

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Strengthening the investment, innovation and business climate in the Caribbean
▪ TC Number:	RG-T4201
▪ Team Leader/Members:	Dohnert De Lascurain, Sylvia Eva (IFD/CTI) Team Leader; Stevenson, Claudia (IFD/CTI) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Alex Sanchiz (IFD/CTI); Grant, Kayla Sharee (IFD/CTI); June Alleyne (IFD/CTI); Liana Welch (IFD/CTI); Maria Alejandra Galeano (IFD/CTI); Taylor, Delicia (INO/SMC); Wayne Elliott (IFD/CTI); Zephrene Millard (IFD/CTI) Zephrene Millard (IFD/CTI) Sanchiz (IFD/CTI); Grant, Kayla Sharee (IFD/CTI); June Alleyne (IFD/CTI); Liana Welch (IFD/CTI); Maria Alejandra Galeano (IFD/CTI); Taylor, Delicia (INO/SMC); Wayne Elliott (IFD/CTI); Zephrene Millard (IFD/CTI); Segree, Terry-Ann Sharlene De Lascurain, Sylvia Eva (IFD/CTI) Team Leader; Stevenson, Claudia (IFD/CTI) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Alex Sanchiz (IFD/CTI); Grant, Kayla Sharee (IFD/CTI); June Alleyne (IFD/CTI); Liana Welch (IFD/CTI); Maria Alejandra Galeano (IFD/CTI); Taylor, Delicia (INO/SMC); Wayne Elliott (IFD/CTI); Zephrene Millard (IFD/CTI); Segree, Terry-Ann Sharlene (IFD/CTI);
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Barbados, Belize, Guyana, Jamaica, The Bahamas, Suriname, and Trinidad and Tobago
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Economic Growth(W2F)
▪ IDB Funding Requested:	US\$1,250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	December 2022
▪ Types of consultants:	Individuals and Firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law; Gender equality

II. Objectives and Justification of the TC

- 2.1 The objective of this TC is to promote improvements in the business climate that will foster increased private sector investment and innovation in the small, English and Dutch speaking Caribbean countries that are members of the IDB (CCB + Belize). The project will support Caribbean governments in identifying and advancing business climate reforms that increase returns and/or lower the risk of private sector investment and innovation, by providing non-reimbursable resources to draft policies and regulations that will clarify regulatory gaps, provide institutional strengthening to accelerate public decision-making processes and increase transparency, enhance

inter-agency coordination and better equip public institutions to implement policies, regulations, and private sector development programs.

- 2.2 The six Caribbean IDB member countries' GDP grew at an annual average of 1.67%¹ from 2000 to 2019, and experienced a contraction of 12.31% during 2020, due to the COVID-19 pandemic's impact on economic activity, particularly tourism. In 2021, these countries grew at 1.37% on average. Belize, which is also included in this project, grew at an average of 3.48% from 2000 to 2019, and decreased by 16.75% during 2020, rebounding to 9.75% in 2021, but with lower growth expected during 2022 (WEO April 2022 data). The very low long term average growth trend of CCB countries in particular is not enough to support increases in the quality of life of their populations.
- 2.3 Different publications analyzing low GDP per capita growth rates in the Caribbean pinpoint low Total Factor Productivity (TFP) growth as a major reason for the region's persistent low rates of growth, with aggregate TFP declining in some countries, and businesses exhibiting slow productivity growth relative to other countries.² Research that compares the Caribbean vis-à-vis the rest of the world's small economies³ to explore probable causes, pinpoints weak institutions and a poor business environment as stymying investment by private sector firms. This research highlights less efficient labor and product markets, with corporate activity dominated by a few business groups, deficiency of policies promoting competition, a tax structure that creates disincentives to work and invest, rules that discourage Foreign Direct Investment (FDI), and difficulties in being able to attract and retain talent. It also takes more time and costs more, to start a business, obtain permits, employ workers, register property, pay taxes, trade across borders, enforce contracts, and close a business in the Caribbean than in other small economies. Moreover, many more businesses in the Caribbean across all sizes complain of difficulties to access finance when compared to those in the other small economies. Caribbean businesses also invest less in research, development and innovation activities compared to the other small countries. More recent research describes the different ways that these aspects of the business environment affect productivity at the firm level.⁴
- 2.4 Despite some progress having been made in the Caribbean business environment since this analysis, the investment climate remains more difficult in the Caribbean than in many other small economies of the world.⁵ The COVID-19 crisis made some aspects of the business climate even more difficult, for example further constraining access to finance, particularly for small firms and for women-owned and/or operated

¹ This average excludes Guyana, which has become an oil producing country.

² Mooney, Rosenblatt and Garcia-Zeballos (2021:3). Caribbean Quarterly Economic Bulletin: Digital Infrastructure and Development in the Caribbean.

³ [Ruprah, Melgarejo and Sierra \(2014\). Is there a Caribbean Sclerosis? Stagnating Economic Growth in the Caribbean](#). Small economies are defined as those with less than 3 million in population.

⁴ See chapters 2, 3, 4 and 5 about Barriers to Innovation, Access to Financing and Innovation, Competition and Innovation, and Foreign Direct Investment and Productivity in Dohnert, Crespi and Maffioli (eds.) 2017. [Exploring Firm Level Innovation and Productivity in Developing Countries: The Perspective of Caribbean Small States](#).

⁵ In most cases, it is not that the investment climate in the Caribbean has become more difficult. Rather, other small countries improved their business climate significantly, as measured by the Distance to the Frontier indicator of the World Bank's Doing Business report, while the Caribbean has progressed much more slowly.

firms.⁶ Globally, COVID-19 has also highlighted the importance of greater digitalization of public services and strong governance principles to regain citizens' public trust to revive and transform the enabling environment⁷ – these recommendations also hold for the Caribbean. Graph 1, shows the World Bank's 2020 Distance to Frontier (DTF) score for the seven countries that would benefit from this project. The DTF captures the gap between an economy's performance and a measure of best practice across the entire sample of indicators related to doing business (labor market regulation indicators excluded),⁸ with 100 indicating that the country is closer to the frontier of best practice for that indicator. The graph shows that Caribbean countries have common challenges, with the most difficult areas being getting credit, enforcing contracts, protecting minority investors, resolving insolvency, and registering property. There is also variability among countries – for example Jamaica is much closer to the frontier in getting credit and starting a business than the other countries. A difficult business environment affects social wellbeing. Research using data for the 189 economies covered by the Doing Business report finds that business-friendly regulation is correlated with a lower poverty head count at the economy level. This association is significant using Doing Business data on getting credit and enforcing contracts.^{9,10}

Graph 1.

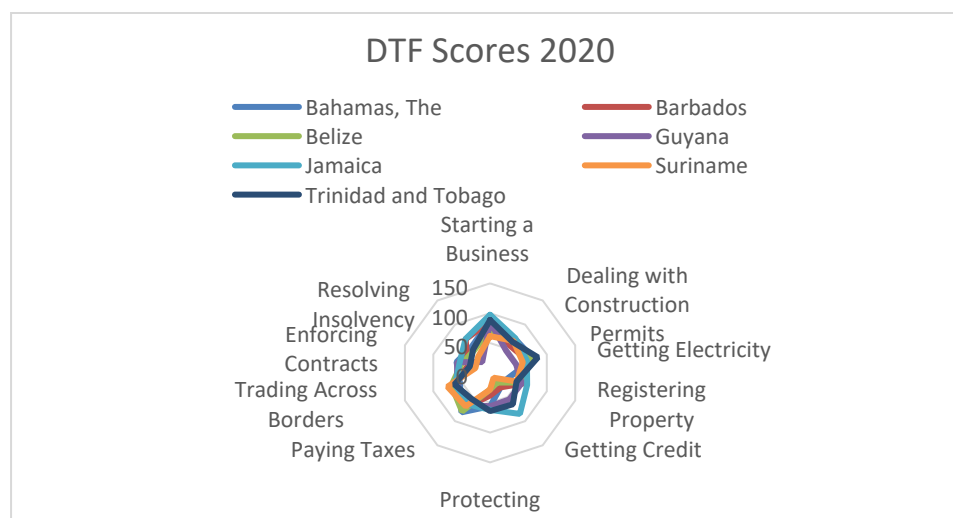
⁶ Mooney, Rosenblatt, Clayton, Graham, Richardson, Acevedo and Pereira (2022:2). Caribbean Economics Quarterly: Finance for Firms: Options for Improving Access and Inclusion.

⁷ The Global Competitiveness Report (2020). Special Edition: How Countries are Performing on the Road to Recovery. World Economic Forum.

⁸ See methodology in [World Bank \(2014\). Distance to Frontier and Ease of Doing Business Ranking.](#)

⁹ Djankov, Simeon, Dorina Georgieva, and Rita Ramalho. 2018. "Business Regulations and Poverty." Economics Letters 165 (April): 82–87.

¹⁰ Despite the halt in the publication of the DB report since 2020, the DB indicators continue to be the most useful indicators to measure the evolution of business climate conditions in the Caribbean as compared to other countries. [Alternative indicators](#) to the World Bank (WB) Doing Business (DB) data, such as: [new business density](#) in the World Bank's Entrepreneurship Database (ED), the [WB Logistics Performance Index](#) (LPI), and the [Worldwide Governance Indicators](#) (WGI), are not useful for the Caribbean, as: (i) very few Caribbean countries are included in these databases, if at all (for example, NO Caribbean countries are represented in the WGI); (ii) if represented, the last datapoints were for 2018 (for example in the LPI), and data was collected only sporadically; and (iii) the data collected reflected outcomes (for example, new business formation in the ED) rather than the reasons that may lead to those outcomes (length of processes and cost). The DB methodology is being revised by the WB and the new methodology will become available in 2023 and will most likely integrate conversions to enable comparison to past DB scores.



- 2.5 The business environment may affect women business owners, workers, investors and decision-makers in ways that may not be well captured by these global indexes. According to the International Labour Organization's research on business environment and gender globally, women business owners may face different policy and legal rights (women's legal discrimination), administrative framework for implementation (gender-biased outcomes of laws in practice) and institutional arrangements for public decision-making that leave out the views of women business owners and women workers (voice and representation).¹¹ Accordingly, a program enhancing the business climate must examine gendered biases in women's access to finance and markets, land and property rights, and business registration and informality, as limited control over assets, discriminatory practices and smaller sizes (and informality) negatively affect women owned businesses' capacity for growth. In addition, social norms and customary practices, as well as women's ability to participate in public-private dialogue and decision-making, can affect the wider policymaking process critical to women's empowerment. Some of these issues have been found to impact women-owned firms in the Caribbean, particularly the absence of support mechanisms for women entrepreneurs, societal attitudes to what is considered accepted roles for women, and perceptions of gatekeepers at financial institutions.¹² Women owned businesses are much more credit constrained and access a fraction of the medium-to-long-term loans (by volume – 1.3% overall) supplied in the Caribbean, and the average size of their medium-to-long-term loans is one tenth of the average size of medium-to-long-term loans to men owned firms. These very large differences cannot be explained either by the proportion of women-owned businesses in the Caribbean (20%) or by their average size as compared to men-owned firms (women owned businesses are on average half the size by employment of men owned firms) ¹³.
- 2.6 Finally, as countries seek to comply with their National Determined Contributions (NDCs) committing to emission reduction targets for Green House Gases (GHG), they

¹¹ [International Labour Organization \(2021\). Putting Gender at the Heart of Business Environment Reform.](#)

¹² Lashley, Smith, Thomas (forthcoming). Enterprise Marginalisation and Gender: Tracking the Experiences of Caribbean Women Entrepreneurs (2015 to 2018). IDB (research financed by Compete Caribbean).

¹³ Mooney, Rosenblatt, Clayton, Graham, Richardson, Acevedo and Pereira (2022:2). Caribbean Economics Quarterly: Finance for Firms: Options for Improving Access and Inclusion.

will define policies that will significantly shift the market environment for businesses (for example climate adaptation policies, water, land and energy use policies and frameworks, forest and coastal management frameworks, agricultural policy, transport and urban infrastructure policy, use of Exclusive Economic Zones¹⁴, low carbon development strategies, strategies for carbon sequestration and emission reduction). Carbon-emissions regulations will burden certain companies, industries, and sectors more than others, and businesses will need to adapt accordingly. Climate considerations will therefore also affect the business environment.

- 2.7 Compete Caribbean, a multi-donor partnership between the Inter-American Development Bank, the United Kingdom's Foreign and Commonwealth Development Office, the Caribbean Development Bank and the Government of Canada has been supporting governments across 13 countries in the Caribbean with institutional strengthening and legal, regulatory and policy reforms to develop new industries and/or enhance the business climate. Although the Doing Business methodology is being revised by the World Bank, calculations using their DTF calculator indicate that at least 5 countries will improve their DTF scores related to interventions supported by the Compete Caribbean Partnership Facility in its second phase (2017-2024) in the areas of business registration ([ATN/CO-17566-BL](#): Leveraging digital technology for improving the business climate in Belize; [ATN/CO-17734-RG](#): Improving the business and innovation climate and capacity to attract investment in OECS member countries; [ATN/CO-17734-RG](#): Leveraging digital technology to improve the business climate in Suriname), access to finance ([ATN/CO-16195-GY](#): Implementation of a secured transaction regime and green business framework in Guyana; [ATN/CO-17021-JA](#): Strengthening the intellectual property ecosystem to increase innovation, competitiveness and growth in Jamaica; [ATN/CO-17323-RG](#): Establishment of a credit bureau in the Eastern Caribbean Currency Union), construction permits, and protecting minority investors.¹⁵ In addition, Compete Caribbean has supported line ministries and investment attraction agencies in the development and implementation of strategic action plans to develop new sectors, such as business process outsourcing/global sector services ([ATN/CO-17242-JA](#): Jamaica Global Process Outsourcing Project), medical tourism, and the blue economy ([ATN/CO-16734-BH,ATN/OC-16732-BH,ATN/OC-16733-BH](#): Support for economic diversification in The Bahamas; [ATN/AC-17795-BH,ATN/CO-17793-BH,ATN/OC-17794-BH](#): Supporting a comprehensive renewable energy program and institutional reform in The Bahamas; [ATN/CO-17589-BA](#): Strategic roadmap for the Blue Economy in Barbados; [ATN/CO-18645-TT](#): Promoting the blue economy for sustainable economic recovery in Tobago; [ATN/CO-19166-BL](#): Development of the Blue Economy of Belize), in different Caribbean countries. Compete Caribbean has also supported public policy and public institutions that strengthen the entrepreneurship and innovation eco-systems in several countries ([ATN/CO-17246-JA](#): Support to Jamaica's Innovation Ecosystem for Promoting

¹⁴ Examples taken from the NDCs of Barbados, Belize, The Bahamas, Jamaica, Guyana, and Suriname. Trinidad and Tobago has not yet submitted an NDC.

¹⁵ The other 8 countries received support in strengthening institutions not captured by the DB methodology, for example dispute resolution, quality infrastructure, intellectual property regimes, strengthening of export and/or investment attraction agencies, or of new public agencies developing new sectors (for example the Blue Economy). In addition, during phase I of the Compete Caribbean Program (2010-2017), Jamaica jumped dramatically in its Doing Business scores related to Access to Credit and global score, in part due to Compete Caribbean's support in shortening the time to register a business and in developing a comprehensive Secured Transactions' framework.

Innovative Firms; [ATN/CO-17566-BL](#) Innovation Platforms for Social and Economic Impact in Belize; [ATN/CO-17896-RG](#): Strengthening the Entrepreneurship and Innovation Ecosystems in the OECS; [ATN/CO-18718-RG](#): Support to Caribbean Startups and Innovative Firms in the Blue Economy), as well as institutions promoting clusters and the insertion of Caribbean businesses into global value chains ([ATN/CO-18582-RG](#): Capacity Building of the Caribbean Tourism Organization to implement community-based tourism clusters and stimulate innovation in the new normal; [ATN/CO-18193-BL](#): Supporting technology adoption for financial inclusion and sustainable growth of the Belize smart sugar cane cluster; [ATN/CO-17772-RG](#): Experiential learning of cluster development best practices in small and vulnerable countries; [ATN/CO-16399-RG](#): Strengthening value chains in the Caribbean; [ATN/CO-19210-RG](#): Strengthening the implementation capacity of Caribbean blue economy clusters and value chains). More recently, Compete Caribbean has supported technology adoption by the region's firms in its most important sectors (agro-processing, manufacturing and tourism), and is providing support for the blue economy and essential sectors ([ATN/CN-17624-RG](#): Technology Extension Services in the Caribbean; [ATN/CO-19130-RG](#): Technology Extension Services in the Caribbean Blue Economy and Essential Services Sectors).¹⁶

- 2.8 This TC is consistent with the Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2), by supporting improvements in the business environment which are aligned with the strategic goals of: (i) Strengthening Institutional Capacity and the Rule of Law; and (ii) Fostering Increased Productivity and Innovation in Caribbean countries. The TC is also aligned with the priority areas of Effective, Efficient and Transparent Institutions of the Ordinary Capital Strategic Development Program (W2C) (GN-2814-14) by strengthening institutional and policy quality as well as service delivery and policy implementation, and with the Science and Technology Sector Framework Document (GN-2791-13) by enhancing an environment that enables firm innovation and technology-based entrepreneurship. Finally, the TC is consistent with the Ordinary Capital Strategic Development Programs (OC SDPs) for Countries (GN-2819-1) by supporting Caribbean countries in developing more effective, efficient and transparent institutions (Priority Area 3) and fostering inclusive economic growth (Priority Area 6).
- 2.9 This TC is also aligned with the Barbados (2019-2023) country strategy's focus on strengthening the regulatory environment and government processes to foster a more open and competitive business climate, promoting innovation and a greater use of technologies; the Belize (2022-2025) country strategy's priority of private sector productivity and sustainable growth, with a focus on MSMEs; The Bahamas' (2018-2022) country strategy's focus on fostering an enabling environment for private sector competitiveness, with an emphasis on improving the ease of doing business, innovation, and access to finance¹⁷; Guyana's (2017-2021) country strategy's focus on facilitating private sector development; Jamaica's (2022-2026) country strategy's strategic area of reactivating the productive sector for sustainable growth; Suriname's (2021-2025) country strategy's strategic area of promoting private sector

¹⁶ Compete Caribbean projects are linked to nearly US\$1 billion in IDBG lending to the region, including some IDB-Invest loans.

¹⁷ Complementary to [3340/OC-BH](#), which is supporting legislative reform frameworks to improve the regulatory environment.

competitiveness, and Trinidad and Tobago's (2021-2025) country strategy's focus on promoting digitalization to support economic transformation.

III. Description of components and budget

3.1 Component 1: Enhancing the business and investment climate (US\$550,000).

This component will engage consultants to support governments in CCB countries and Belize to: (i) review, advise and draft legal, regulatory and policy frameworks that strengthen the business environment; and (ii) support the capacity of institutions responsible for executing legal, regulatory and policy frameworks, in the following areas: (i) reducing the time and/or cost of accessing finance, starting a business, registering property, obtaining permits, trading across borders, protecting minority investors, resolving conflicts, resolving insolvency and others – this can include institutional strengthening support for example to business registries, construction permitting agencies, land registries, customs offices, financial regulators and other public institutions involved in the business environment; (ii) drafting legislations and policies, and/or strengthening public institutions that can facilitate e-government and e-business transactions (for example, regulations for data privacy, e-signature, fintech, as well as strengthening of public regulators); (iii) enhancing labor and product markets (for example, competition policy/regulation, policies around tax incentives, strengthening of policies and institutions to attract foreign direct investment (FDI), etc.); (iv) formulating policy-making in the areas of business climate and investment, including institutions charged with data collection and with stimulating public-private dialogue (for example, helping to design and set up competitiveness units, economic/policy teams working on business climate and investment agendas, strengthening statistical offices' capacity to collect data on the private sector); (v) defining policies to reduce business climate barriers for women-owned businesses and to advance gender equality in the business climate; (vi) defining policies related to meeting NDCs that will affect businesses – for example legislation, policies or institutional strengthening related to carbon taxes or to facilitate the participation of Caribbean countries in global carbon markets, (vii) defining policies or regulations to enable activity in new growth sectors for the economy, or to promote investments (for example Public Private Partnerships), and strengthening institutions involved in these sectors, and (viii) institutional strengthening in any of the aforementioned areas. This component may also finance IT systems (when appropriate) related to improving the speed and lowering the cost (to businesses) of government decision-making.

3.2 Component 2: Strengthening the environment for dynamic private sector development (US\$575,000).

This component will engage consultants to diagnose, recommend and provide technical support to policies and programs to build the capacity and/or effectiveness of public institutions fostering private sector development in the following areas: (i) development of new economic sectors with growth potential (remote work, blue economy, tech-enabled sectors); (ii) strengthening the national and/or regional innovation ecosystems (tech transfer offices, innovation agencies, incubators and accelerators, VC funds); (iii) improving the creation and diffusion of knowledge among private actors (quality infrastructure systems, intellectual property rights systems, R&D mechanisms, university-private sector collaborations, technology extension programs); (iv) fostering mission-oriented, private sector solutions to public and/or social problems; (v) designing and implementing programs that advance gender equality for women owned businesses; and (vi) programs to support businesses to participate in global carbon markets, or to undertake mitigation or adaptation measures. This component may finance partial

implementation of the recommended programs, as well as institutional strengthening. To promote gender equality in the activities financed by this TC, this component will engage consultants to: (i) conduct a gender assessment; and (ii) diagnose, recommend, and provide technical support to policies and programs to build the capacity and/or effectiveness of public institutions fostering private sector development to foster gender equality.

- 3.3 **Component 3: Communication and Evaluation (US\$125,000).** This component will engage consultants to support the projects financed by Component 1 or Component 2 with communications/sensitization campaigns to stimulate user consultation and stakeholder buy-in of new policies, legislation, or programs. The component will also finance monitoring and evaluation of the activities and projects financed under the TC.
- 3.4 **Gender mainstreaming:** the roll-out of the activities financed by this program will ensure: (i) gender sensitivity analysis to determine whether the problem that the policy/regulation or public program being financed is manifested differently on women owned businesses; (ii) public-private dialogue and consultations organized around the policy/regulatory frameworks being drafted or design of public programs that substantially represent the voices of women business owners¹⁸; (iii) including impact on gender as one of the criteria for eligibility and selection in the calls for proposals (see paragraph 4.1); (iv) focusing activities on business environment issues that disproportionately affect women owned businesses; (v) designing public business development programs to support gender equality of women-owned businesses. Communication surrounding the calls for proposals will be aggressively promoted to associations representing women in business (of which there are a few) and public agencies examining gender issues – for example Gender Affairs Bureaus to encourage proposals that benefit gender equality of women owned businesses. The gender assessments financed under Component 2 will support a deeper understanding of gender equality issues and the incorporation of specific mechanisms to promote gender equality in the activities financed by this TC.
- 3.5 **Budget:** The total cost of the TC is US\$1,250,000 to be financed by the OC Strategic Development Program Window 2 - Economic Growth (W2F).

Indicative Budget

Activity/Component	IDB Funding	Total Funding
Enhancing the Business and Investment Climate	550,000	550,000
Strengthening the environment for dynamic private sector development	575,000	575,000
Communication and evaluation	125,000	125,000
Total	1,250,000	1,250,000

IV. Executing agency and execution structure

- 4.1 The execution of this TC will be carried out by the Inter-American Development Bank, through the Compete Caribbean Partnership Facility (CCPF) team based in Barbados. Projects to be financed in each of the 7 eligible countries will be identified through calls

¹⁸ Complementary to the dialogue being promoted in the Bahamas through [ATN/OC-19458-BH](#): Advancing Gender Equality and the Empowerment of Women and Girls in The Bahamas, but focused on women in business.

for proposals at the national level. These calls for proposals will include a description of the call's objectives, the criteria to evaluate eligibility and selection of the proposals, the expected timeline for selection and financing, maximum financing limits, and a clarification of activities that cannot be financed (exclusions).

- 4.2 The proposals to be presented to the Bank during the CFP period will include: (i) a description of the problem to be solved by the project; (ii) an explanation of the short-term and long-term results envisioned upon completion of the project; (iii) a description of objectives of the project, activities to be financed, budget, counterpart financing (if applicable) and timelines; (iv) a description of stakeholders involved, including efforts to ensure relevant consultation with the private sector; (v) a description of the institutional capacity of the lead agency to absorb the technical assistance being sought; (vi) an explanation of how the results achieved by the project will be sustained over time; (vii) a description of impact on women owned businesses, and ways in which the project will ensure gender-equity by involving women owned businesses during consultation and design activities; (viii) a description of impact of the project on the ability of businesses to improve climate resilience (if applicable); and (ix) communications and change management activities envisioned by the project.
- 4.3 The proposals will be evaluated by a panel composed of IDB specialists (including IDBLab and IDBInvest), and representatives of the government of each country. Reviews will be based on the eligibility and selection criteria that was included in the calls. The CCPF will work with the IDB COFs and each government to promote the calls. Although the proposals can be submitted by public, private and civil society entities, the projects financed need to involve a public entity as the lead counterpart. The CCPF will notify the results in writing to each government.
- 4.4 The CCPF will request that the official government counterparts of the IDB provide a letter agreeing on the activities to be financed, the amounts to be financed, and a non-objection to the IDB's, through the CCPF, execution of these projects by contracting the technical assistance on behalf of the counterpart institutions. Notwithstanding, the counterpart institutions are expected to participate in the drafting and/or reviewing Terms of Reference, Expressions of Interest and Requests for Proposals, and to effectively supervise consultants hired under the technical assistance being financed. No activities will be financed until the IDB has received the corresponding letter of non-objection by its formal counterpart in the respective government.
- 4.5 The CCPF has ample experience working with Caribbean governments to identify and implement business climate enhancement projects, and in coordinating with diverse stakeholders in the Caribbean. The execution and disbursement period will be 36 months and the Unit of Disbursement Responsibility (UDR) will be IFD/CTI.
- 4.6 All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services.

V. Major issues

- 5.1 From CCPF experience, limited bandwidth on the part of public counterparts, which are usually very small teams carrying out multiple tasks, can delay implementation of projects. This risk can be mitigated by having at least one on the ground consultant

supporting implementation. Depending on the type of project, this consultant will be financed by Components 1 or 2.

- 5.2 Willingness to implement reforms and alignment at the highest levels sometimes hampers progress on business climate projects. This TC will mitigate this risk by identifying projects in each country through widespread calls for proposals, which are then prioritized with the official IDB liaison counterpart in that country, with participation from the IDB country office. This approach has the added advantage of identifying a portfolio of possible projects that can expand the dialogue between the countries and the IDB.

VI. Exceptions to Bank policy

- 6.1 No exception to Bank Policy is required for this TC.

VII. Environmental and Social Strategy

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects or associated environmental and social studies, which is why it does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Results Matrix - RG-T4201](#)

[Terms of Reference - RG-T4201](#)

[Procurement Plan - RG-T4201](#)