

## TC Document

### I. Basic Information for TC

▪ Country/Region:	JAMAICA
▪ TC Name:	IDB UWI Fiscal Research Center Collaboration
▪ TC Number:	JA-T1231
▪ Team Leader/Members:	Mooney, Henry (CCB/CCB) Team Leader; Cassar, Lesley N (CCB/CCB) Alternate Team Leader; Centeno Lappas, Monica Clara Angelica (LEG/SGO); Hibbert, Chevelle (CCB/CJA); Alleng, Gerard P. (CSD/CCS); Bonilla Merino Arturo Francisco (LEG/SGO); Foronda Nogales, Shirley Mabel (VPC/FMP); Benedettelli, Veronica (VPC/FMP); Rimawi Bolt, Samar (CID/CNI); Roseth, Benjamin David (IFD/ICS); Reyes-Tagle, Gerardo (IFD/FMM); Escondeur, H. Lorenzo (CCB/CJA); Hall, Michael Anthony (IFD/CMF); Rosenblatt, David Louis (CCB/CCB) (CCS/CJA); Bonilla Merino Arturo Francisco (LEG/SGO); Foronda Nogales, Shirley Mabel (VPC/FMP); Benedettelli, Veronica (VPC/FMP); Rimawi Bolt, Samar (CID/CNI); Roseth, Benjamin David (ICS/CJA); Reyes-Tagle, Gerardo (IFD/FMM); Escondeur, H. Lorenzo (CCB/CJA); Hall, Michael Anthony (CMF/CBA); Rosenblatt, David Louis (CCB/CCB)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	14 May 2024.
▪ Beneficiary:	Government of Jamaica
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Economic Growth(W2F)
▪ IDB Funding Requested:	US\$400,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	42 months. Execution will be carried out over the same period.
▪ Required start date:	October 1, 2024
▪ Types of consultants:	Individuals, Firms
▪ Prepared by Unit:	CCB-Caribbean Group
▪ Unit of Disbursement Responsibility:	CCB/CJA-Country Office Jamaica
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the IDB Group Institutional Strategy: Transforming for Scale and Impact (2024-2030)	Environmental sustainability; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

### II. Objectives and Justification of the TC

- 2.1 **Objective.** The objective of this Technical Cooperation is to support the Government of Jamaica (GOJ) in developing and launching a first-of-its-kind Fiscal

Research Center (FRC)<sup>1</sup> at The University of the West Indies (UWI).<sup>2</sup> This TC will finance three types of activities: (i) a collaboration between the IDB's Vice Presidency for Countries, the Caribbean Country Department and relevant IDBG Divisions to design, produce and disseminate policy-oriented research with FRC and UWI-affiliated experts<sup>3</sup> (including relevant data); (ii) development of curricula for students and practitioners in economic and public finance policy and practice; and, (iii) development and delivery of focused courses and related outputs that will help to build capacity for public servants from across the region.

- 2.2 **Justification.** Since gaining independence beginning in the 1960s, Caribbean countries have been among the world's most vulnerable and prone to economic and financial crises. In addition, Caribbean countries face the ever increasing existential threat of climate change, which at times has had devastating impacts to the economies.<sup>4</sup> IDB-led<sup>5</sup> and other research has shown that a key contributing factor to the region's economic vulnerabilities has been persistently high levels of public debt, which have contributed to underinvestment in public and social infrastructure, high borrowing costs, the crowding out of private investment, high taxes, and both economic and exchange rate volatility. Against this backdrop, few issues are more important for the region's future than ensuring that policymakers are in a position to design and execute prudent and well-informed policies for fiscal and economic management. This will require the development of demand-driven, policy-oriented research and diagnostics to help the region's authorities optimize fiscal policies and institutions; the design and delivery of training for existing and incoming public servants in cutting-edge tools and methodologies for policy formulation and execution; and, focused training and capacity building, where appropriate.
- 2.3 The IDB has long been the region's main development partner, and through this TC, the IDB will partner with the Caribbean region's main university system and governments to identify economic and fiscal policy and institutional issues with the potential to drive faster and more inclusive growth across the region. This will build on decades of past research, operational engagement, and capacity building led by the IDB, including in the context of successful adjustment programs in partnership with the IMF and other development agencies. This client-focused, demand-driven initiative aims to support governments in the formulation, management and execution of economic policies—including public outlays for traditional, social, natural and digital infrastructure and services—to improve economic stability and performance, as well as fiscal and debt sustainability. These objectives are crucial to setting the stage for faster, sustainable and more inclusive growth.

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<sup>1</sup> The FRC has been designated as an administrative unit within the UWI, to start operating in the 2024-2025 academic year.

<sup>2</sup> The University of the West Indies (UWI) is a public university system established to serve residents of the 18 English-speaking countries and territories in the Caribbean: Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands. The UWI campus in Jamaica, serves as the headquarters of the University, along with several regional centers, including in Barbados, Trinidad and Tobago, Antigua and Barbuda, and a regional Open Campus initiative (a mix of in person and virtual centers).

<sup>3</sup> Including academic staff and other affiliates of the University.

<sup>4</sup> Otker, I. & Srinivasan, K., 2018. Bracing for the storm. IMF Finance and Development Magazine 2018.

<sup>5</sup> For example, see Mooney et. al., 2021 (<http://dx.doi.org/10.18235/0003053>).

- 2.4 This TC also represents a new and groundbreaking direct collaboration between the IDB Group—involving experts from various sectors and units—, client governments, regional academics and development partners. This partnership will improve the IDB's ability to assess development gaps and priorities in the region, to support clients, to share expertise directly with the region's academics and practitioners, and to reinforce the IDB's reputation as the Caribbean's main knowledge partner. It will help to drive new knowledge, technical assistance and operations over time.
- 2.5 **Beneficiaries and Expected Results.** The direct beneficiaries of this TC will be policy- and decision-makers from the Government of Jamaica, as well as other authorities from the broader Caribbean region<sup>6</sup>, that will help to identify, inform and learn from the policy-oriented research and data produced by the Fiscal Research Center. Similarly, practitioners and graduate students within the UWI system will benefit from teaching and training on issues of public finance and policy designed and delivered via the Fiscal Research Center. More broadly, the knowledge and capacity generated by this TC will ultimately benefit citizens across the region by promoting well-designed evidence-based institutional design and reform, stronger policy analysis and formulation, as well as improved fiscal programming and execution. This will include key issues for the region, including economic management for resilience to natural disasters and climate change, improving food security, and strengthening the investment climate for private sector led growth. Taken together, these envisioned outcomes will help to improve economic stability and performance, support faster and more inclusive and sustainable growth, and improve climate change resilience in the region. In summary, it is expected that the TC would contribute to knowledge on economic and fiscal management through joint research, data collection, teaching and training of students and practitioners, as well as demand driven capacity building activities.
- 2.6 **Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631), and is aligned with the mutually reinforcing objectives of reducing poverty and inequality through more informed policy making that protects the poor and vulnerable; bolstering sustainable growth by fostering the country and region's economic growth agenda through fiscal research and strategic partnerships in this area; and addressing the impacts of climate change through methodologies and training on climate change in fiscal management. The TC is also aligned with the operational focus areas of: (i) institutional capacity, rule of law, and citizen security; (ii) biodiversity, natural capital and climate action; and (iii) social protection and human capital development.
- 2.7 The TC also serves to support the objectives of ONE Caribbean (GN-3201-5) as it is consistent with the cross-cutting area of strengthening capacity and institutions. Furthermore, the TC is aligned with the objectives of the OC SDP Window 2 – Inclusive Economic Growth (W2F) (GN-2819-14) through the inclusive economic growth priority area. Specifically, the IDB-UWI partnership will leverage the two institutions' respective expertise and experiences to identify policy and institutional

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<sup>6</sup> Though the direct beneficiary will be the Government of Jamaica, from whom the request for assistance was received, the nature of the research and training partnership makes it a regional public good. The FRC will be based on the Mona, Jamaica campus of The University of the West Indies, which serves the entire region. Similarly, research and analysis on economic and fiscal policy topics will be relevant to countries across the region.

weaknesses and reform opportunities, as well as provide training and technical assistance, aimed at helping policymakers to improve economic and fiscal performance, support sustainability, improve resilience and drive faster and more inclusive growth over the long term. By supporting the establishment of the FRC and the identification and execution of collaborative research and training priorities, this TC will also facilitate the objectives and execution of TC JA-T1222 (forthcoming): “Fiscal Policy for Climate Change in Jamaica”, that allocates resources for research and training in areas linked to fiscal policy and climate change.<sup>7</sup> The objectives of JA-T1222 (forthcoming) are fully aligned with those set out for this TC and the two initiatives will be mutually reinforcing.

- 2.8 **This TC is aligned with the IDB Group Country Strategy with Jamaica 2022-2026, (GN-3138),** specifically, with the strategic objective of enhancing the effectiveness of public administration. The TC is also aligned with the Fiscal Management Sector Framework Document (SFD) (GN-2831-13) which prioritizes actions to enhance the contribution of: (i) fiscal policy and management to economic growth; and (ii) fiscal policy to climate change management. The TC is also aligned to the Climate Change SFD (GN-2835-13) by: (i) strengthening the incorporation of climate change-related risks into the fiscal management framework to improve the capacity to provide a fiscal response to natural disasters and macro-fiscal risk of decarbonization; and (ii) enhancing public investment plans, budget planning, and procurement systems to achieve low carbon public expenditure and investments.
- 2.9 **Contribution to the IDB’s operational program.** This TC complements the current IDB operational program, particularly regarding “Continued Support to the Public Sector Transformation Programme” (JA-L1094), currently in preparation. The operation seeks to support several areas of public management with significant fiscal implications: (i) the creation of multiple lines of shared corporate services for core administrative functions, including human resources, procurement, payroll, and financial management; (ii) rationalization of public bodies; and (iii) government priority management, including strengthening the link between budgeting and priority establishment and follow-up. This operation is a continuation of nearly a decade of IDB support to related topics, delivered through the “Public Sector Transformation Programme” (4374/OC-JA) and “Public Sector Efficiency Programme” (3121/OC-JA, 3122/CH-JA). In the area of capital markets development and climate finance, the research produced by the FRC will complement ongoing IDB work to determine the best course of action when designing new financial instruments, including thematic bond issuances and other debt transactions. Support for improved data gathering and management will help to inform efforts and ensure measurable impact. In addition, the training and knowledge dissemination aspects of the TC will contribute to IDB regional efforts to scale impact throughout the countries of the Caribbean Country Department with best practices developed as a result of the work produced by the FRC.

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<sup>7</sup> TC JA-T1222 has allocated US\$250,000 to help: (i) support the research of the FRC on green fiscal policy and management topics, including financing curriculum development, training sessions and workshops, as well as the provision of scholarships; (ii) development of a strategy to promote mainstreaming of climate action into FRC’s public finance curriculum; (iii) generate knowledge on fiscal policy for climate action in Jamaica; and (iv) strength inter-institutional capacity through the promotion of research and development activities.

### III. Description of Activities/Components and Budget

- 3.1 **Component I: IDB-UWI Fiscal Research Center Collaborative Research and Training Pillar (US\$250,000).** Resources allocated to this Component will finance joint IDB-UWI/FRC research papers and related publications (e.g., one or more edited volumes) on topics related to macroeconomic management, fiscal policy, green and resilient fiscal policy, public finance and related institutions<sup>8</sup>. This will include the identification of data gaps and data gathering, including data management and dissemination / warehousing. This also includes dissemination of research through electronic and hard copy publications (e.g., via the UWI, IDB and other internet sites). In addition, resources allocated to this Component will finance expenses for developing and delivering training in public finance and economic management and demand-driven capacity building for UWI students and the region's practitioners (e.g., civil servants).
- 3.2 **Component II: Institute of Fiscal Studies and Democracy (IFSD)-led Research, Training and Capacity Building (US\$150,000).** This Component will complement activities outlined in Component I, leveraging the world-renowned reputation of the Institute of Fiscal Studies and Democracy (IFSD). The IFSD is a well-respected, experienced and internationally active think-tank affiliated with the University of Ottawa (Canada), that has been invited by the Government of Jamaica and UWI to act as a founding partner in the design and operation of the Fiscal Research Center. The staff of the IFSD has decades of experience in the design, reform and operation of public finance institutions and policies all across the world. Such expertise has been deployed in advanced economies such as Canada and the UK, but in addition, the IFSD has worked closely with international organizations such as the IMF, World Bank, IDB and OECD, among others, in the delivery of technical assistance and capacity building, as well as research and training in collaboration with academic, public and private entities on several continents. Being hosted at a large research university has also enabled IFSD the opportunity to work with students and faculty, and successfully integrate them into institute projects. While the IFSD is hosted at the University of Ottawa (Canada), the university is a separate entity and will not be a beneficiary of this initiative.
- 3.3 **Main products and results:** The TC is expected to support faster and more inclusive growth in Jamaica directly, and by extension the region as a whole, through rigorous policy-oriented research, training, and capacity building. Main products and results of the initiative will include: (a) published research and diagnostics on policy-oriented topics of interest to the region's policy makers (standalone papers, books and other formats), including dissemination and stakeholder engagement; (b) identification of critical data gaps, data generation and dissemination; (c) development and delivery of training courses for students and practitioners (both in person at the UWI campus in Jamaica, and virtually); and, (d) demand driven bespoke capacity building, as required.
- 3.4 **Budget.** The total cost of this TC is US\$400,000 to be financed by OC SDP Window 2 – Inclusive Economic Growth (W2F) on a non-reimbursable basis, as outlined in the indicative budget below.

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<sup>8</sup> Additionality in the area of Gender Equality is expected based on policy-oriented research that could include gender responsive budgeting and mainstreaming a gender perspective in policy and programs.

**Indicative Budget (US\$)**

<b>Activity/Component</b>	<b>Description</b>	<b>IDB (W2F)</b>	<b>Total Funding</b>
Component I: IDB-UWI Fiscal Research Center Research and Training Pillar	Development and dissemination of joint IDB-UWI/FRC research papers and related publications; and training of students and government officials.	250,000	250,000
Component II: IFSD-led Caribbean Research, Training and Capacity Building Program	Research, Training and Capacity Building led by the Institute of Fiscal Studies and Democracy	150,000	150,000
<b>Total:</b>		<b>400,000</b>	<b>400,000</b>

**IV. Executing Agency and Execution Structure**

- 4.1 At the request of the Beneficiary, the IDB, through the Country Department Caribbean Group (CCB/CCB), in coordination with the IDB Country Office in Jamaica, will be responsible for the execution of this TC.
- 4.2 In accordance with OP-619-4, Annex II, C 2.2, the Bank will serve as the Executing Agency for this TC at the request of the Government of Jamaica. Execution of the TC by the Bank is justified due to: (i) Institutional capacity. The requesting entity does not have the necessary technical, operational or institutional capacity to duly and timely execute the activities provided in the respective project; and (ii) prior experience and knowledge of the IDB on the topic as well as the technical nature of the project. The Bank has the ability to continue to leverage an extensive network of internal and external subject matter experts, which is complemented by well-established relationships with relevant stakeholders across the Caribbean and Latin America.
- 4.3 **Procurement and financial management.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV), and providers will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650); and (b) Contracting of services provided by consulting firms in accordance with the Corporate Procurement Policy (GN-2303-33) and associated Guidelines.
- 4.4 **Licensing.** Knowledge products generated from Bank-executed activities within this technical cooperation will be the property of the Bank and may be made available to the public under a creative commons license. However, at the request of the beneficiary, in accordance with the provisions of AM-331, the intellectual property of said products may also be licensed through specific contractual commitments that shall be prepared with the advice of the Legal Department.
- 4.5 **Justification for Direct Contracting.** The activities under Component II will be procured using direct contracting of the Institute of Fiscal Studies and Democracy (IFSD). The justification is based on the provision in para. 3.4 (ii) d) in the aforementioned IDB Corporate Procurement Policy that the vendor is qualified or has experience of exceptional worth for the assignment and it presents a clear

advantage over competition. IFSD is a not-for-profit think tank hosted at the University of Ottawa, Canada. IFSD is a globally respected academic and policy organization, focused on economic and fiscal policy, democratic institutions and related issues. Given the deep technical expertise in related areas, global reputation, and structure—upon which the UWI wishes to model the FRC—the UWI and Government of Jamaica invited the IFSD to become a foundational partner in the design, establishment and management of the Fiscal Research Center. The UWI FRC is modelled after the IFSD, including with respect to the focus, structure, mandate and outputs. The UWI is also keen to deepen and learn from this direct academic collaboration with IFSD and the broader university. The significant experience of the IFSD in the delivery of a mandate similar to that of the FRC, a proven history of collaboration and capacity-building, coupled with an extensive international network of public financial management practitioners and academics, will be a key success factor for the FRC. Similarly, the IFSD has long been a key partner of the GOJ in the design of fiscal institutions and policy, most notably the creation of Jamaica’s Independent Fiscal Council, in collaboration with the IDB. The project afforded IFSD the opportunity to gain a good understanding of Jamaica’s political framework, public financial management system, key stakeholders, institutions and UWI itself. This experience would enable IFSD to leverage financial resources and demonstrate early results for the project. Against this backdrop, the IFSD is a core founding and operating partner of the Fiscal Research Center, and is uniquely placed to contribute to the design, development, management and delivery of the FRC’s mandate. As such, the IFSD is considered qualified on the basis of experience of exceptional worth and presents a clear advantage over other entities.

- 4.6 **Supervision and Monitoring.** The designated focal point for execution is the Research Economics Senior Advisor based in IDB Headquarters, who will be responsible for and will carry out supervision of the activities developed under this TC in close coordination with other Specialists from CCB/CCB as well as other IDB Departments and Divisions that comprise the project team. Outputs and results achieved under the TC will be communicated and disseminated in a timely manner to all stakeholders. A project completion report will be prepared specifying the activities carried out and the achievement of expected results (OP-1385-4). This TC will be executed in a period of 42 months. The Country Office in Jamaica will act as Unit with Disbursement Responsibility (UDR). The project will be monitored and evaluated based on the products and performance indicators in the Results Matrix, in accordance with what is established in the document The Technical Cooperation Monitoring and Reporting System (OP-1385-4).

## V. Major Issues

- 5.1 **Risks.** Potential risks associated with the execution of this TC include: (i) ensuring that the identification of research and training topics are informed by key stakeholders to ensure that they are consistent with client needs and experiences, and (ii) ensuring the availability of high-quality data and information for the development of the TC deliverables. Related risks will be addressed via the governance structure that has been developed to support the FRC and IDB-UWI

partnership, including the creation of a Steering Committee (SC)<sup>9</sup> tasked with selecting and developing the scope and terms of all related outputs. The SC will be comprised of representatives of Jamaica's Ministry of Finance and government, as well as from the UWI, IDB, and IFSD, to ensure that key stakeholders are involved in all phases of issue and topic identification, research design and scoping, as well as ex-post review and evaluation. The SC will take into consideration both the desirability and demand for research and related topics, as well as feasibility based on the availability of data, sufficiently skilled researchers and analytical feasibility. It is envisaged that this SC will expand over time to include representatives from other governments across the Caribbean, as the work program, resources and remit expand.

## **VI. Exceptions to Bank policy**

6.1 There are no exceptions to Bank policy.

## **VII. Environmental and Social Aspects**

7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them. Therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

### **Required Annexes:**

[Request from the Client\\_66429.pdf](#)

[Results Matrix\\_71383.pdf](#)

[Terms of Reference\\_66732.pdf](#)

[Procurement Plan\\_27085.pdf](#)

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<sup>9</sup> It is envisioned that the Steering Committee will transition to a 'Governing Board' once the FRC is fully underway. In time, it is also expected that new development and academic partners may also be invited to join.