



**JAMAICA**  
**FOUNDATIONS FOR COMPETITIVENESS AND GROWTH PROJECT**

Loan No.:8408-JM

**Assignment Title: Development of a National Investment Policy for Jamaica**

**Reference No.** (as per Procurement Plan): FCG/CON/043

Terms of Reference

**1. BACKGROUND**

The Government of Jamaica has secured a loan from the World Bank to finance a project entitled Foundations for Competitiveness and Growth (FCG). The overall objective of the project is to promote broad-based private sector-led growth, improve the investment climate, strengthen infrastructure and logistics, and enhance entrepreneurship and competitive industries. The initiatives under the project are expected to strengthen the enabling environment for private sector competitiveness to help Jamaica unleash its potential for productivity and growth.

The Project Execution Agency is the Planning Institute of Jamaica with key Project Components to be implemented by JAMPRO and the Development Bank of Jamaica. JAMPRO, in its role as Secretariat of the National Competitiveness Council (NCC) has requested assistance under Component I of the FCG project for the purpose of strengthening the policy framework for investment. This request is consistent with the FCGP Project Appraisal Document (PAD) wherein the overarching mandate of Component 1 is the enhance competition in the business environment, with a fundamental aspect of the business environment being a coherent and relevant investment regime.

Jamaica's performance in attracting Foreign Direct Investment (FDI) over the past decade reflects the impact of the Global Economic Crisis which led to the recession of 2008. Steady recovery across sectors however began in 2012, and in 2015 there was almost equal value of investments inflows to Jamaica in line with the pre-crisis years – recording a significant increase of 34% in value of investment over the previous year at a value of USD794 million. In order to maintain and increase competitiveness Jamaica must clearly define the environment and the facilitation framework for attracting investment – one that will guarantee an increase in investments and ensure inclusive and sustainable development. Regional counterparts such as Trinidad & Tobago and the Dominican Republic are positioning themselves to compete directly with Jamaica in the same sectors and are already attracting 300% of the value of Jamaica's FDI.

The country's success as a leading investment destination within the region has been informed by various national strategies and general frameworks related to specific investment activities, for example:

- National Industrial Policy, 1996
- Growth Inducement Strategy, 2011
- Growth Agenda, 2015
- Land Divestment Policy Framework and Procedures Manual, 2015
- Five-Year National Strategy for the Development of Jamaica's Outsourcing Industry, 2015
- Special Economic Zone Act, 2016

The Government of Jamaica has determined that in order to further boost the country's success in meeting and surpassing the pre-Global Economic Crisis levels of inward investment and to achieve the proposed target of 5% growth rate for Jamaica within the next four (4) years, the development of a comprehensive and overarching policy framework to guide all the relevant stakeholders' actions within the investment community would be critical.

## **2. National context**

Jamaica readily promotes its investment and exports and over the years the Government has developed and implemented various strategies designed to encourage growth. Foreign direct investment (FDI) is seen as a key driver for economic growth in Jamaica and the country has been undertaking significant structural reforms to improve its investment climate. The country has set as its goal the achievement of developed country status by 2030. This is outlined in the National Development Plan dubbed "Vision 2030". The country's efforts, particularly via the implementation of the Business Environment Reform Agenda (BERA), have been met with some level of success as evidenced by the continual improvements in the Doing Business Report – Jamaica was ranked 65<sup>th</sup> in the 2016 Report.

A change in administration after the February 2016 national elections brought further amalgamation of the Government's efforts with a dedicated Ministry of Economic Growth and Job Creation, headed by the Prime Minister. The objective was to create a hands-on-approach to drive development and growth primarily through investment and expedite the advances made in the ease of doing business and public sector reforms.

Informed by the Tanzanian model<sup>1</sup>, Jamaica intends to mobilize investment, ensuring that it contributes to sustainable development by developing and implementing a national investment policy. This will provide the framework to significantly boost the country's ability to secure the levels of investment that will support the government's developmental goals. A national investment policy for Jamaica would therefore result in a coherent approach to investment and in turn strengthen the country's efficiency and effectiveness in attracting and facilitating investment in Jamaica.

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<sup>1</sup> The National Investment Promotion Policy (NIPP) was employed in 1990 to boost the Foreign Direct Investment (FDI) inflows in the country. In 1996, the NIPP evolved and the enactment of Tanzania Investment Act came into being in 1997, where focus was on further boosting the investment-climate and fostering economic growth and development. Nevertheless, the United Republic of Tanzania immediately saw significant increase in their FDI inflows from (NIPP), for example between 1992 and 1995 FDI rose from US\$12 million to US\$150 million. Additionally, in 2014 FDI covered half of the country's current account deficit and approximately 6.5% of its GDP and according the World Investment Report 2016, Tanzania received an estimated US\$1,532 million in FDI inflows for the year 2015.

JAMPRO will particularly benefit from the guidance of such a policy document as it interacts with the other relevant government entities in the normal course of investment promotion and facilitation. Additionally, the policy will provide a documented framework to guide the relevant ministries, departments and agencies (MDAs), as well as the private sector and civil society actors in their various roles and responsibilities in respect of the promotion and facilitation of investors.

In addition to the domestic landscape, including the trajectory of foreign investment into the country, the development of an investment policy should take into account Jamaica's current regional and global investment frameworks and commitments. As a member of CARICOM, Jamaica is party to various treaties, spanning European, Latin American and Caribbean parties. At the bilateral level, Jamaica is party to seventeen (17) investment treaties, which have sought to promote and protect investment within the parties. As the country continues to pursue policies to leverage the benefits afforded by these legal frameworks, and attract sustainable investment, special consideration needs to be given to the country's growth trajectory and priorities.

Ultimately, the national investment policy will increase the country's regional and global competitiveness and become a viable tool, in keeping with the National Development Plan - Vision 2030, to help Jamaica meet its sustainable economic development goals.

The request for assistance with the development of the National Investment Policy is being made under the FCGP given the critical role which investment plays in enhancing competitiveness and growth.

### **3. PURPOSE OF THE CONSULTANCY**

The consultancy for the National Investment Policy is aimed at positioning Jamaica as a major player within the global investment community. It will establish a comprehensive policy framework that will guide the development, administration and monitoring of the investment community; so as to ensure cohesion among all related initiatives, programmes, incentive regimes and stakeholder contribution.

### **4. OBJECTIVES OF THE ASSIGNMENT**

The main objectives of this assignment are the following:

- a. Review Jamaica's current investment environment, including but not limited to assessing relevant policies, legislative framework, regional and international frameworks, existing investment-related strategies, the role of agencies impacting investment in Jamaica
- b. Make recommendations to address each target sector of focus for Jamaica
- c. Draft a Policy Framework
- d. Draft a Green Paper
- e. Propose an Action Plan for the implementation of the Policy
- f. Define an investment monitoring mechanism

### **5. SCOPE OF SERVICES**

In order to prepare the policy document, the consultant will be required to undertake research, including literature review, as well as analyze and assess the existing local policy frameworks

and global best practices. Critically, consultations with relevant Ministries, Departments and Agencies, and other key stakeholders, including the private sector and civil society, in respect of the policy in an effort to bring coherence to the policy's development must be undertaken. The Consultant will receive input from the PSC on the stakeholders to be consulted.

Specifically, the Consultant would be required to undertake the following in keeping with the annexed outline:

1. Prepare an indicative action plan with recommended timelines, and level of administrative actions and support needed.
2. Define key terms related to investment, particularly in the context of Jamaica.
3. Outline the current trends and performance of the investment climate, in particular providing a global context of FDI and also the general direction in which it is developing or changing in Jamaica over the last decade. Work must be undertaken to identify the trends related to Jamaica's investment inflows and out flows as well as geographical source, composition and sectoral distribution.
4. Outline the main components of investment policies and/or frameworks that have been successful around the world and from which Jamaica's policy may be benchmarked. This may include legislation, administrative frameworks or other type of practice in countries that have successfully attracted high levels of FDI in similar sectors.
5. Determine the impact of the investment in Jamaica based on key indicators including, but not limited to Capital Formation, Employment, Talent Development, Technology and International Trade.
6. Provide a matrix and an analysis of the existing legislations and policies which current impact foreign investment in Jamaica.
7. Identify relevant best practices to develop an efficient and effective monitoring mechanism which can track the impact of FDI within the economy based on key indicators, including Capital Formation, Employment, Talent Development, Technology Transfer and Innovation and International Trade.
8. Analyse existing business processes in respect of entities that influence the investment process against global best practice in each area
9. Analyse existing investment-related strategies and policies to identify existing policy gaps thereby informing recommendations to be proposed
10. Draft clear policy recommendations regarding the local business environment, the various general and sector specific policies (both existing and pending) that are relevant to investing in Jamaica, paying particular attention to the pre and post establishment regimes.
11. Outline specific recommendations for the Policy, in particular as it relates to growth areas as identified by the government frameworks. Recommendations must also be guided by Jamaica's bilateral and multi-lateral commitments.
12. Identify and recommend considerations to guide and refine the roles and responsibilities of the various institutions in the investment promotion and facilitation process.

13. Develop an action plan and road map to guide the implementation and monitoring of the recommended policy framework.
14. Provide interim, draft and final reports to the Policy Steering Committee, including quickly flagging challenges in the policy development process.

## **6. EXPECTED DELIVERABLES**

For each deliverable, the Consultant is expected to submit an intermediate/draft report with their preliminary findings so that the Project Steering Committee can provide comments before the final deliverable is submitted. All the reports will remain confidential until the PSC decides to make public relevant information included in the reports.

The Consultant will deliver:

1. An Inception Report, which shall include a work plan with clear timelines aligned with deliverables, main activities, stakeholders to be consulted and an indicative list of main literature to be reviewed.
2. Global Best Practice Report and Comparative Assessment. Best practice in establishing a National Investment Portal shall also be explored.
3. Draft Reports for specific components of the Policy. *See Appendix I*
4. Draft and Final Green Paper in keeping with the outline to be agreed
5. A detailed Action Plan
6. A Monitoring Mechanism
7. Final Report

***The Consultant will be required to make a presentation of each deliverable to the Project Steering Committee.***

## **7. QUALIFICATION REQUIREMENTS AND CHARACTERISTICS OF THE CONSULTANCY**

### **Qualifications and Experience – Lead Expert**

The Lead Expert must possess the following qualifications:

- 10 years or more experience working on similar projects within the region
- Experience working with governments in the development of policy frameworks
- Demonstrable knowledge and experience in investment promotion, public/private dialogue.
- Knowledge of investment law, investment regimes and policy frameworks will be an asset.
- Experience working with the private sector development (e.g. addressing market and government failures, business environment, investment climate, access to finance, or other) is desired.
- Knowledge of the existing Jamaica's policy and legislative environment and of other jurisdictions as it relates to investment law and policy, is a critical requirement.
- An appreciation of the investment frameworks within Small Island Developing States (SIDS)

- A postgraduate degree in public policy, strategy, Economics or a related field with experience in strategic development and or planning.
- Demonstrable track record in meeting deliverables and deadlines for similar projects
- Excellent communications skills

The profiles of the non-key experts for this contract should include:

- Legal Expert with a graduate degree and at least 5 years of relevant experience.
- Business Analyst with a graduate degree and at least 5 years of relevant experience.

The Consultant must select and hire other experts as required according to the profiles identified in the Methodology and/or these Terms of Reference.

### Characteristics

The consultancy will have a duration of being nine (9) months. The intended start date is June 1, 2017. In addition to planned and approved visits, the Consultant shall be available by way of the telephone, e-mail and/or via the Internet and/or via video conferences.

## 8. REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

Payment will be made in keeping with the submission and acceptance of the deliverables within the stipulated timelines. In view of the Scope of Work outlined above, the following schedule is being proposed in the table below:

Name of Report	Content	Timeline for Submission	Review Period	Payment
Inception Report	<ul style="list-style-type: none"> <li>• Inception Meeting</li> <li>• Work Plan, including timelines, main activities and stakeholders to be consulted</li> </ul>	End of Week 4	2 weeks	15%
Global Best Practice Report	<ul style="list-style-type: none"> <li>• Global Best Practice Report and Comparative Assessment, including to establish a National Investment Portal</li> </ul>	End of Week 7	1 week	10%
Draft Report 1: Trends and Performance	<ul style="list-style-type: none"> <li>• Draft of Sections I and II</li> </ul> <p><i>Presentation of Draft to the PSC is required</i></p> <ul style="list-style-type: none"> <li>•</li> </ul>	End of Month 2	3 weeks	10%
Draft Report 2: Investment	<ul style="list-style-type: none"> <li>• Draft of Section III</li> <li>• Updated Sections I and II</li> </ul> <p><i>Presentation of Draft to the PSC is</i></p>	End of Month 4	3 weeks	15%

Name of Report	Content	Timeline for Submission	Review Period	Payment
Framework	<i>required. The presentation and report must include a summary of the consultative process undertaken.</i>			
Mid-Term Progress Report	<ul style="list-style-type: none"> <li>Progress Report</li> </ul>	End of Month 5	2 weeks (where action is required)	-
Draft Report 3: Green Paper	<ul style="list-style-type: none"> <li>First Draft (Full) Green Paper <i>Presentation of Draft to the PSC is required</i></li> </ul>	End of Month 6	3 weeks	15%
Draft Report 4: Action Plan and Monitoring Mechanism	<ul style="list-style-type: none"> <li>Draft Section IV – Action Plan and Monitoring Mechanism <i>Presentation of Draft to the PSC is required</i></li> </ul>	End of Month 7	2 weeks	10%
Draft Report 5: Final Draft Report & Presentation	<ul style="list-style-type: none"> <li>Final Draft Report, with Executive Summary, Green Paper and Action Plan &amp; Monitoring Mechanism <i>Presentation of Draft to the PSC and Validation Workshop is required</i></li> </ul>	End of Month 8	2 weeks	10%
Final Report	<ul style="list-style-type: none"> <li>Submission of Final Report and Green Paper with Action Plan and Monitoring Mechanism. The Final Report shall include outcomes of the Validation Workshop.</li> </ul>	End of Month 9	-	15%

## 9. SUPERVISION AND REPORTING REQUIREMENTS

The Planning Institute of Jamaica is the Contracting Authority and shall approve any contractual amendments and payments. The Consultant will report directly to a Policy Steering Committee approved by Cabinet. Operational support will be provided by JAMPRO, both as secretariat for the Policy Steering Committee and as LCA for Component 1 of the FCGP through:

- assisting with organizing meetings and consultations
- organizing, compiling and submitting to the Consultant comments from stakeholders on the Reports and documents developed