

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Project Development Support – Assistance to More Vulnerable Countries and Optimizing Pace of Program Implementation
▪ TC Number:	RG-T3126
▪ Team Leader/Members:	STEVENSON, CLAUDIA (IFD/CTI) Team Leader; PILGRIM, VALARIE (IFD/CTI) Alternate Team Leader; PEREIRA, STEFANO (CTI/CBA); GIBSON, TAMARA WYNETTE (CTI/CBA); SEALY, SHONNELL KATRINA (CTI/CBA); GRANT, KAYLA SHAREE (IFD/CTI); FRANKLYN, RUSSELL LEVON (IFD/CTI); HENNIG, BETINA TIRELLI (LEG/LEG); MARIA JOSEFINA MAIZTEQUI (INO/NFP); GARY SCOTLAND (INO/NFP)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination	Research and Dissemination
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	
▪ Date of TC Abstract authorization:	22 Sep 2017
▪ Beneficiary	The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago, 6 OECS countries ¹
▪ Executing Agency and contact name	INTER-AMERICAN DEVELOPMENT BANK - Valarie Pilgrim (valariep@iadb.org)
▪ Source of funding (amount and Fund's name):	Compete Caribbean Partnership Facility
▪ IDB Funding Requested:	\$ 270,000.00
▪ Local counterpart funding, if any:	\$0.00
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	October 13, 2017
▪ Types of consultants (firm or individual consultants):	Individuals
▪ Prepared by Unit:	Competitiveness & Innovation
▪ Unit of Disbursement Responsibility:	INSTITUTIONS FOR DEVELOPMENT
▪ 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; Gender and Social Inclusion

II. Objectives and Justification of the TC

- 2.1 The objectives of this TC are to improve the Compete Caribbean Partnership Facility's(CCPF) capacity to (i) support eligible countries with the timely preparation of

¹ These 6 countries include Antigua & Barbuda, Dominica, Grenada, St. Lucia, St. Kitts & Nevis and St. Vincent & Grenadines.

project proposals that satisfy CCPF's eligibility criteria; and (ii) generate knowledge products (KPs).

- 2.2 In July 2017, CCPF issued Calls for Proposals under its two pillars - Productivity and Innovation in Firms (Pillar I); and Enhancing the Business and Innovation Climate (Pillar 2). To date, two Calls for Proposals were issued under Pillar I. The first, sought to identify BSOs that are committed to supporting cluster initiatives. The second sought to identify cluster initiatives that can help Caribbean firms to grow, generate employment and export to new markets. The Pillar II Call for Proposal sought to identify, from each eligible country, at least three priority business climate reform projects, that represent public sector, private sector and civil society consensus. With these call concluding, the CCPF has short-listed projects from each call that are the most commensurate with the objective of the Facility and is preparing to develop these proposals into full project documents that will be eligible funding through the CCPF.
- 2.3 To convert pipeline projects into fundable proposals, CCPF, under Pillar I, will be required to support the eligible countries with preparation of cluster-related Project Concept Notes (PCNs); and Technology Extension Services (TES) pilot project proposals. Evidence from developed and developing countries alike has shown that the establishment of an effective delivery system for TES can improve the competitiveness of indigenous firms, especially SMEs. Under Pillar II, CCPF expects to receive pipeline projects for approximately 39 priority business climate reform projects, which must be elaborated into detailed project proposals for funding consideration. In order to be funded, CCPF project proposals must be results-focused; developed based on consultation with, and inputs from, key stakeholders; reflect a sound understanding of local and regional business environment; and integrate gender and diversity, climate change, and regional integration considerations. Institutional strengthening projects must be based on sound capacity development principles; and all projects must include an explicit sustainability strategy. Given that CCPF is very demand driven, the requests for technical assistance will vary widely according to the priority needs of the beneficiaries. However, the short-listing process, particularly for business climate reforms, included at least one project per country to ensure that the most vulnerable countries receive a sensible form of technical assistance based on their submitted proposals.
- 2.4 For the most part, the benefitting countries lack the capacity to develop projects in accordance with CCPF's eligibility criteria². In addition, some of the proposed projects may require very specific and specialized inputs that are not available in the region, or may demand additional trips to the field and/or consultations. This technical cooperation aims to bridge this capacity gap, by enabling the contracting of specialized consultants to design fundable projects in very specific subject areas that cannot be covered by internal resources. In addition, CCPF aims to develop and disseminate specific KPs (i.e. in the area of gender and PSD), which will contribute to bridging knowledge gaps; and increasing beneficiaries' understanding and ownership of, and levels of participation in, CCPF-financed initiatives. These KPs are (i) a gender study to assess what is the demand for technical assistance for innovation amongst women led firms and how best the program can support the delivery of this assistance to such

² With respect to country capacity and balance in the allocation of resources, it must also be noted in March 2017, the Strategic Annual Review Committee for CCPF decided that CCPF should (a) focus on the specific needs of the more vulnerable countries (Belize, Dominica, Grenada, Saint Lucia, Saint Kitts & Nevis, Saint Vincent and the Grenadines); (b) support gender and diversity initiatives; (c) promote climate change activities; (d) foster the strengthening of institutions; and (e) promote scalability.

firms and (ii) a study on how the CCPF can design interventions to address constraints to private sector development identified in the 2014 Proteqin firm-level survey (e.g. access to finance). Inputs from subject matter specialists will be required for the development of these KPs. Dissemination and knowledge exchange related to these KPs will be done using resources budgeted from the CCPF's administrative TC (RG-T3023) which have been allocated specifically for this purpose.

- 2.5 In addition, this technical cooperation will complement ongoing programs³ aimed at improving the region's project management capacity. The Consultants, engaged under this TC will use a very participatory approach in the development of projects. The use of a participatory approach will ensure that projects developed represent the priority needs of the intended beneficiaries; will increase local ownership; and facilitate transfer of knowledge in project preparation from the consultants to the participating stakeholders.
- 2.6 This TC is consistent with the Update to the Institutional Strategy 2010-2020 (AB-3008) and is aligned with the development challenge of productivity and innovation indicated in the Innovation, Science and Technology Sector Framework (GN-2791-3). The Program is also aligned with the cross cutting themes of: (i) gender equality and diversity; and (ii) institutional capacity and rule of law.

III. Description of activities/components and budget

- 3.1 This TC will finance services of an intellectual nature, including professional fees, travel and other relevant costs associated with engaging the services of specialists to assist CCPF with the timely preparation of project proposals and the development of KPs. The estimated cost of implementation is USD 270,000 which will be financed by the CCPF. Given the relevant small nature of the assignments it is envisioned that only individual consulting services will be used.
- 3.2 **Component I: Design of Cluster Competitiveness Improvement Plans to Productivity and Innovation in Firms.** This component will finance the development of a comprehensive cluster capacity improvement plan for the cluster project selected for funding through a competitive process (the call for cluster proposals will close on Oct.31,2017). This participatory planning process is critical to build momentum and reach consensus among cluster members and related stakeholders and takes generally 60 to 90 days. This component will also finance the gender research and related knowledge product needed to empower business women in increasing competitiveness of women-owned private sector firms. Finally, the Regional Policy Dialogue (RPD) on Technology Extension Services (TES) in Jamaica in August 2017 created an interest among several government and business support organisations to increase access to TES for SMEs. Given the number of different options to service delivery and financing, CCPF will design a pilot and approach various institutions for implementation.
- 3.3 **Component II: Design of Project Proposals to Enhance the Business and Innovation Climate.** This component will finance project development and design expertise for the timely completion of at least 10 business climate reform project proposals on behalf of the CCPF that satisfy the eligibility criteria for funding. Additionally, based on the final outputs of the proposals, a knowledge product will be

³ For example, in June 2017, the Caribbean Development Bank launched a regional policy and project management training initiative targeted to approximately 450 participants.

developed and disseminated amongst indigenous institutions to build their capacity in submitting fundable project to the CCPF for technical assistance. The proposals will be developed based on the short-listed submissions received by the CCPF.

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Design of Cluster Capacity Improvement Plan (CCIP), TES pilots to improve productivity and innovation in SMEs, and gender knowledge product to empower business women in increasing the competitiveness of the Caribbean private sector	Consultancies to developed Cluster Project Concept Notes	50,000	0	50,000
	Gender research and knowledge product	40,000	0	40,000
	Support for the design of Technology Extension Services pilot	25,000	0	25,000
Sub-total Component 1			0	115,000
Component 2: Design of project proposals to enhance the Business and Innovation Climate	Consultancies to develop Business Climate Reforms Projects	120,000	0	120,000
	Development of Knowledge Product	35,000	0	35,000
Sub-total Component 2				155,000
TOTAL				270,000

IV. Executing agency and execution structure

- 4.1 The execution of this TC will be carried out by the Bank, through CCPF's Facility Coordination Unit (FCU), working in close collaboration with the relevant IDB specialists and the applicants for funding. For projects that satisfy the screening criteria, CCPF will determine the expertise and effort required to prepare complete project proposals; the contribution which can be made by the FCU team and IDB specialists; and the gap to be filled by external expertise. With respect to the development of KPs, CCPF will prioritize the KPs to be generated; determine the objective and scope of research required; and the external expertise required to conduct the research, generate and disseminate each KP
- 4.2 The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources (HRD) Complementary Workforce Policy (AM-650).
- 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).

V. Major issues

- 5.1 The most significant risk to achieving the planned objective is failure to attract consultants with the required blend of knowledge and experience. To mitigate this risk, TORs will be carefully crafted ex-ante, and will clearly outline the required breadth and depth of analysis, and qualifications and experience of the consultant(s). Advertising of the TORs will be done where specialized inputs are required. Also, a team comprising FCU staff and IDB specialists will make technical inputs into the project development process, and will review and exercise quality control over the consultants' deliverables.
- 5.2 To ensure that projects developed represent the priorities of the applicants, the consultants are required to actively involve local stakeholders in the project preparation process. FSU will also work in close collaboration with the applicants who will review and provide sign-off on each of the consultant's deliverables.

VI. Exceptions to Bank policy

- 6.1 No exceptions to the Bank's policies are envisioned.

VII. Environmental and Social Strategy

- 7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C" (See [Safeguards Policy Filter Report](#) and the [Screening Form](#)).

Required Annexes:

- Annex I : [Results Matrix](#)
- Annex II: [Terms of Reference for Pillar 1 and 2 Project Design](#)
- Annex III: [Terms of Reference - Gender KP](#)
- Annex IV: [Procurement Plan](#)

PROJECT DEVELOPMENT SUPPORT – ASSISTANCE TO MORE VULNERABLE COUNTRIES AND OPTIMIZING PACE OF
PROGRAM IMPLEMENTATION

RG-T3126

CERTIFICATION

I hereby certify that this operation was approved for financing under **Compete Caribbean Partnership Facility (CCP)** through a communication dated October 3, 2017 and signed by Goro Mutsuura (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$270,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

CERTIFIED BY:

Original Signed

10/20/2017

Sonia M. Rivera

Date

Division Chief

Grants and Co-Financing Management Unit

ORP/GCM

APPROVED BY:

Original Signed

10/20/2017

Claudia Stevenson

Date

Jefe Interina de División

División de Competitividad e Innovación

IFD/CTI