



TERMS OF REFERENCE

Post Title: **Technical Assistance for the Development of a Regional Cohesion Policy**

Type of Contract: Consultancy

Duration: March – August 2017

Duty Station: CDF Office, with the possibility of travelling to selected Member States

INTRODUCTION

The CARICOM Development Fund was established under Article 158 of the Revised Treaty of Chaguaramas. The creation of the Fund responds to the imperative identified in Article 157 of the Revised Treaty, to urgently address the needs of the disadvantaged countries, regions and sectors to enable them “to participate effectively in the CSME and to administer international trade agreements.”¹ The core of the CDF’s mandate is aimed at promoting cohesion within the CSME. In this regard, the CDF is intended to address the needs of both the public and private sectors. In order to achieve its objective of addressing economic dislocation arising from the operation of the CSME, the CDF provides technical and financial assistance to:

- attract investment and new industries to the disadvantaged countries, regions and sectors;
- ameliorate or arrest adverse economic and social impact arising from the operation of the CSME;
- improve efficiency and competitiveness of industry; and
- achieve structural diversification and infrastructural development.

Contribution and subvention cycles as well as the timing of draw-downs are governed by Annex II of the Agreement Relating to the Operation of the CARICOM Development Fund. In particular this Annex sets contribution and subvention cycles at four years but also gives the Board the flexibility to deviate from this provision in consultation with contributors and donors.

All CDF Member Countries are eligible to receive financial and technical assistance support from the resources of the CDF. However, in recognition of the special status of the Less Developed Countries (LDCs) and Guyana when the Fund was being established, the More Developed Countries (MDCs) agreed not to avail themselves of the resources during the first contribution cycle (July 2008 – December 2012). Of note, the first contribution cycle was extended to June 2015 to facilitate Member States accessing the Fund.

Examples of regional integration from other regional unions show a clear recognition of the importance of institutions that help to mitigate the destabilizing effects of unfettered market access where the aim is cohesion. In the case of the European Union (EU) there has been the European Regional Development Fund (ERDF), the Integrated Mediterranean Programme (IMP) and several other more targeted funds such as the European Social Fund, the Cohesion Fund, the Financial Instrument for Fisheries Guidance and European Guidance and Guarantee Fund. These have operated by funding programmes based on empirically defined indicators of development that are constantly compared to the EU average. Within the CSME, though the basis for accessing CDF resources is determined by the Agreement, there is still a need to develop more operationally oriented indicators especially in the context of “disadvantaged regions and sectors”. It is therefore imperative that we develop a more evidenced-based approach to not only help identify regions and countries in need of assistance, but also to predict the fallout which may be experienced by certain groups of persons, industries, communities and sectors in the event of agglomeration forces coming into play.

¹ CARICOM – Caribbean Community; CSME – Caribbean Single Market and Economy

While theories on economic development abound, the literature on economic divergence within the Caribbean (and more specifically within the CSME) is limited. One explanation blames the underdevelopment of some Caribbean countries on breakdown in governance structures and the rule of law caused by political instability.² Another places more emphasis on macroeconomic conditions and policies within individual states to explain the divergence of growth and development indicators over the decades.³ There is need for a comprehensive review and investigation into the factors contributing to economic development taking into account the advent of the CSME and the unique challenges that MDCs and LDCs will have to face in the process of integration. More research needs to be conducted to critically observe and compare the disparities between CSME nations so as to aid a more informed and scientifically sound approach to addressing these developmental issues in the region.

Against this background and to more definitively outline the conditions and criteria for cohesion interventions in Member States, the CDF in collaboration with the CARICOM Secretariat is in the process of developing a regional Cohesion Policy together with an Implementation Plan for the policy. The terms of reference for the development of these key policy instruments are outlined below.

BACKGROUND AND CONTEXT

The Caribbean Community (CARICOM) currently has fifteen Member States, including the independent countries of the Commonwealth Caribbean: (Antigua & Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Jamaica; Trinidad & Tobago; St. Kitts & Nevis; St. Lucia; and St. Vincent and the Grenadines) Haiti, Montserrat and Suriname. The Bahamas and Montserrat are not members of the CSME. Haiti has acceded, but its CSME obligations have been waived for several years following the January 2010 earthquake. There are also five Associate members which are overseas territories of the United Kingdom: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands

With the advent of integration and globalisation, there come dislocations of people and services. Primarily in the context of the CSME, there is more direct adverse impact on the vulnerable groupings in society. Regional integration has long been seen as a response to protect the small, vulnerable economies of CARICOM from the effects of globalisation and the emergence of trade blocs.

The impacts of agglomeration affect disproportionately the lives of men, women and youth. In areas where industrialisation is predominant, women and youth are seen as more vulnerable to being unemployed or underemployed. It is worth noting that for cohesion interventions to be effective, they must be tailored to the needs of the beneficiaries. Thus,

² DaCosta, M. 2007. Colonial Origins, Institutions and Economic Performance in the Caribbean: Guyana and Barbados. *IMF Working Paper 07/43*. International Monetary Fund: Washington DC.

³ Henry, P and Miller, C. 2008. Institutions vs. Policies: A Tale of Two Islands. *NBER Working Paper 14604*. National Bureau of Economic Research: Cambridge MA.

when vulnerable groupings are not actively engaged throughout the process the interventions can rarely produce effective results.

The establishment of the CDF is based on the principles of addressing the economic and social disparities brought about by globalisation and the implementation of the CSME, and this requires the coordination of national development strategies and regional development policies. One of the ways to achieve this is to influence at the highest level the inclusion of cohesion in national development strategies.

The goal of the Regional Cohesion policy is first is to ensure convergence and cohesion; and second to enhance sub-regional competitiveness and employment. With respect to the first objective, the focus is on countries and regions lagging behind in development terms, as well as on reducing disparities in disadvantaged countries, regions and sectors. In relation to the second objective, the primary focus is on economic and social convergence as well as training systems and employment policies. More specifically, these broad objectives would tend to be targeted at: creating growth and jobs; reducing social exclusion; correcting economic and social imbalances across regions.

The CDF will be responsible for overseeing the implementation of the Regional Cohesion policy upon its adoption by the relevant Community organs.

OBJECTIVES OF THE ASSIGNMENT

To develop a Regional Cohesion policy and an implementation strategy that will support regional integration and development policies.

SPECIFIC OBJECTIVES

- To undertake a Situation Analysis of current development policies in the region that would identify and provide a comprehensive overview of the main issues hindering integration and the growth and development gaps caused by globalisation and the implementation of the CSME.
- To develop a Regional Cohesion policy to include indicators for Member States to qualify for Cohesion intervention at the country, region and sector levels, building on work already completed under the auspices of the CDF.⁴ The policy should include measures to overcome barriers and gaps that have been identified in the Situation Analysis phase of this assignment. It will be concise, have clear objectives and strategic areas of intervention, which will be used as an overall framework for implementation by the CDF, with support from the CARICOM Secretariat.

⁴ The Revised Treaty of Chagaramus has defined the Countries to benefit from cohesion intervention by them being Disadvantaged and HIPC

- To develop an implementation plan that will put the Regional Cohesion policy into practice. The implementation plan will include the main activities under the policy's strategic areas of intervention, the implementing actors, the time schedule, key indicators against which progress can be measured, and a budget.
- To facilitate validation of the Regional Cohesion Policy and Implementation Plan by the Committee of CARICOM Ambassadors and their adoption by the COFAP and Heads of Government.

SCOPE OF SERVICE

Activity 1: Inception Report

The consultant(s) will have a debriefing meeting with the CDF and an Advisory Working Group on Cohesion Policy) to discuss the assignment in detail and achieve a common understanding of the work to be undertaken and the deliverables required.

The consultant(s) shall then proceed to develop an inception report within 2 weeks, which will describe the clear and detailed concept, analytical framework, methodology, tools, and execution plan for undertaking the assignment. The report will also include a list of documents, date/work schedule and information needed to analyse the status of policies relevant to regional development/integration, as well as a list of key stakeholders to be consulted and/or interviewed and countries that will be selected for a scoping mission. The CDF, CARICOM Secretariat and the Advisory Working Group shall provide comments on the report. The final inception report would be the guide book for the assignment following its approval by the CDF.

Activity 2: Situation Analysis

Following the methodological framework laid down in the inception report, the Situation Analysis is to provide an overview of the current state of affairs and policies within the CARICOM region with respect to economic and social cohesion. It will look at the gaps and barriers causing economic and social disparities in disadvantaged countries, regions and sectors, identify and assess the current expertise levels within relevant implementing institutions and ministries to implement the Regional Cohesion policy and action plan, and look at past and existing interventions aimed at closing the disparity gaps i.e. aimed at achieving socio-economic cohesion.

More specifically the situation analysis should include:

- Identification of barriers that vulnerable groupings face and requirements to achieve full competitiveness in their economic pursuits
- Identification of barriers to equal participation and access to opportunities for vulnerable groupings, including gaps in national policies, budgets and practice, and in access to key resources, including finances (capital), land, education, and technology.

- Assessment of current economic and social cohesion policies in CARICOM, their impacts in reducing disparities
- Assessment of currently ongoing cohesion efforts and their results in Member States, as well as key lessons learnt from past efforts
- Assessment of existing cohesion expertise, competence and identify required capacity building/development within the implementing institutions and national line ministries
- Present recommendations for the way forward

Activity 3: Policy Development

Based on the Situation Analysis, develop a practical and concise Regional Cohesion policy. The policy will serve as the overarching framework at the regional level for the CDF and national level for the economic ministries (ministries responsible for developing and implementing national development strategies). The CARICOM Secretariat will have a supporting role, providing assistance to the implementing parties and ensuring that the Regional Cohesion policy is aligned to the overall objective of the Secretariat's Strategic objectives and national priorities of Member States. The final policy document will be validated at a meeting of the Advisory Group on Cohesion Policy.

Thus, under this activity, the consultant(s) shall:

1. Develop a concise policy that is in line with the outcomes of the Situation Analysis and hence propose objectives and measures to address the main gaps and barriers to closing disparities in disadvantaged countries, regions and sectors that are identified in strategic areas of intervention
2. Develop the institutional framework within which the policy will be placed, with a clear definition of the roles and responsibilities of the various parties involved
3. Manage the policy validation process in close consultation with the CDF and CARICOM Secretariat. The validation process will consist of several rounds of comments: a) presentation of the first policy to the project stakeholders (CDF, CCS and Advisory group) for comments; b) developing a second draft policy based on the comments received from the project stakeholders, which will be presented for review by a selected group of experts; and c) development and presentation of the final draft for final comments and questions at the Ministerial Meeting; and d) making sure the comments are well reflected in the final policy document.

Activity 4: Develop the Implementation Strategy

Also based on the Situation Analysis and in line with the national strategies, develop a practical Implementation Plan that puts the policy into practice. The Implementation Plan will serve as the guidebook for actions to be taken to achieve the policy goals and objectives. The CDF will lead the management and monitoring of the implementation plan, with support from the CCS.

Thus, under this activity, the consultant(s) shall:

1. Develop a concise, clear and practical implementation plan, which is in line with the policy document and the strategic areas of intervention identified. The implementation plan will for each of the areas of intervention list their objectives, the actions to be taken, the responsible actors, and the timeframe and deadline for implementation.
2. Set a baseline and develop key indicators for each of the strategic areas of intervention to be able to monitor (country) progress and to be used as selection criteria for cohesion interventions.
3. Provide an estimated break-down budget for the actions to be taken under the implementation plan
4. The Implementation Plan will be developed alongside the policy document and will be part of the same validation process as the policy document. Both documents are to be validated by the CDF and adopted at the Ministerial level.

TIMELINE OF ASSIGNMENT

The assignment is expected to take about 120 (man) days, starting March 2017. The consultant would propose an appropriate project implementation plan for effectively completing this assignment.

	Item	Target delivery date	Indicative number of days	Location
1.	Draft inception report		2	(satellite)
2.	Final inception report		2	(satellite)
3.	Situation Analysis		30 (10 days for scoping)	(CDF office) – may require scoping missions
4.	Draft Regional Cohesion policy and strategy document		30	(CDF office)
5.	Report of the validation workshop (including validation workshop)		16 (including workshop)	(CDF office)
6.	Final policy document and operation strategy document		40	(CDF office)
	Total		120	

LANGUAGE OF WORK

The document will be prepared in English.

PROJECT MANAGEMENT

The assignment will be managed and administered by the CDF based in Barbados, and the CCS. The Consultant(s) will report to the CDF, for whom the main liaison person will be the Senior Economist.

FORM AND EVALUATION OF PROPOSALS

Form of Proposals:

Technical Proposal:

- Description of the expert or expert team
 - Detailed CV (annexes)
 - List of references of assignments with similar scope and focus (annexes)
- First outline of the inception report
- Description of approach, methodology, process management and reporting
- Implementation plan including expert diagram indicating the working days of the offered experts

Financial Proposal:

- a. Personnel Costs: budget table according to the expert diagram (showing the individual daily fees of the experts in US\$)
- b. Other costs (eg. travel costs of selected Member States, transportation - air and land, accommodation, telephone etc.)

Evaluation of proposals:

The best offer will be determined as follows:

- 1) 70.0 per cent: Quality of technical proposal
 - a. Professional experience and profile of consultant/team (see below)
 - b. Quality of technical document (approach, methodology, suggested process and reporting framework)
- 2) 30.0 per cent: Financial proposal
 - a. For the evaluation of the best financial offer the following costs will be considered:
 - i. Personnel cost
 - ii. Other costs

The lead expert (or the team) is expected to have the following profile:

- Advanced university degree in development studies, economics, public policy or a closely related field;

- At least 10 to 15 years of experience at the strategic level and high level engagement in strategic planning activities in social and economic cohesion; consulting experience in the public and private sectors;
- Relevant experience and involvement in Cohesion policy development;
- Involvement in complex assignments with similar scope and focus;
- Sufficient knowledge of the CARICOM, the CDF, regional policies and regulatory frameworks;
- Ability to undertake research and lead strategic dialogue on key development issues;
- Ability to coordinate inter-disciplinary teams and manage complex assignments in a multi-cultural setting;
- Strong problem solving, communication, research and analytical writing skills;
- Fluency in English

PAYMENT TERMS

The consultant will be paid in phases upon completion and submission of key deliverables.

The payment schedule will be as follows:

10.0 per cent of the contract sum will be paid to the consultant upon submission of a satisfactory final inception report

15.0 per cent of the contract sum to be paid upon submission and acceptance by the client of a comprehensive situational analysis report

20.0 per cent of the contract sum will be paid upon submission and acceptance by the client of a comprehensive draft Regional Cohesion policy

25.0 per cent of the contract sum will be paid upon submission and acceptance by the client of a comprehensive draft Implementation Plan for the Cohesion policy

30.0 per cent of the contract sum will be paid upon submission and acceptance by the client of the final policy and implementation plan documents

DEADLINE

Offers should be submitted by e-mail in electronic form (PDF-format) at latest by 17 February 2017 to opportunity@caricomdf.org