

## **Appendix 1: TERMS OF REFERENCE**

### **Terms of Reference – The Development of a Regional Strategy and Implementation Plan for the Effective Promotion of Investment Opportunities within CARIFORUM**

#### **1. BACKGROUND INFORMATION**

##### **1.1. Beneficiary countries**

CARIFORUM Region: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago

##### **1.2. Contracting Authority**

Caribbean Export Development Agency

##### **1.3. Relevant background**

The proposed activity is being undertaken through the provision of funding assistance by the European Union in the context of the 10th European Development Fund (EDF). Caribbean Export, as the main beneficiary of the funding assistance has been charged with the implementation of a Regional Private Sector Development Programme (RPSDP) and has targeted as one of its priority areas, the development and initial implementation of a Regional Investment Promotion Strategy (RIPS).

The overall objective of the Regional Private Sector Development Programme is to contribute to the gradual integration of CARIFORUM countries (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago) into the global economy. More specifically, the objectives of the RPSDP are: a) Enhancing Competitiveness and Promoting Innovation among CARIFORUM's Private Sector; b) Promoting Trade and Export Development among CARIFORUM States; c) Promoting stronger trade and investment relations among CARIFORUM and French Caribbean Outermost Regions (FCORs) as well as European Union (EU) Overseas Countries and Territories (OCTs) in the Caribbean; and d) Promoting stronger trade and investment cooperation between CARICOM and the Dominican Republic (DR). There is also a complementary objective of strengthening the institutional capacity of Caribbean Export to implement trade and investment promotion programmes in the region through its export development programming and

through support to the Caribbean Association of Investment Promotion Agencies (CAIPA).

CARICOM Member States have the platform of the Revised Treaty of Chaguaramas on which to craft a regional investment strategy. CARICOM has established a Special Technical Team on Investment (STTI) and is preparing a legal instrument called the CARICOM Investment Code (CIC) which will form one basis on which those Member States facilitate and promote investments intra regionally. Associated with the CIC will be an annex which will provide a Model Investment Template for facilitating and promoting Investment from outside CARICOM. Of note, while this is the case for CARICOM, similar mechanisms or processes are not currently underway for CARIFORUM.

#### **1.4. Current state of affairs in the relevant sector**

##### **1.4.1 Introduction**

Governments are aware that investment (both local and foreign) plays a critical role in the economic development of their economies. Investment is an integral part of the national income and developing countries that lack the resources to fund their own development must look to foreign capital to augment domestic sources. This has been a strategy used by countries in the Caribbean over the years and the high levels of foreign capital flows into the Region have resulted in ranking of several territories in the Region as “high performers” in the attraction of FDI by the World Investment Report, a publication of the United Nations Conference on Trade and Investment (UNCTAD). Indeed, for many of the countries in the region, the proportion of FDI attracted is very high relative to the size of the GDP. The Caribbean economies have been able to attract as much as US\$6.7 billion in 2008, rising from US\$1.7 billion in 1997.

However, the global financial crisis that started in 2008 has had a significant adverse impact on the flows of FDI to the Caribbean, more-so than in other parts of the world. As a direct result of the crisis, FDI to the region declined by approximately 54% in 2009; FDI to the rest of the world declined by 33% in that year. In addition, while FDI inflows to developing countries contracted in 2009 and then experienced growth thereafter, this has not been the experience of the Caribbean in general. This situation warrants further investigation and the development of a strategy to address the challenges being faced. The information garnered from the Investor Perception Survey that was undertaken in early 2013 can provide some guidance in the development of this strategy. There is also much insight into the business environment as it relates to the matter of incentives that can be garnered from a 2013 study benchmarking incentives in CARIFORUM against those of the region’s major competitors.

There is a need to address concerns related to the FDI Promotion Policies within the region. Worldwide, countries have sought to increase their ability to attract FDI by

improving their business environment. The World Bank has indicated a strong correlation between improvements in the business environment and the attraction of increasing flows of FDI. The countries of the Caribbean have seen however, a reduction in their business environment rankings in the World Bank's Doing Business Report, relative to those of their major competitors. If the Caribbean is to attract higher levels of FDI, a strategic approach to the targeting and promotion of investment into the region must include a programme of action related to business climate reforms. Any effort in this area must build on the work currently being undertaken by the IDB's Compete Caribbean under the Caribbean Growth Forum (CGF) initiative.

An investment promotion strategy for the region must also consider initiatives being undertaken by CAIPA to enhance the capacity of regional investment promotion agencies, enabling them to provide the required support services to investors.

It has been posited that investors and site selectors view the region as a single option in the development of a long list of investment locations. Collaborating to promote the Caribbean for investment and coordinating FDI attraction policies within the region could help to enhance the image of the Caribbean as a suitable destination for investment and increase the likelihood of any one territory within the region becoming the selected destination for an investment project. Other regions are currently exploring or implementing similar strategies, such as the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), the Southern Mediterranean (ANIMA Network) and the Baltic Region, to name a few.

For the Caribbean, a regional approach to FDI attraction can also aid in the realization of the objectives of integration, with the strengthening of the region as an economic bloc and economies of scale realized in the utilization of scarce resources for investment promotion.

It is against this background that the development of a regional investment promotion strategy for the Caribbean is being proposed. This strategy must consider the existing challenges to regionalism, including the various strengths and weaknesses of the countries within the Caribbean and the need for financial support for the strategy's implementation.

#### **1.4.2 Definition of Investment Promotion**

Investment Promotion is defined by Wells and Wint (2001, p. 4) as "activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors." It is the act of marketing a country or a region in an effort to attract and retain investors, both local and foreign. For the purposes of these terms of reference, this definition of investment promotion will be utilized.

### **1.4.3 Regional Context**

Within the Caribbean, at the national level, the mandate for investment promotion resides with the national or quasi national Investment Promotion Agencies or relevant departments within Ministries of Trade, Commerce, Development and Investment. For the majority of the region's territories, these entities are primarily new, under 7 years of existence, under-resourced (both financially and in terms of human capacity) and often operate without a defined strategy for the promotion of investment.

At the regional level, the Caribbean Community Secretariat is responsible for facilitating the coordination and harmonization of the investment policy framework for CARICOM States within the context of their eventual integration into a common economic space. Additionally, the mandate of Caribbean Export Development Agency was expanded in 2005 by the CARIFORUM Council of Ministers beyond export development and promotion to include investment promotion. The aim of the Agency is to provide support to the Investment Promotion Agencies of CARIFORUM in the promotion of the region as an ideal location for investment.

Also at the regional level, the Caribbean Association of Investment Promotion Agencies (CAIPA) functions as an umbrella Association for investment promotion agencies (IPAs) as well as other relevant Ministries and bodies within the Caribbean at the national level that have been charged with the promotion of investment. CAIPA was launched in 2007 and seeks to focus its attention on facilitating the capacity building of its members through training workshops and best practice missions, joint investment promotion, policy advocacy and research. The membership of CAIPA includes the 15 member states of CARIFORUM and 4 overseas independent countries and territories of the Netherlands and the UK, namely, Curacao, the Cayman Islands, Montserrat and the Turks & Caicos Islands. Given the significant synergies between the investment promotion mandate of Caribbean Export and that of CAIPA, it was agreed that Caribbean Export would serve as the Secretariat for CAIPA.

The development and refinement of a Strategy and Implementation Plan for the promotion of the region for investment will undoubtedly be led by these two organizations.

### **1.5. Related programmes and other donor activities:**

The development of this strategy is proposed within the context of related activities being undertaken by Caribbean Export as support to the promotion of the Region as an ideal location for investment. Funding for these activities is provided under the EU's Regional Private Sector Development Programme (RPSDP) that is being administered by Caribbean Export and forms a part of the Competitiveness and Innovation programme

on behalf of the member states.

Other related activities are also being undertaken by the Inter-American Development Bank, the World Bank and the CARICOM Secretariat, among others.

## **2. OBJECTIVE, PURPOSE & EXPECTED RESULTS**

### **2.1. Overall objective**

The development of a Regional Investment Promotion Strategy is a key element of Caribbean Export's work programme under the overall objective of the Competitiveness and Innovation component of the RPSDP. Under this component, the objective is to enhance Competitiveness and to encourage Innovation among CARIFORUM's private sector with the aim of promoting sustainable regional development.

Progress towards this outcome is assessed in several areas, one of which is the development and initial implementation of a Regional Investment Promotion Strategy which will be guided by an established Regional Investment Promotion Steering Committee. This Strategy should present a programme that synergizes the efforts currently being made by the IPAs of CARIFORUM to attract and retain investors to the region, presenting an approach that encourages collaboration and allows stakeholders to focus more on complementary activities that promote the region as a whole for investment.

### **2.2. Purpose**

The specific purpose of this contract is the development of a Regional Investment Promotion Strategy, Implementation Plan and Budget for the effective promotion of investment opportunities within CARIFORUM.

### **2.3. Results to be achieved by the Consultant**

The consultant is expected to deliver the following results:

- A location audit that examines the investment needs and potential of the CARIFORUM region, global and regional FDI trends and external influences providing a SWOT analysis of the region as an investment location, detailing the specific industry dynamics underlying external opportunities and threats and the issues to be addressed, as well as an analysis of competing locations and an assessment of target industries and sources of investment, clearly detailing industry compatibility with the region;
- On the basis of the aforementioned, a regional investment promotion strategy document of not more than 30-50 pages, clearly detailing the focus of the strategy, the sectors to be targeted in the short to medium term, the

promotional approaches and concepts to be used and the needed changes in, among others, the investment and business operating environment of the region that are required to support the strategy;

- A detailed time bound implementation plan specifying the activities to be undertaken to effectively implement the strategy, the responsible parties, the budget and funding requirement for a period of three years to support strategy implementation, as well as a monitoring and evaluation framework to evaluate the impact of strategic interventions;
- National and regional consultations in the development of the strategy and implementation plan;
- A handbook of best practices, including an analytical framework for the selection and ranking of transformational sectors to be used by IPAs in the development of national investment promotion strategies;
- Training of the national IPAs in the region based on the handbook of best practices and in the use of the analytical framework

### **3. ASSUMPTIONS & RISKS**

#### **3.1. Assumptions underlying the project intervention**

- ✓ CARIFORUM members have the political will to engage in the development and implementation of the regional investment promotion strategy;
- ✓ The agreed consultations will be undertaken within the timelines programmed, that is, national IPAs and other key stakeholders respond in a timely manner to requests for consultations;
- ✓ The relevant stakeholders are able to come to a consensus regarding the identified sectors/subsectors/niches and the strategies proposed;
- ✓ The relevant stakeholders do not have competing strategies and have similar investment frameworks and legal instruments as bases on which to craft a regional investment promotion strategy; and
- ✓ The models proposed and adopted are relevant to the culture and context of the region.

#### **3.2. Risks**

The risk is that the above-mentioned assumptions are not fulfilled and as a consequence the anticipated results and objectives of the project may be compromised.

The management of expectations associated with this project's output and potential impact will be a critical element of this assignment.

### **4. SCOPE OF THE WORK**

#### **4.1. General**

4.1.1 Caribbean Export is seeking the professional services of a strategy expert with experience in investment promotion to develop, with the guidance of the Regional Investment Promotion Steering Committee, a Regional Investment Promotion Strategy and Implementation Plan.

Specifically, the services provided will result in the achievement of objectives detailed in item 2.3 of this Terms of Reference. The strategies proposed should include a mix of both proactive and passive approaches, involving all the key stakeholders for the immediate, medium and long-term.

To achieve this, it is expected that the consultant will undertake the following:

1. Analyse international market conditions and structure, global and regional FDI trends, undertake a SWOT analysis of the region as an investment location and the issues to be addressed to enable the region to capitalize on its strengths, benchmarking the region against competing locations and determining its competitiveness as an investment location. A review and assessment of global best practices in regional investment promotion should be included to guide the development of a recommended strategy for CARIFORUM.
2. Based on the findings of the analysis above
  - a. Develop target list of sectors/subsectors/industries/niches that is compatible with the region;
  - b. Identify targeted sources of investment;
  - c. Select and rank strategic transformational sectors/subsectors /industries /niches for promotion in the region based on a defined analytical framework;
  - d. Identify emerging and new sector opportunities;
  - e. Highlight the competitive advantages of the region in the sectors/subsectors/industries/niches identified;
  - f. Make recommendations for the positioning of the region in at least four (4) of the sectors/subsectors/industries/niches identified detailing the key messages and unique selling propositions (USPs). This component will seek to answer the following questions: “How do we position the CARIFORUM region as an ideal location for investment?” and/or “How do we position the strategic transformational sectors in the region for investment?”;
  - g. Design a Targeting Strategy to include the strategic decision makers (investors) within a defined geographical and/or sectoral targeted group, as well as the media. This segment should include a list/profiling at least 15 key

- targets per selected and agreed sectors/ subsectors/ industries/niches for strategic targeting by Caribbean Export/CAIPA;
- h. Design a Lead Generation Strategy that considers the mobilization of the overseas offices of CARIFORUM members, joint participation at trade fairs and the hosting of an annual regional investment forum, among others. This Strategy should include the development of a matrix of coordinated promotional activities that could be executed over a 3 year period;
  - i. Design a re-investment strategy that seeks to target existing regional investors for expansion projects or investment in new projects; and
  - j. Design a Communications Strategy that considers advertising, direct marketing, PR, promotional events, the use of social media and networking, the mobilization of the Caribbean diaspora, among others.
3. Prepare an Implementation Plan that identifies the key executing agents in the Strategy, activities to be undertaken, timelines for implementation and an indicative budget, as well as a Monitoring and Evaluation Framework to assess the impact of the strategic interventions.

The recommended Strategy for CARIFORUM should also be informed by the recently completed Investor Perception Survey 2013, as well as the study that seeks to benchmark Investment Incentives in CARIFORUM among those of major competitors, also of 2013 and the CAIPA Strategic Plan 2014-2018, inter alia.

#### **4.1.2. Geographical area to be covered by the Consultant**

**15 CARIFORUM states**

#### **4.1.3. Target groups**

Investment Promotion Agencies, Government entities, private sector organizations and regional/national bodies focused on investment promotion and that provide support to the investment promotion mandate.

#### **4.2. Specific activities**

4.2.1 In order to realize the objectives and results, the Consultant will be specifically required to undertake the following tasks in 2 Phases:



## **Phase 1 – Competitiveness Assessment and Strategy Development**

The broad areas to be addressed include:

1. An evaluation of global FDI trends and emerging opportunities in investment, matching these with the priority sectors for investment in the region. The goal is to validate the sectors identified as priority focus and/or to recommend others. The consultant is required to propose the top transformational sectors and sub-sectors/niches within each sector for focus at a regional level, substantiating these with relevant criteria for selection, possibly based on growth projections, competitiveness data/benchmarking analysis, societal impact, likelihood of success, among others;
2. Recommending the most appropriate and effective promotion strategy to be employed for the region and/or priority sectors and subsectors/niches identified. The recommended strategy should be developed with the aim of increasing the image and perception of the region as an ideal place for doing business in the priority sectors identified. The strategies suggested should include a mix of both proactive and passive approaches and should involve but not be limited to a targeting strategy, a lead generation strategy, a reinvestment strategy and a communications strategy. An assessment of global best practices in regional investment promotion should inform the recommended strategy for CARIFORUM.
3. The production of a Diagnostic Report of 1) above and a draft strategy document, presenting these to the Regional Investment Promotion Steering Committee. The feedback provided by the RIPSC will serve to validate the proposed priority sectors/subsectors/industries/niches, the proposed positioning of the region and the recommended strategies for the promotion of the region.
4. The recommendations will then be presented at a workshop of stakeholders to determine next steps.

### **Outputs for Phase 1:**

- Inception report
- Diagnostic report
- Recommendations for Phase 2
- Extensive regional consultations: The consultant is expected to undertake a regional consultation programme that involves travel to all 15 member states of CARIFORUM during this phase; 2 face to face meetings with the RIPSC at a regional location; and 1 consultation with key regional stakeholders at a location within CARIFORUM.

## **Phase 2: Implementation Plan Development**

Phase 2 will entail the preparation of a comprehensive Regional Investment Promotion Implementation Plan and a Monitoring and Evaluation Framework, a draft of which will be presented to relevant regional stakeholders at a second workshop for comments and endorsement. The Plan will include a summary of the main priorities, responsible and lead agencies, time frames for execution and estimated resource requirements, as well as a mechanism to monitor implementation.

The Plan will also detail the work that relevant stakeholders will be required to undertake in order to effectively execute the strategies proposed in Phase 1. This will include initiatives geared towards a regional strategic communication and public education programme, research and the development of an appropriate framework for the attraction of investment (policy, legal, regulatory and institutional).

The consultant is also required to develop the contents for a handbook/guide to best practices in the development of investment promotion strategies, to be utilized by regional IPAs in the development of national strategies and provide training to IPAs in this area.

### **Outputs for Phase 2:**

- Implementation Plan and Monitoring and Evaluation Framework for the Regional Strategy
- Contents for the Investment Promotion Strategy Handbook for CARIFORUM countries
- Regional consultations: The consultant is expected to undertake at least 1 consultation with key regional stakeholders at a location within CARIFORUM.
- Training for the IPAs on the development and implementation of national investment promotion strategies.

## **4.3. Project management**

### **4.3.1. Responsible body**

The Caribbean Export Development Agency will be responsible for the management and coordination of this project.

### **4.3.2. Management structure**

The Manager, Competitiveness and Innovation will retain overall responsibility for the project and will report the performance of the project to the Executive Director. Day-to-day supervision of the activities of the project is the responsibility of the Senior Advisor for Investment Promotion (based in the Dominican Republic).

### **4.3.3. Facilities to be provided by the Contracting Authority and/or other parties**

Not applicable.

## **5. LOGISTICS AND TIMING**

### **5.1. Location**

CARIFORUM

### **5.2. Commencement Date & Period of implementation of tasks**

The intended commencement date is 18 November 2013. The period of implementation for this contract is 120 days. The contract will end on 31 August 2014.

## **6. REQUIREMENTS**

### **6.1. Personnel**

#### **6.1.1. Key experts**

For this assignment, the following 3 experts will be required:

- i. Lead expert with experience in investment promotion strategy development (120 man days\*)
- ii. A branding /location marketing expert (20 man days\*)
- iii. A junior researcher (80 man days\*)

*\*indicative man days for key expert*

The key experts should, together, have the following:

#### **Qualifications & Skills**

1. Graduate degree in business, economics, international marketing or related field
2. Proven experience in research and analysis
3. Expertise in developing and implementing marketing and public relations strategies with particular focus on location marketing and branding
4. Familiarity with the development of investment promotion strategies
5. Excellent oral and written communications skills with fluency in written and spoken English.

#### **General Professional Experience**

1. Minimum ten (10) years' experience in international marketing
2. Knowledge of the challenges related to sustainable development in the Caribbean
3. Solid experience in formulating sectoral and macro-level frameworks at a regional level
4. Experience in the development of national and/or regional investment

promotion strategies

5. Experience in developing and implementing marketing and public relations strategies with particular focus on location marketing/branding
6. Experience working with national policy-makers and investment promotion agencies within CARIFORUM would be an asset.

#### **6.1.2. Other experts, support staff & backstopping**

As required.

#### **6.2. Office accommodation**

Not applicable

#### **6.3. Facilities to be provided by the Consultant**

The Consultant shall ensure that additional experts, if required, are adequately supported and equipped. In particular, the Consultant shall ensure that there is sufficient administrative, secretarial and general support for each additional expert to enable the Consultant to concentrate on his/her primary responsibilities. The Consultant must also transfer funds as necessary to support the activities under the contract and to ensure that all employees are paid regularly and in a timely fashion.

#### **6.4. Equipment**

No equipment is to be purchased on behalf of the Contracting Authority/beneficiary countries as part of this service contract or transferred to the Contracting Authority/beneficiary countries at the end of this contract. Any equipment related to this contract which is to be acquired by the Contracting Authority/beneficiary countries must be purchased by means of a separate supply tender procedure.

### **7. REPORTS**

#### **7.1. Reporting requirements**

The consultant will submit the following reports:

- Report 1 - Inception report that details the methodology to be employed in undertaking this assignment, a preliminary assessment of global trends and emerging opportunities in investments and a preliminary outline of the diagnostic report, to be delivered within 3 weeks of undertaking this assignment (9 December 2013);
- Report 2 - Diagnostic report to include a more detailed analysis of global trends in FDI to inform the recommended priority sectors, sub-sectors and/or niches

and the supporting justification; the recommended marketing and promotion strategy for CARIFORUM, as well as information on the global best practices in regional investment promotion. Recommendations for Phase 2 should also be included. This report is to be delivered by 31 March 2014.

- Report 3 - A PowerPoint Presentation of the Diagnostic Report and Draft Strategy that will be presented to stakeholders should also be delivered by 18 April 2014.
- Report 4 – Updated Diagnostic Report and Regional Strategy incorporating comments from stakeholders by 16 May 2014.
- Report 5 - Implementation Plan and Monitoring and Evaluation Framework to be delivered on 13 June 2014 including log-frame analysis
- Report 6 – The contents for the Investment Promotion Strategy Handbook for CARIFORUM countries to also be delivered on 13 June 2014 (with requisite training of IPAs also scheduled on or before 30 June 2014.
- Report 7 - A Final Report that includes the Regional Investment Promotion Strategy and the Implementation Plan with all comments considered, consultants’ observations, lessons learnt and recommendations - to be submitted by 11 July 2014.

## **7.2. Submission & approval of reports**

The deliverables referred to above must be submitted to the Senior Advisor, Investment Promotion. All deliverables must be submitted in English. The Senior Advisor, Investment Promotion is responsible for approving the deliverables.

## **8. BUDGET AND PAYMENT SCHEDULE**

8.1 The total cost of the consultancy will not exceed US\$110,000 which will include professional fees and other expenses incurred by the Consultant, such as for telecommunications, secretariat support etc. All approved travel (international) and related allowances will be covered by Caribbean Export, along with the costs associated with the hosting of meetings outlined in section 4.2.1.

8.2 The Consultant will be paid in the following manner, after submission of the required deliverables in original and the signed invoices to the Contracting Authority. All work must be completed to the satisfaction of Caribbean Export.

### **Payment Terms**

- (i) First payment, a maximum of 15% of the contract value, after submission and approval by Caribbean Export of an inception report, Report 1;

- (ii) Second payment of 25% of the contract value after submission and approval by Caribbean Export of Reports 2 and 3;
- (iii) Third payment of 25% of the contract value after submission and approval by Caribbean Export of Reports 4 and 5;
- (iv) Final payment of 35% of the contact value after submission and approval by Caribbean Export Reports 6 and 7.

## 9. MONITORING AND EVALUATION

### 9.1. Definition of indicators

Performance on the project will be measured by timely submission of the deliverables outlined in Section 4.2 and as outlined within the work plan. Feedback on each submitted deliverable is not a requirement for the continuation of the project. The project will however benefit from the feedback of members of the Regional Investment Promotion Steering Committee (RIPSC) whose comments will guide the development of project deliverables.

### 9.2. Special requirements

None.

## 10. EVALUATION CRITERIA

All submissions will be evaluated on the basis of the following:

### 10.1 Evaluation of Technical Proposals

#### Technical Evaluation Grid

Consultants	Max Score
<b>TECHNICAL SCORE</b>	<b>100</b>
<b>Organization and methodology</b>	
Rationale	20
Strategy	20
Timetable of activities	10
<b>Total score for Organization and methodology</b>	<b>50</b>
<b>Experts (Lead Expert/Brand Expert/Researcher):</b>	

Qualifications and skills	10
General professional experience	10
Specific professional experience	30
<b>Total score for Experts</b>	<b>50</b>

\*Only proposals with an average score of at least 70 points qualify for the financial evaluation.

### **10.2 Evaluation of Financial Proposals**

Financial score = (lowest total fees/total fees of the tender being considered) X 100

### **10.3 Evaluation of Technical and Financial Proposals**

The most economically advantageous tender is established by weighing technical quality against price on a 70/30 basis.

An Evaluation Committee will be established comprising members of the Caribbean Export and the Regional Investment Promotion Steering Committee.