Banks, due to broader de-risking policies, find such currency increasingly difficult to accept. The cash economy adds to the risk of illicit flows, and to international perceptions of Belizean money laundering risk. Second, most goods sold in the FZ are cheap Asian imports and cigarettes that do not comply with the intellectual property and consumer protection standards that Belize is bound to by way of its international trade agreements. Third, there is a strong perception that other irregular substances may also be traded to and from the FZ for consumption in the Belizean territory and abroad. In its heyday in 2007, when 414 companies were registered, many of those firms engaged in one-off businesses and vanished soon thereafter or were deregistered. Such violations further damage Belize’s international reputation and foster criminal activity. Fourth, Mexican peso devaluation has reduced FZ sales and employment, depressing the economy of the Corozal district and exposing its over-dependence on the zone. Fifth, there are scant positive spillovers from the activities of the zone. Most jobs are low-paying positions without any prospects for upgrading to higher value-added activity; and the shops are mostly operated by foreigners who buy or lease the outfits from private owners and land speculators, so that profits are unlikely to be reinvested to increase the productive capacity of the area. That is, because official regulation and supervision of the FZs has been extremely poor in Belize, the Corozal FZ has become the focus of uncontrolled, low value-added and sometimes irregular trade and investment, with scarce linkages with the rest of the economy, and negative repercussions for Belize. The other zone, at Benque Viejo on the western border with Guatemala, is much smaller (with only around 15 businesses) but suffers from similar problems.
2. **OBJECTIVE AND SCOPE OF WORK**
   1. Given the Corozal FZ’s importance as a local employer and these policy contradictions, the Government of Belize (GoB) is seeking help from the Bank to rethink the operation of the zone. The objective of this consultancy is to undertake a review the existing free zones (Corozal and Benque Viejo FZ) with a view to repurposing and optimizing their services and operations. This would include a review, mapping, and proposals for repurposing.
   2. This consultancy will also undertake a Regional Economic Development Master Plan for the Corozal district which would include a master plan and financing mechanisms.
   3. The analysis and recommendations must be data driven, insofar as data is available. This data should be collected and catalogued.
3. **DELIVERABLES**
4. Inception Report (within 3 weeks of contract signature)
5. Mission Agenda (within 3 weeks of contract signature)
6. Mission Report (within 1 week following the mission)
7. Draft Report of the Regional Economic Development Master Plan (within 14 weeks of contract signature)
8. Final Report of the Regional Economic Development Master Plan (within 20 weeks of contract signature)
9. **CHARACTERISTICS OF THE CONSULTANCY**
10. **Type of consultancy:** International Consulting Firm
11. **Starting date and duration:** 100 non-consecutive consultant days
12. **Place of work:** Offices of the Firm. Trips to selected countries will be required.
13. **Citizenship:** The firm must be of a member state of the IDB
14. **Qualifications:** The firm and their primary leads in the sector must have Company with experience in developing master plans for special economic zones, free zones or industrial parks. Knowledge of WTO rules on SEZ/free zones is required.
15. **SCHEDULE OF PAYMENT**

* 10% upon the signature of the contract
* 20% upon the delivery of the inception report and mission agenda
* 30% against mission report and draft report approved by IDB
* 40% upon the delivery of the final draft report approved by IDB

1. **COORDINATION**
   1. The coordination of consultant work will be managed by Jaime Granados TIN/CRR and Krista Lucenti TIN/CTT.