**ANNEX A**

**Regional**

**IFD/FMM**

**Fiscal Strengthening Support to Caribbean Countries**

**TERMS OF REFERENCE**

**Background**

Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.

The overall objective of this Technical Cooperation (TC) is to support the Caribbean Region efforts to achieve sustainable improvements in their fiscal management systems specifically related to tax administration and policy, budget policy and financial management, and public investment. For this purpose the TC will focus on creating a program for expanding institutional capacity and supporting policy reform to ensure fiscal sustainability in the Caribbean Region. This TC will include utilizing the Caribbean Regional Technical Assistance Centre (CARTAC) to implement tax administration institutional strengthening programs in concert with the Bank´s efforts to reform tax policy; improve budget planning; and address inefficiencies in the mechanisms for public investment.

Tax administration in the Caribbean is weak, characterized by lack of resources, inefficient or outdated systems, and poor institutional strength, resulting in low compliance. Programs to strengthen institutional capacity and update systems and frameworks are necessary and are being carried out by the countries in the region. For example, Jamaica has seen success with recently completed tax administration reform programs under the Bank-led programs and is showing the desire to continue with new reforms. Suriname and Trinidad and Tobago stand to benefit from developing more efficient institutions that can maintain consistent revenue from a broad tax base, thereby being less reliant on natural resource exports for government revenues.

Implementing fiscal institutional strengthening and reform programs without also reforming tax policy is a lost opportunity. Jamaica’s historical tax policy can be described as resting on a narrow tax base, inefficient and opaque operations, low compliance, and excessive use of distortionary and unproductive tax expenditures. Improving institutional capacity without reforming these would have produced little real effect, but the combination of both – as happened under the Bank’s Fiscal Administration Modernization Program and the Fiscal Program for Economic Growth– contributed to a real increase in government revenues of 6% between 2014 and 2015. There are more tax policy reforms that should be conducted in Jamaica, and both Suriname and Trinidad and Tobago require technical assistance implementing tax policy that will broaden their bases – oil made up 50% of Trinidad and Tobago’s government revenues in 2008, but now provides only 9%. Trinidad and Tobago already utilizes a VAT but has many exemptions in their tax code, while Suriname has recently sent fact-finding missions to other Caribbean nations to investigate implementing a VAT.

Budget planning within many Caribbean countries is often a simple matter of creating a linear projection of revenue and expenditures and making adjustments to expenditures as the year continues. This is driven by a lack of resources as well as the lack of a better designed, but easily implementable framework for projections, and can create significant difficulties for government planning. For example, Suriname approved budget expenditures of 48% of GDP in 2015, but their total expenditures amounted to only 28.5% of GDP. Despite this, their budget deficit was 12% of GDP. The complete disconnect between what was approved and the final outcome leaves little point in budgeting exercises in Suriname, and likely makes the budget process more complicated than it should be.

Administration and oversight of public investment projects is generally poor, resulting in low efficiency. When combined with high development and operational costs this can represent a severe drain on highly constrained public finances while providing little public benefit. Public investment cannot be expected to produce acceptable results – either fiscally or in terms of social welfare - under these conditions.

**Consultancy objective(s)**

The objective of the consultancy is twofold: (a) to review progress accomplishing the tax policy reforms identified in the tax reform action plan; and (b) identify or refine the critical actions and performance indicators needed to continue strengthening capacity and managing the critical compliance risks in tax and customs policy, with a view to increasing overall tax compliance levels and revenue performance~~.~~

**Main activities**

In particular, the consultancy will undertake the following activities:

* Review the current status of revenue policy reforms. The consultancy will assess the current implementation status of specific tax and customs reforms, including the lists of tax and customs policy reforms of the action plan with a view to identifying those tasks and deliverables that have been delayed or otherwise put at risk the effective and timely implementation of reforms. The consultancy will also assess the performance of past changes.
* Advice on measures required to strengthen capacity and manage critical risks in tax and customs policy. The consultancy will review the critical functional areas in tax and customs policy with a view to determine their effectiveness, identify gaps and key issues, and determine the reform priorities, all with the goal of reducing noncompliance levels.
* Update the tax and customs policy reform action plan. The consultancy will review the tax and customs policy reform action plans to determine whether they are still current and the performance indicators are relevant and robust enough and, as needed, assist the authorities in updating them.

Following is an indicative listing of the activities in which the contractual will participate and the products to be prepared for the respective components of the consultancy, as requested by project team leader.

As requested by PTL the contractual will carry out the following activities:

Regarding tax policy reform programs.

* + - Assist in coordinating ongoing program execution issues in tax policy as they pertain to the Bank’s preparation of the operation.
    - Participate, as requested by the project team leader, in internal Bank management review meetings, and prepare revisions to the PMR and other project administration documents as needed.

**Reports / Deliverables**

The contractual will deliver the following products:

Regarding preparation of operational plans for implementation or revision of the VAT in Suriname and Trinidad and Tobago. The contractual will provide written material for inclusion in the PP, POD, and Loan Proposal for the PBL.

**Payment Schedule**

Payments will be made upon contractual’s submission of vouchers at the end of each month accounting for number of days worked during the previous month, activities preformed and products prepared as described in chapter IV above.

The contractual will submit separate vouchers to:

* + - * The FMM coordinator specifying the tasks accomplished and the number of days spent on each activity in the respective country as indicated below, and
      * The contractual will be remunerated at his daily rate. Costs arising from travel and per diem from IDB headquarters to Jamaica and Suriname and other destinations as requested by the respective consultancy supervisors will be reimbursed by filing separate statements of expense.

**Qualifications**

* *Academic Degree / Level & Years of Professional Work Experience:* Bachelor’s degree required (Ph.D. preferred) in economics or related area, mandatory minimum of 15 years working as international contractual.
* *Areas of Expertise:* With extensive experience in tax administration and tax policy reform and institutional strengthening, strong familiarity with IDB policies and procedures, familiarity with bank fiscal reform operations in the Caribbean and policy based competitiveness programs desirable,
* *Languages:* Proficiency in oral and writing skill in English required.

**Characteristics of the Consultancy**

* Type of consultancy: Individual International.
* Modality: Products and External Services Contractual, Retainer
* Contract duration: The work will be carried out over a total of an estimated 30 non‑consecutive days divided as follows:
* Duration: The contract will be in force between March 15, and September 30, 2017.
* Place of work and trips: Kingstown/Jamaica and Washington DC/USA and other venues as requested by the respective consultancy coordinators (see section below. All mission expenses will be paid separately according to bank policies and procedures.
* Division Leader or Coordinator: The fiscal reform components of consultancy will be coordinated by the team leader of the respective operations Gerardo Reyes-Tagle .

**Payment and Conditions:** Compensation will be determined in accordance with Bank’s policies and procedures. In addition, candidates must be citizens of an IDB member country.

**Consanguinity:** Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

**Diversity:** The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply.