

Draft TC ABSTRACT

Making the Caribbean more competitive by addressing the challenge of crime and violence

I. Basic project data

- Country/Region: Regional
- TC Name: Making the Caribbean more competitive by addressing the challenge of crime and violence
- TC Number: RG-T2364
- Team Leader/Members: Inder Ruprah (VPC/CCB) Team Leader, Arnaldo Enrique Posadas (IFD/ICS), Louise Armstrong (IFD/CTI), Nicola Magri (IFD/CTI)
- Indicate if: Client support
- Date of TC Abstract: May 20, 2013
- Beneficiaries: Public entities in charge of safety and security; public entities in charge of business climate, private sector.
- Executing Agency: IDB (VPC/CCB)
- IDB Funding Requested: US\$250.000
- Disbursement period (which includes execution period): 24 months
- Required start date: August 1, 2013
- Types of consultants: firms and individual consultants
- Prepared by Unit: VPC/CCB
- Unit of Disbursement Responsibility: VPC/CCB in Headquarters
- Included in Country Strategy: No; TC included in CPD: No
- GCI-9 Sector Priority: This regional technical cooperation is in line with the GCI-9 sector priority “Institutions for growth and social welfare”, in particular “citizen’s security”.

II. Objective and Justification

The objective of this TC is to contribute to building evidence on the impact of crime and violence on business climate and learning more about targeted ways to reduce obstacles to competitiveness through a social crime and violence prevention strategy. This project is aligned with the main priorities of the Citizen Security Initiative, mainly the pillar to foster information and analysis on crime and violence, as well as on the main objectives of Compete Caribbean, in particular to improve the business climate and to generate new knowledge products on the private sector in this sub-region.

The specific objectives of this TC are:

- 1) Generate knowledge about the impact of crime and violence on the business competitiveness in the Caribbean, through a specific survey;
- 2) Engage the private sector in a dialogue with public authorities, to better design policies to address challenges related to the crime and violence and competitiveness.

According to the latest *Global Competitiveness Report 2012-2013*¹, Latin America and the Caribbean still face competitive challenges despite steady growth, in particular: high levels of insecurity; poor infrastructure; inefficient allocation of resources; low capacity to generate new knowledge to strengthen R&D innovation. Crime and violence is in fact one of the biggest problematic factors to improve the business environment in

¹ World Economic Forum 2012

many of the Caribbean countries. When looking at the “crime and theft” index, Barbados ranks 74, Guyana 123, Jamaica 141, and Trinidad and Tobago 139 out of a total of 144 countries. In Guyana and Jamaica, crime and theft are actually the main concern for improving competitiveness (19.3% and 17.7% of respondents, respectively), and in Trinidad and Tobago the problem ranks in second place (16.9% of respondents)². In a 2004 country report³, the World Bank underlines some of the major consequences of crime and violence on business in Jamaica. This study emphasizes how insecurity diverts investments away from business expansion and limits productivity improvement, leading to business losses, in terms of outputs (as a result of reduced hours of operation or the loss of workdays when violence outbreaks) or caused by a temporary or permanent reduction in the labor force, due to injuries or murder. Crime and violence can also drive the relocation of firms to less crime-prone countries, thus impacting the country’s productivity, as well as erode the development of human as well as social capital. Jamaica implemented a Business Victimization Survey in 2004⁴, which showed that 65% of firms reported one or more forms of criminal victimization, particularly in the tourism and agricultural sectors. Yet, this exercise, which led to interesting policy recommendations, was not sustained, thus limiting the country’s capacity to identify and implement effective and sustainable crime reduction strategies that take into account the specific security concerns of the private sector, as a condition to improve its economic competitiveness.

Mapping enterprises in Latin America and the Caribbean, and understand competitiveness and the main challenges and opportunities for “doing business”, is part of an effort undertaken by the World Bank Group in collaboration with the IDB and Compete Caribbean. Enterprise Surveys⁵ focus on the various factors that shape the business environment, whether accommodating or constraining. Various Caribbean countries were considered for the purpose of the 2010 survey⁶. These have been a very useful instrument to assess country’s business environment characteristics with firm productivity and performance, and have included a component of “crime and informality”. The indicators developed under this category help evaluate elements such as the percent of firms paying for security; losses due to the theft and vandalism against a firm; security costs of firm; the percent of firms identifying crime, theft and disorder as a major constraint. However, these indicators can be further complemented to offer a more complete analysis of the impact of crime and violence on business climate and competitiveness. Additional tools have been put in place in other contexts, such as business victimization surveys⁷, and could facilitate a better understanding of the perception of business on crime and violence, while assessing the types of crimes that affect specific firms according to their sizes and their sector,

² World Economic Forum, *Global Competitiveness Report 2012-2013*

³ World Bank, *The Road to Sustained Growth in Jamaica*, 2004, chap. 6 “Crime and its impact on business in Jamaica”, <http://siteresources.worldbank.org/INTLAWJUSTINST/Resources/JamaicaPaper.pdf>

⁴ <http://www.slideserve.com/abeni/impact-of-crime-on-business-and-the-investment-climate-in-jamaica-january-22-2004>
www.enterprisesurveys.org

⁵ Among the various CARICOM countries, the following borrowing members of the IDB were included: Bahamas, Barbados, Belize, Guyana, Suriname, Jamaica, Trinidad and Tobago.

⁷ Business Victimization Surveys are an interesting tool to complement other victimization surveys addressed to households: they help examine the types of crime and violence that affect the private sector, the context of victimization, the social and economic impact of crime in terms of “doing business”, as well as the perceptions of the private sector on the response provided by public institutions responsible for citizen security, and areas for improvement. Such an initiative was successfully implemented by the Mexican National Institute for Statistics and Geography (INEGI) in 2012, and produced interesting results:

<http://www.inegi.org.mx/est/contenidos/proyectos/encuestas/establecimientos/otras/enve/enve2012/default.aspx>

and help gather useful information on the private sector's views on the response by public authorities to (in)security.

In the Caribbean, business climate is also hampered by a series of additional drivers amongst which the inadequately educated workforce, as underlined in the latest Global Competitiveness Report 2012-2013⁸. This indicator is particularly relevant to further understand the nexus between competitiveness and citizen security in the Caribbean, given the many social and economic factors that put youth at-risk in the region. Limited socio-economic opportunities are a push factor for violence: unemployment is actually the main concern of Caribbean youth⁹. It reaches extreme levels in most countries (34% in Jamaica; 25.4% in Trinidad and Tobago; 21.8% in Barbados) and are higher than the overall unemployment rate, in a region where 30% of the population is between 18 and 30 years of age¹⁰. Youth violence has also been associated with low levels of educational achievement. Fighting youth unemployment while at the same time supplying a more adequately trained and educated workforce thus becomes a prerequisite to improve business competitiveness while reducing opportunities from criminal behavior.

The IDB has engaged on a series of projects aimed at supporting youth development in the Caribbean, through the provision of training, on-the-job experience. Through the Youth Development Program in Jamaica, IDB resources have supported the enhancement of job and life skills training offered by the National Youth Service, among other activities¹¹. On the overall, there is still little evidence on the role played by the private sector to promote training and provide permanent employment to at-risk youth, nor on the specific labor necessities of the private sector. This information would be very valuable to promote partnerships with the private sector in a way that will respond to basic competitiveness priorities, while serving crime prevention purposes.

III. Description of activities

Component 1: Assessing the impact of crime and violence on the private sector in the Caribbean

Building on the partnerships established between the World Bank Group, the IDB and Compete Caribbean for the purpose of Enterprise Surveys in Latin America and the Caribbean; this component will contribute to improving the information and analysis of the impact of crime and violence¹² on business competitiveness in the Caribbean, through the consolidation of a set of new standardized indicators, that will complement the component on crime developed by Enterprise Surveys. The expected outcome will be a clearer and more precise assessment of business victimization and crime perception of private firms as a means to foster public security decision-making in a way that will improve the economic sustainability and attractiveness of the targeted countries.

This component will finance the following activities:

⁸ http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf

⁹ UNDP Citizen Security Survey 2010, in *UNDP Caribbean Human Development Report 2012*

¹⁰ UNDP Caribbean Human Development Report, 2012

¹¹ Youth Development Program – Phase I, Jamaica, 2008, US\$ 11 million. The impact evaluation should be available shortly

¹² This TC will complement the collection and analysis of crime and violence information undertaken in the TC RG-T2196- Crime and Violence in the Caribbean, and will help examine the problem from the perspective of the private sector.

- (i) **Design of a set of indicators based on existing best practices (e.g. the Enterprise Victimization questionnaire¹³) to collect data within the region.** This questionnaire will help measure the following aspects such as: cost of crime on business; spending from private sector on security, types and characteristics of business victimization; perception by businesses of citizen security institutions; loss as a result of crime; private sector challenges and opportunities to address crime and violence.
- (ii) **Integrate the questionnaire with existing relevant data collection initiatives.** The data collection will be based on existing methodologies such as the Enterprise Surveys¹⁴ or others to be identified based on the specificity of the questionnaire.
- (iii) **Data analysis and elaboration of policy recommendations.**
- (iv) **Report on the impact of crime and violence on business competitiveness in the Caribbean and dissemination of results:** the results of the analysis and the policy recommendations will be disseminated in a report that will be published and made available in digital format. This report will be addressed to Caribbean decision-makers and private sector stakeholders, in order to better define citizen security public policy that contributes to improving the business climate in the targeted countries, and reducing the way in which crime curbs competitiveness in the region. The report will constitute the basis of the Dialogue activities described in component 2 below.

Component 2: Improving business climate by promoting the participation of the private sector in crime prevention strategies:

The main outcome of this component is to facilitate the exchange of knowledge and practices that will further improve the business climate in the beneficiary countries.

This component will finance the following activities:

- (i) **Regional dialogue between citizen security high-level officials and private sector stakeholders** for the purpose of discussing the main challenges and solutions to improve the business climate through more effective crime prevention strategies, with special emphasis on at-risk youth. This dialogue will build on the key findings and policy recommendations made in the report prepared under component 1. It will promote greater participation of the private sector in decision-making processes on citizen security as a means to address crime prevention as a tool for “better business”. The team will have to identify possible private sector partners who are already engaged or would be interested in engaging in such endeavor. Moreover, the dialogue will explore best practices from other regions.
- (ii) **Regional capacity-building workshop addressed to private sector stakeholders** to learn more specifically about the importance of supporting specialized training for at-risk youth as a means to reduce crime opportunities while increasing the percentage of adequately trained workforce. Apart from raising awareness on the benefits of such programs, this workshop will also provide practical tools to private sector stakeholders that will contribute to improving their strategies for “doing business” in a way that contributes to addressing some key social risk factors of violence as well. For the purpose of this activity, the team will map existing practices and experiences of

¹³ <http://www.enterprisesurveys.org/~media/FPDKM/EnterpriseSurveys/Documents/Methodology/ES-Manufacturing-questionnaire-2011.pdf>

¹⁴ Enterprise Surveys, *Implementing Enterprise Surveys in Latin America and the Caribbean*, The World Bank Group, Latin America and the Caribbean Series Note No. 10, January 2013

private sector firms involved in such trainings, at the regional and international level, as well as develop training material that will guide the workshop.

IV. Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Regional survey (component1)	Design and data collection of a regional survey on the impact of crime and violence on doing business	60,000		60,000
Data analysis and report based on the survey (component 1)	Data analysis, reporting on the outcomes and policy recommendations based on the survey	40,000		40,000
Regional dialogue (public private) on security and doing business (component 2)	The regional dialogue will bring together key informants and experts from the public and private sectors to discuss the outcomes of the regional survey and identify the next steps	60,000		60,000
Regional capacity building (public private) on how the private sector can play a key role in preventing crime and violence and at the same time benefit from better security (component 2)	Through a regional capacity building program, public and private sector stakeholders will work together to identify how the private sector can support youth at risk to prevent crime and violence and, as result of that, benefit from a more secure Caribbean for doing business	60,000		60,000
Dissemination of results and project management (component 2)	The results of the activities will be disseminated throughout the region to support continuous engagement of stakeholders.	30,000		30,000
			TOTAL:	250,000

V. Executing agency and execution structure

The Executing Agency of this Technical Cooperation is the VPP/CCB, with the support of IFD/CTI.

The TC Team Leader will be supported by IFD/CTI consultants.

VI. Project Risks and issues

The main risks refer to: i) not identifying an adequate sample of private sector stakeholders for the data collection on the impact of crime and violence on doing business and ii) not managing to reaching out to private sector stakeholders that can promote inclusive policies for youth at risk.

The risks mentioned above will be mitigated through the continuous interaction with the Compete Caribbean team based in Barbados that has a deep knowledge of the Caribbean context and can facilitate the efforts in reaching out to relevant public and private sector stakeholders. Moreover, the survey will leverage the existing efforts in reaching out to private sector companies (e.g. the Enterprise Survey).

VII. Environmental and Social Classification

The environmental and social safeguard classification is “C”. This TC supports activities that increase the likelihood of positive social impact by strengthening the capacity of public safety practitioners, families of children with disabilities, educators and relevant stakeholders through open learning and capacity building as well as through the development and dissemination of social innovations.