



JAMAICA: FOUNDATIONS FOR COMPETITIVENESS AND GROWTH PROJECT

Loan No.:9203-JM – Component 1

Assignment Title: Development of a National Sourcing Policy for Jamaica

Reference No. (as per Procurement Plan): FCG/AF/CON/25

TERMS OF REFERENCE

1. BACKGROUND

Country Background

In July 2018, Cabinet mandated the National Competitiveness Council (NCC) to drive the necessary initiatives and reforms to secure key Investment Climate Reforms. The directive was given following Cabinet's review of the Doing Business Reform Memorandum prepared by the International Financial Corporation (IFC) on behalf of the Jamaica Promotions Corporation (JAMPRO). This Memo sought to identify the recommended reforms that were designed to support the government's bid to improve its investment climate.

Based on the Cabinet's mandate, the NCC updated the National Business Environment Reform Agenda (BERA), which is in part, derived from the Reform Memorandum and outlines the strategic and transformational initiatives across government that are designed to address the issues affecting the business climate. The reforms seek to address both the cost of doing business with the Jamaican public sector but also the time it takes to complete a process – ultimately reflecting the amount of effort that has to be invested by a firm when trying to do business.

Current Situation

The GOJ is committed to positioning Jamaica as a major player within the global investment community by establishing a positive environment for mobilizing private investments to fuel the country's economic progress. It is generally understood that governments in cooperation with development agencies and the private sector play a crucial role in implementing proactive policies aimed at integrating Foreign Direct Investment (FDI) into a broader development context. These initiatives should seek to create a critical mass of purchasing companies, which would result in real opportunities for domestic supply and a pool of qualified domestic enterprises capable of supplying the goods and services demanded by transnational corporations (TNCs) based within the local economy. In addition, effective selection mechanisms should be put in place to identify and link TNCs and domestic enterprises, as well as assist domestic enterprises to overcome supply-side constraints and comply with TNCs' quality standards.

There are several countries which have implemented similar programmes to stimulate, support and incentivize different sectors in their economy. While taking varying formats they have collectively sought to increase linkages between MSMEs and multi-national corporations (MNCs), to secure financial support for the MSME sector and to also incentivize TNCs to buy locally. Already, Jamaica has, through the efforts of the Ministry of Tourism (MOT), sought to strengthen the linkages networks within its sector and has conducted Linkages Demand Studies, which indicates that there is a significant demand particularly in Manufacturing, Entertainment and Agriculture. The Tourism Linkages Council, established by Cabinet in 2013, has been working to increase the consumption of locally supplied goods and services. The TLC has been working exclusively in the tourism industry to improve the connectivity of MNCs with the local economy.

In 2020, Jamaica recorded over US\$200 million¹ in Local Direct Investment (LDI) and Foreign Direct Investment (FDI) into the local economy and the creation of over 11,500 new jobs, coming from a pre-COVID high of US\$665 million in FDI inflows only recorded in 2019, measuring 4% of GDP. Agriculture, manufacturing and distribution, tourism, information and communication technology, including business process outsourcing, and minerals and chemicals are the sectors which received an influx of FDI in this same year. FDI peaked in 2016 measuring approximately 6.6% of GDP. LDI includes the aforementioned sectors, as well as, construction and land development, entertainment, food and beverage services, transport and storage and electricity, gas and water. In order to determine the potential for linkages within the country, examining the strength of the country's investment climate is important as it is these investors that will drive demand for local goods and services, backward linkages, and supply goods and services to the local economy, forward linkages.

It is also important to create the environment within which linkages can thrive. Supply-side issues have been a challenge for local MSMEs seeking to secure demand from MNCs. Lack of capacity and economies of scale, quality-control and consistency of supply have all been issues that have plagued local entrepreneurs. Access to financing as well as a lack of specialized entrepreneurial skills such as leadership, marketing and financial management have also been limiting factors. In addition, MNCs coming to Jamaica also generally have access to their own global supply chains. It is important then that the framework be created that addresses the supply-side issues and promotes local sourcing of goods and services.

Cabinet, by way of Cabinet Decision No 31/21 dated July 26, 2021 gave approval for the development of a National Sourcing Policy (NSP) and the establishment of a Policy Steering Committee to drive the Policy's development. The establishment of the NSP came about as a means of facilitating further integration of FDI into the local economy. With the successful model created through the Tourism Linkages Council, it was determined that this could be expanded across all sectors to boost Jamaica's MSMEs. The NSP will create an enabling framework to strengthen and sustain the nation's economic growth and development through strategic and focused initiatives that encourage and incentivize the use of local inputs in key domestic industries.

It is envisaged that the NSP will address the shortfalls in the impact of FDI on economic growth, through the development of commercial partnerships and an increase in linkages between Micro, Small and Medium Sized Enterprises (MSMEs) and companies investing in Jamaica. The policy will seek to create an enabling framework to strengthen and sustain the nation's economic growth and development through strategic and focused initiatives that encourage and incentivize the use of local inputs in key domestic industries.

The NSP will be formulated against the backdrop of other established policies and initiatives that also seek to re-energize various sectors across Jamaica through deeper integration and linkages. These include, but are not limited, to the Vision 2030 Jamaica National Development Plan, the Micro, Small and Medium Enterprises (MSME) Policy, the Tourism Linkages Council, the National Investment Policy (NIP) and the United Nation's Sustainable Development Goals.

It is anticipated that the NSP will further support the development of business linkages between MSMEs and foreign/larger local companies and as a result of which the policy will set out to achieve the following objectives:

- To create a framework mechanism in which locally based businesses can interact and unearth business cooperation opportunities
- To establish a mechanism that will encourage and incentivize persons to consider buying locally
- To support the development of local value chains to successfully compete and win supply contracts for domestic enterprises

¹ Data compiled by JAMPRO

This National Sourcing concept will be achieved primarily through the country's MSME sector which accounts for 80% of jobs, contributes significantly to GDP, and wealth creation, poverty alleviation, female employment and social stability. The National Sourcing Policy development framework must therefore align across all core areas of government as this will serve to support the implementation of the Policy with increased engagement of relevant MDAs whose involvement will determine the successful execution of the Policy objectives.

Project Description

The overall objective of the Foundations for Competitiveness and Growth Project (FCGP) is to strengthen the business environment in Jamaica for private sector investment by promoting broad-based private sector-led growth, improving the investment climate, modernizing infrastructure and logistics, as well as enhancing entrepreneurship and competitive industries.

Component 1 of the project, which is coordinated by JAMPRO, seeks to enhance competition in the business environment. 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 Government successfully engaged the World Bank to extend and expand its 6-year US\$50 million loan facility called Foundation for Competitiveness and Growth Project (FCGP) to allow it to deepen the reform initiatives that had been supported under the Project. Approval was granted for the Additional Financing of US\$10 million from the World Bank and the Government committed to provide a further US\$5 million, thus providing a total of US\$15 million to support the various government entities implementation of investment climate reforms.

FCGP is expected to be concluded on March 31, 2024 based on the Additional Financing that has been approved by the World Bank and Government of Jamaica (GOJ) to implement critical investment climate reforms. The expected outcome of the expansion is the marked improvement in the business climate. 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, including to improve the trade environment.

2. OBJECTIVES OF THE ASSIGNMENT

The FCGP Project Development Objective of which this contract will form a part is, *“To strengthen the business environment in Jamaica for private investment.”* While the objective of this consultancy is to develop a Green Paper National Sourcing Policy and Implementation Plan with the purpose of this contract being to develop a National Sourcing Policy and Action Plan (Including Monitoring and Evaluation Framework) that seeks to promote the integration of FDI into the local economy through the creation of a framework that increases linkages between Multi-national Corporations (MNCs) and MSMEs.

3. SCOPE OF SERVICES, TASKS (COMPONENTS) AND EXPECTED DELIVERABLES

In order to prepare the policy document, the consultant will be required to undertake research, including literature review, as well as analyse and assess the existing local policy frameworks and global best practices. Critically consult with the 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 development of the policy.

The specific services of the Consultant shall include, but is not limited to the following:

3.1 Inception Phase

- a) Prepare a workplan, methodology and data collection instruments for undertaking the assignment. This should include timelines and the administrative support needed to support the consultant in undertaking the scope of works.
- b) Convene an Inception Meeting with JAMPRO and other relevant stakeholders to obtain agreement.
- c) Prepare draft outline of the Policy and Implementation Plan to include broad sections in line with Cabinet Office Guidelines on Policy Development.

Deliverable: Inception Report and Detailed Work Plan and Policy Outline

3.2 *Research Phase and Situational Analysis*

- a) Conduct meetings and key informant interviews with stakeholders from the public sector, particularly the members of the Policy Steering Committee², the Tourism Linkages Network, Development Bank of Jamaica³ and private sector organisations, including umbrella organisations such as the Private Sector Organisation of Jamaica, the Jamaica Chamber of Commerce, the MSME Alliance, the Small Business Association of Jamaica, and the Global Services Association of Jamaica.
- b) Conduct an assessment of the MNCs located in Jamaica in order to identify local sourcing opportunities across sectors.
- c) Conduct literature review on relevant studies, including the 2015 and 2019 Tourism Demand Studies, the Feasibility Study for the Use of Unclaimed Funds for MSME Development, reports, articles and data from organizations that are involved in the establishment of business linkages frameworks
- d) Identify and document best practices and key success factors from countries that have developed and implemented linkages programmes (e.g. UNCTAD’s Policy Perspective on Creating Business Linkages etc.).
- e) Develop a monitoring and evaluation mechanism for the linkages framework, possibly within the context of existing systems and/or mechanisms.
- f) Review and assess the existing business matchmaking mechanisms across priority sectors⁴ and propose a framework for the development of a cross-sectoral matchmaking platform within which all participating entities involved in the value linkages chain may conduct business and discover new business partnerships from the goods and services that are sourced within the local economy.
- g) Review and assess the existing local non-fiscal and fiscal incentive frameworks as well as those within other jurisdictions with successful linkage programmes, in order to identify a suitable framework to secure linkages.
- h) Review GOJ procurement procedures and recommend a process to support the participation of MSMES in public procurement, including a framework to monitor its impact.
- i) Conduct a gap assessment on the capacity of local MSMEs in order to drive expansion of MSME capacity and derive economical gains which will further facilitate the expansion of the sector.
- j) Propose a data capture and analysis mechanism to assess local supply and demand which will also aid in policy making and planning decisions.

Deliverable: Presentation of Research Findings and Situational Analysis

3.3 *Draft Policy and Implementation Plan*

- a) Prepare draft policies in consultation with Policy Steering Committee and sub-committees, where applicable, taking into consideration findings of the situation analysis.

²Steering Committee members are: Ministry of Industry, Investment and Commerce, Ministry of Agriculture and Fisheries, Ministry of Tourism, Ministry of Culture, Gender, Entertainment and Sports, Ministry of Finance and Public Service, Jamaica Promotions Corporation (JAMPRO), Planning Institute of Jamaica, Tourism Linkages Council, Ministry of Foreign Affairs and Foreign Trade, Jamaica Manufacturers’ and Exporters’ Association, Jamaica Chamber of Commerce, MSME Alliance and Global Services Sector Association of Jamaica

³ The Development Bank of Jamaica is a key project partner that recently developed and implemented a successful Supply Chain Strategy.

⁴ Priority sectors include Agribusiness, Global Digital Services, Manufacturing, Creative Industries, Tourism, Mining and Energy.

- This should include policy recommendations for programmes, policies, legislation, institutions, sectors and stakeholder groups on capacity building and the creation of an enabling business environment for MSMEs in line with the MSME policy global best practices and the Policy Concept Note.
 - This should be aligned with the Vision 2030 Jamaica National Development Plan, the Micro, Small and Medium Enterprises (MSME) Policy, the Tourism Linkages Council activities and programmes, the National Investment Policy (NIP), the United Nation’s Sustainable Development Goals and in keeping with the policy development guidelines of the Cabinet Office.
 - The Draft Policy must have an Executive Summary of no more than 5 pages.
- b) Prepare draft Implementation Plan in alignment with policies and recommendations to include activities, responsible stakeholders, timelines and indicative costs by year of implementation. Implementation should span no more than 3 years.

Deliverable: Draft National Sourcing Policy and Implementation Plan

3.4 *Stakeholder Consultation Workshop*

- a) In consultation with JAMPRO, organize and facilitate a public and private sector stakeholder consultation workshop to validate findings and draft policy and implementation plan.
- b) Prepare Workshop Report on proceedings and outcomes of the workshop.

Deliverable: Stakeholder Consultation Workshop

3.5 *Final Draft Green Paper Policy and Implementation Plan*

- a) Integrate findings and recommendations from stakeholder workshop and other stakeholders in draft policy and implementation plan document.
- b) Prepare Draft Green Paper Policy and Implementation Plan.

Deliverable: Final Draft Green Paper Policy and Implementation Plan

3.6 *Monthly Reports*

- a) Prepare and submit monthly Progress Reports, to include overview of the month’s activities against planned activities (as per previous month’s report), consultancy risks/risk mitigation issues/challenges with recommended solutions or interventions required, as well as planned activities for the upcoming month.

Deliverable: Monthly Progress Reports

Expected deliverables are:

- Inception Report and Detailed Work Plan
- Research Findings and Situational Analysis
- Draft National Sourcing Policy and Implementation Plan
- Stakeholder Consultation Workshop Report
- Final Draft Green Paper Policy and Implementation Plan
- Monthly Progress Reports

All documents submitted must conform to the following minimum requirements:

- should follow the draft outline that is to be submitted and approved prior to the deliverable being formally submitted;
- use language appropriate for technical and non-technical audiences;
- be comprehensive, properly formatted and well presented, and provide justifications for all assumptions;
- show evidence of consultation; and

- final version of deliverable to incorporate feedback from JAMPRO and be submitted in electronic editable format.

4.0 REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

The Planning Institute of Jamaica is the Contracting Authority and shall approve any contractual amendments and payments.

The Consultant will report to JAMPRO, the Supervising Entity. The Supervising Entity shall be responsible for the approval of contractual reports and payment requests. Deliverables should be presented in draft for review and approval prior to the finalized deliverable being submitted, unless otherwise agreed with JAMPRO. Once approved, deliverables should be submitted in electronic editable format along with the relevant invoice (if applicable). The designated representative of the Supervising Entity is the Vice President Research, Advocacy and Project Implementation Division or her designate. All deliverables produced under this assignment are the property of the GoJ.

The intended start date is April 2022 and the period of implementation will be eleven (11) months from effectiveness of the contract.

The Consultant shall provide the following reports:

Name of Report	Minimum Content	Submission Date	Review Period	Payment
Inception Report and detailed Work Plan	Workplan, methodology and data collection instruments. Report on the Inception Meeting and draft outline of the Policy and Implementation Plan.	4 weeks after commencement of the assignment	2 weeks	10%
Research Findings and Situational Analysis	Key findings from stakeholder meetings; situational analysis; business linkages framework; monitoring and evaluation mechanism; comparative linkage frameworks; detailed best practice guidelines; business matchmaking framework; proposed incentive framework, fiscal and non-fiscal; MSME supply chain gaps and solutions matrix; operational and monitoring mechanism for GOJ procurement procedures; and data capture and analysis mechanism.	8 weeks after submission of the Inception Report	2 weeks	20%
Draft National Sourcing Policy and Implementation Plan	As per approved outline	8 weeks after submission of the Situational Analysis	2 weeks	30%
Consultation Workshop Report	Overview of Proceedings of Workshop based on agenda, summary of discussions and conclusions, impact on draft and recommendations. Appendices- Agenda, Attendance List (name, organization, position, email, telephone) – Workshop is due within 3 weeks of receiving feedback on the draft Policy	1 week after Consultation Workshop	2 weeks	10%
Draft Green Paper National Sourcing Policy and Implementation Plan	Draft National Sourcing Policy and Implementation Plan updated to include recommendations from National Consultation workshop and other comments from stakeholder groups	4 weeks after Consultation Workshop	2 weeks	15%
Final Green Paper National Sourcing Policy	Final Green Paper Policy and Implementation Plan updated to include all comments.	6 weeks after Consultation Workshop	2 weeks	15%

Name of Report	Minimum Content	Submission Date	Review Period	Payment
and Implementation Plan				

Reports must be submitted in soft/electronic copy using Microsoft Word and Adobe PDF. Where deliverables are subject to revision following review, the Consultant shall provide the updated version in tracked change and clean formats, along with a review matrix as may be appropriate. The Final Report shall be delivered by electronic copy as above, via email upon sign-off on the final deliverable.

5.0 TEAM COMPOSITION & QUALIFICATION REQUIREMENTS FOR THE KEY EXPERTS

The Consultant is required to possess, at minimum or equivalent:

- Master’s Degree with concentrations in Economics, International Relations or other related discipline [25]
- Experience in developing government frameworks for sustainable business development demonstrated by four assignments completed in the past seven years [25]
- Experience in preparing global benchmarking research, demonstrated by four projects completed over the past 7 years [20]
- Experience in preparing national policies in Jamaica or a Caribbean country, demonstrated by two policies completed over the past 10 years [10]
- Demonstration of five assignments that required the consultant to utilize participatory methodologies, stakeholder engagement and facilitation of workshops or meetings [20]

6.0 CLIENT’S INPUT AND COUNTERPART PERSONNEL

All day-to-day operations and communication regarding the implementation of activities under the contract will be handled by the Supervising Entity- JAMPRO.

The Consultant Team will be home based and will only be accommodated at the JAMPRO as needed.

- (a) Professional and support counterpart liaison personnel to be assigned by JAMPRO to troubleshoot any difficulties that may arise in implementation.
- (b) JAMPRO will provide contact information and introductory letters/emails to relevant stakeholders to ensure the opening of communication channels for the consultant.