

TRADE AND INVESTMENT FACILITATION PROGRAM IN BELIZE

TERMS OF REFERENCE

Updated March 27, 2024

Consulting Service to prepare Belize's Global Digital Services Investment Policy with focus on the Orange Economy

Duty Station: Remote
Project Number: BL-L1040
Loan No.: 5582/OC-BL
Process ID: BL-L1040-P00026

1. Background

Small economies, like Belize, typically rely on their external sector for growth. Investment and trade performance responds to a variety of factors like market access, taxation, regulations, and infrastructure. While Belize has made some progress in some of these areas including substantial market access with major markets (US, EU, CARICOM, and Central America), and a fiscal exemptions regime for Foreign Direct Investment (FDI), there are other factors that are contributing to low FDI flows and limited international trade competitiveness in Belize. The country faces long and cumbersome processes that increase investment and international trade costs. In addition, there are insufficient resources and technical capacity to promote investment in Belize, and its export basket comprises goods typically exported by countries with lower levels of income.

The Trade and Investment Facilitation Program is a response to the low investment flows and limited international trade competitiveness faced by Belize. The general objective of the program is to promote Belize's foreign direct investment and trade performance. The specific objectives are to:

- (i) improve investment facilitation through simplification, standardization, and automation of key investment procedures;
- (ii) improve the investment promotion tools and MSMEs internationalization through the strengthening of the trade and investment institutional apparatus; and
- (iii) improve trade facilitation through simplifying, standardizing, and automating key trade processes.

The program is comprised of three (3) components that will support achievement of the objectives:

Component 1. Facilitate Investments in Belize through the Implementation of a Single Investment Window - This component will contribute to simplifying and automating key investment procedures through the implementation of the Single Investment Window

Component 2. Investment Promotion and Export Development - This component seeks to increase the positive spillovers of FDI in the local economy through the improvement of investment promotion programs and the development of a new suppliers' program to accelerate MSMEs internationalization, which will promote the growth of direct and indirect exports of the local firms in Belize.

Component 3. Trade Facilitation - This component will contribute to reducing delays associated with administrative trade procedures by strengthening trade facilitation through the implementation of a Foreign Trade Single Window.

This consultancy is aligned to Component 2, because it will increase the FDI and promote growth in exports. Belize has identified the Business Process Outsourcing (BPO) sector as a priority sector for economic recovery after the pandemic. The BPO sector is one of Belize's growth sectors where it is impacting positively employment levels especially in the creation of jobs for women and youth, and the diversification of the country's export base and foreign exchange sources. The Government of Belize is prioritizing the preparation and implementation of a strategy and plan to adapt to the future demand for digital services in the global digital services sector. This is with the view to increase the BPO sector's employment base with higher tier services and to better align the current BPO sector with global growth patterns.

2. Objective of the Consultancy

The objective of this consultancy is to develop a strategic approach to transform the local Business Process Outsourcing (BPO) industry in Belize into a Global Digital Services industry, with higher tier services, to support the long-term growth of the sector. The approach is to identify measures (policies and legislation) as well as programs and activities which will facilitate an enabling environment for the development and growth of the Global Digital Services with focus on the Orange Economy in Belize to support its long-term growth and to adapt to the future global demand for digital services.

The project consists of four main elements:

1. **Diagnostic study.** Identify: i) within the global digital services industry where the country's industry stands in terms of current and future performance and to define and prioritize policy and law intervention areas; ii) the segments with higher potential growth

(KPOs, digital and visual art, tech support, software development, data analytics, entertainment among others) in Belize. The consultant should: i) categorize the digital sectors, including the orange economy; ii) analyze the global trends, iii) map the availability of Belizean statistics, and other sources of information like the observatory of the economic complexity. This should provide detailed micro-data to quantify and characterize the population of firms in the relevant sectors and (more) aggregate data from other countries, in general, and comparable in terms of size and level of economic development, in particular with showcase of successful experiences. The consultant should point out which statistics are not available and how they could be gathered following other countries example; iv) undertake interviews with stakeholders (public and private) to analyze the Belizean export of services (quantitative and qualitative); v) identify in Belize which incentives and programs are available for the industry (including among other tax incentives), the legal and policy framework affecting the industry and new business opportunities, among other critical factors weighting in the digital service sector investment decisions; vi) assess the financial sector and its regulations and what changes are necessary using international best practices to allow the growth of the Global Digital Services vii) Map and assess the education sector including skill development programs that support the growth of the sector into higher tier services. Provide best practices that can be implemented in Belize to properly coordinate skill development and curriculum development to support the growth of the sector, viii) Benchmark by mapping of relevant policies and practices in other (comparable) countries along with evidence on the effectiveness of such interventions. It would be useful to have a detailed analysis of a few success (and failure) cases. The previous analysis will nurture the identification Belize's status quo including bottlenecks and areas of improvement, as well as a SWOT analysis, which will be the base of the following deliverables. This must include gap analysis of challenges identified (incentives, investment promotion tools, human capital, infrastructure, legislation, trade service interconnectivity (UNCITRAL).

2. **Define a strategy** to develop the high growth segment identified before. Based on the results and insights of the diagnostic study, a strategy focusing on what to do will be developed together with the Ministry of Investment and other relevant Ministries. One of the means to diversify into higher tier services is through the support of the orange Economy within the Global Digital Services sector. To do this, it is essential to highlight the existing or needed incentives, human capital available, infrastructure needed, and review the legislation for regulatory improvement, that benefits the Orange Economy's actors and their value chains. Likewise, it is important to encourage the access to, and recognition and consumption of, the country's cultural and creative output. Segments with some of the greatest opportunities for investment include cinema, the performing and audiovisual arts, IT and software production, the publishing sector, videogames etc.
3. This will be followed by a **Global Digital Services policy** and attendant policy instruments to describe how the policy goals set out in the strategy, will be met. One of the main goals is the diversification of the sector into higher tier services. The policy design requires a clearly outlined theory of change. In other words, the design will be sustained in a solid explanation (along with an illustrative figure) of how each proposed

intervention will contribute to move the country from the initial situation to the final situation. This is also crucial for the design of the monitoring and evaluation framework which is referred to below. On other hand, for the digital sector to thrive and for Belize to develop an advantage, the digitalization of data gathering and interoperability (digital data exchange, at least) with other relevant public agencies (e.g., tax agency, customs, social security) are critical. Looking ahead, this framework must be implemented before the policies are applied.

4. The policy will include an action plan with the stakeholders and resources identification to implement it. The action plan for each segment of the policy which will include Key Performance Indicators that will assist in the monitoring and evaluation. The policy will include an internal **M&E framework** to ensure that the policy delivers the intended results. To have a proper evaluation an ex-ante impact evaluation strategy will be done.

5. After the completion of the diagnostic and the policy and strategy documents, policy makers will be **trained** and a policy infrastructure (Policy and Data Intelligence Unit) will be established, both with a view to strengthen the policy making capacity and process. This policy infrastructure will be located at the Investment Policy and Compliance Unit (IPCU), Ministry of Investment which has as one of its responsibilities to gather data of the incentive programs that it regulates and develop policies to support growth of the respective sectors. The objective of the infrastructure is to maximize the usage of the data being gathered from the growth sectors and to develop data driven policies and programs that are impactful. This infrastructure is to also allow the Ministry of Investment to monitor trends and changes in the sector and support it with proper and timely policy design. This infrastructure is to include the establishment of a Global Digital Service Intelligence Working Group chaired by the Ministry of Investment to coordinate data gathering and reform initiatives relevant to the sector and its growth. The Working Group can comprise of several government and private organizations such as the Statistical Institute of Belize, Beltraide, the Economic Development Council, the BPO Association, Labor Department etc.

3. Scope of Work

The consultant will carry out the following activities:

- a. Review of existing relevant documents related to this consultancy.

- b. Conduct meetings with key officials from BELTRAIDE, the Investment Policy and Compliance Unit, as well as with officials from the Ministry of Investment, and, if necessary, from other line ministries and institutions and key stakeholders in the Digital Sectors and Orange Economy, to have a clear understanding of the current and potential future challenges for the development of the industry in the higher tiers.

- c. A diagnostic study of the current situation of the digital service industry in Belize and international benchmark; including an analysis of the global trends. The diagnostic

- must include current challenges faced by the industry already established but also potential challenges for their growth and maturity in advanced services.
- d. Review of Belize’s legislation in cyber security, labour, intellectual property rights, education, training etc, with assessment of the critical areas of improvement based on the diagnostic study, global trends of the industry and international benchmark.
 - e. Review previous work done by other related consultancies including current consultancy work undertaken by other firms that will be provided for reference.
 - f. Develop a National Global Digital Services strategy and policy, with direct linkage to the Orange Economy.
 - g. The Strategy must include an Action Plan with identification of economic and personnel resources required, as well as the key stakeholder to be involved and their roles and responsibilities and a budget for its implementation.
 - h. A Monitoring and Evaluation (M&E) framework must be designed according to the Key Performance Indicators (KPIs) agreed.
 - i. Establishment of a policy and implementation infrastructure and training for the Ministry of Investment to strengthen the policy making process and implementation of the strategy.

The consultant will present the following deliverables:

The duration of consultancy for phase one is expected to run for approximately ten (10) months from July 1, 2024, to May 5, 2025.

Milestones	Timeframe (Weeks)
1. Desk Research, Inception Report and Workplan	2 weeks
2. Diagnostic Study	4 weeks
3. Legislation review and recommendations	6 week
4. National Global Digital Services strategy and policy, with direct linkage to the Orange Economy	12 weeks
5. Action Plan, Budget and M&E framework	4 weeks
6. Report on the Policy Infrastructure and Training/Capacity Building	8 weeks

5. Reporting Requirements and Time Schedule for Deliverables

- a. Key project deliverables and milestones must be delivered or executed on the dates proposed by the Consultant in his revised work plan. Any changes to the project

- schedule must have the express approval of the Execution Agency and the IDB.
- b. Consultant will report to Lincoln Blake or his designate in the Investment Policy and Compliance Unit (IPCU), Ministry of Investment. Coordination will be required by the Project Manager for the Central Executing Unit.
 - c. Reporting can be through Virtual Meetings or in person meetings, every two weeks or as the need may arise. E-mails are acceptable for updates and confirmations. Written reports are to be handed in after each meeting. Copies of signed reports are to be electronically submitted to
 - i. Mr. Lincoln Blake, Director, IPCU, Ministry of Investment
 - ii. Mr. Frantz Smith, – Focal Point, IPCU, Ministry of Investment
 - iii. Mr. Mario Alberto Umana – Team Leader for BL-L1040, IDB
 - iv. Ms. Shahera McKoy – BL- L1040 Project Manager in the Central Executing Unit

6. Qualifications and Experience

Academic Qualifications

- Minimum of Master's degree in science, Law, Business Administration, Economics, International Relations/Business, Political Science, Public Policy, or related field.

Experience

- Minimum General Experience of seven (7) Years
- At least five (5) years of experience in management or consultancy in the areas of digital economy, FDI, or investment policy within the last ten (10) years.
- Experience in economic analysis and forecasting for public policy design to foster investment in the digital economy with a focus on the orange economy is required. Note minimum requirement of two (2) projects related to the above subject matter developed over the past five years. References required.
- Experience in developing multi-year action plans would be an asset. Kindly provide recent references for past work clearly demonstrating experience in the subject matters above.

Skills, Knowledge, and Abilities:

- Minimum of an Intermediate proficiency in written and spoken English (provide proof if not native language e.g. a secondary school transcript, TOEFL – 75 iBT or higher, IELTS - 6.0 or higher, PTE – 60 or higher, Duolingo 105 or higher, SAT– 500 or higher, ACT – 19 or higher, B2 or higher).
- Excellent writing skills.
- Previous experience working on projects in Belize, Latin America and the Caribbean would be an asset.

7. Schedule of Payment

The estimated budget for consultancy is a fixed rate of seventy-five thousand US Dollars (75,000USD) which includes consultancy rate, travel tickets for 2 trips to Belize (estimated 6 days each) and per diem. The consultant will be paid upon submission and approval of Deliverables 1-6 as laid out in the table hereafter.

Deliverables	Payment Schedule	Payment BZ\$
Deliverable 1 - Desk Research, Inception Report, and Work Plan	10%	\$7,500.00
Deliverable 2 - Diagnostic Study Deliverable 3 - Legislation review and recommendations	25 %	\$18,750.00
Deliverable 4 - National Global Digital Services strategy and policy, with direct linkage to the Orange Economy	30%	\$22,500.00
Deliverable 5 - Action Plan, Budget and M&E framework	20%	\$15,000.00
Deliverable 6 - Report on the Policy Infrastructure and Training/Capacity Building	15%	\$11,250.00