

REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES

Selection # as assigned by e-Tool: RG-T3342-P002

Selection Method: Full Competitive Process

Country: Regional

Sector: Competitiveness, Technology and Innovation

Funding – TC #: ATN/OC-17047-RG

Project #: RG-T3342

TC name: Unleashing New Avenues for Growth by Tackling Opportunities in the Blue Economy

Description of Services: To produce an economic valuation tool of the current and potential economic activities in the Caribbean.

Link to TC document: <https://www.iadb.org/Document.cfm?id=EZSHARE-1010089622-15>

The Inter-American Development Bank (IDB) is executing the above-mentioned operation. For this operation, the IDB intends to contract consulting services described in this Request for Expressions of Interest. Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beo-procurement.iadb.org/home>) by: **August 2, 2019** 5:00 P.M. (Washington D.C. Time).

The consulting services (“the Services”) include developing and implementing an economic valuation tool, along with a report of the economic valuation of economic activities in the Caribbean. This report will incorporate a database of the activities along with a visualization tool that can be easily accessible by policymakers in Caribbean region. This is an estimated six (6) month consultancy.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-1. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described below in the [draft summary](#) of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. Time) by sending an email to: kaylag@iadb.org

Inter-American Development Bank

Division: *Competitiveness, Technology and Innovation*

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Draft Summary of Terms of Reference

1. Background and Justification

- 1.1.** The economies of the Caribbean are small, open economies that depend mainly on tourism or on the exploitation of natural resources and that show persistent sluggish growth rates over time. Although the economies of Caribbean small states¹ grew on average by 0.7% in 2017, productivity has declined over the years. When comparing the performance of the Caribbean private sector to that of the Rest of Small Economies (ROSE), the Caribbean's productivity² does not allow for high levels of economic growth. In addition, economic growth has either concentrated in commodity exports (mainly oil, gas and gold) or in services industry, mainly tourism.
- 1.2.** The Caribbean is one of the most vulnerable regions in the world to natural disasters, mostly cyclones and hurricanes. It is estimated that economic damages due to this event could be as high as 5.7% of GDP annually for the 1050-2014 period.³ Moreover, the 2017 hurricane season further highlighted the region's vulnerability to natural disasters and external shocks and the need to increase resilience, economic diversifications and new avenues for growth. For example, it is estimated that in the Bahamas, the impact of hurricanes between 2015 and 2017 was of US 672 Million.
- 1.3.** The oceans contribute between US \$1.5 trillion and US \$3 trillion each year to the global economic activities, generates around 31 million jobs and its contribution is expected to increase in the medium to longer term.⁴ The "Blue Economy"⁵ is an evolving concept that takes a step further than the Ocean Economy in its recognition of the need to not only maximize the economic potential presented by the ocean spaces but to also preserve the health, attributes, and environmental sustainability of the ocean's natural assets (OECD 2011). The concept of the Blue Economy includes the simultaneous promotion of economic growth, environmental sustainability, social inclusion and strengthening of oceans ecosystems. For small islands states, although traditional industries and sectors - fisheries, maritime transport and coastal tourism - represent a large portion of economic activity, pursuing the blue economy also enables diversification into many other new and emerging ocean-based activities and sectors, including marine aquaculture, seabed mining, maritime safety and surveillance, marine biotechnology and bioprospecting, marine security offshore wind energy, ocean renewable energy and deep-sea oil and gas production.
- 1.4.** The exploitation of the ocean space requires an environmentally sustainable approach, as the need to conserve the fragile resources, even for the current economic maritime activities, is a crucial point for this sector. The region's ocean space is vulnerable to the tragedy of the commons (overuse), acidification (affecting coral reefs and marine biodiversity), pollution and climate change. Nevertheless, it is expected that scientific and technological advances can potentially transform the way environmental challenges are addressed and will generate new economic, disruptive activities related to the ocean. Innovation in advanced materials, subsea engineering and technology, remote sensing technologies, big data analytics, biotechnology and nanotechnology will affect every current blue economy activity.⁶ Many countries in the region, and outside the region, have been pioneering deep sea exploration searching for new minerals, animal and plants. This type of

¹ For the purpose of this document, Caribbean small states are defined as IDB Caribbean country member states: Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago.

² Ruprah, Melgarejo, and Sierra (2014). ROSE refers to countries with less than 3 million population outside the Caribbean.

³ IMF. 2016. Gone with the Wind: Estimating Hurricane and Climate Change Costs in the Caribbean.

⁴ ECLAC. 2018. Caribbean Outlook.

⁵ First used during the 2012 United Nations Conference on Sustainable Development.

⁶ OECD.2016. The Ocean Economy in 2030.

research is very incipient in the Caribbean, further contributing to asymmetries of information due to lack of knowledge of the ocean potential.

- 1.5. The Caribbean's Oceans Economy, which consists of traditional sectors such as shipping, tourism, oil and gas, fisheries and aquaculture, was estimated to contribute around 18% of GDP in 2012.⁷ For Caribbean small island developing states (SIDS), although traditional industries and sectors - fisheries, maritime transport and coastal tourism - represent a large portion of economic activity, pursuing the blue economy also enables diversification into many other new and emerging ocean-based activities and sectors, including marine aquaculture, seabed mining⁸, marine biotechnology⁹, ocean renewable energy including offshore wind and solar energy¹⁰, deep-sea oil and gas production, deep sea mining, maritime safety and surveillance and high-tech marine services¹¹.
- 1.6. The compounded sea zone (exclusive economic zones - EEZs)¹² of Barbados, Bahamas, Jamaica and Trinidad and Tobago (estimated to be 1.439 Million square Km) represents a significant amount of development space in comparison to the countries limited land area (379,110 square kilometers) coupled the existence of a unique biodiversity in terms of marine fauna and flora. In this regard, the marine space can be considered as an input in the production function of the countries, an input that can be more important and relevant than the scarce land space. Yet, marine space is an underexploited growth opportunity, many times because of lack of knowledge due to limited deep sea exploration. There exists a lack of knowledge on the real value and benefits of blue assets (information asymmetry). Aside from asymmetries of information, other market failures have been identified. There is great uncertainty ex ante about the success of pioneering developments with this factor that has led to inertia as countries wait for others to pioneer a path. Furthermore, the region requires guidance on the key elements and complementary factors that need to be put in place for profitable blue economy activities to emerge and for network economies to arise.
- 1.7. Some countries in the Caribbean have started policy actions relate to Blue Economy, such as developing integrated marine policies, for example the OECS adopted the Eastern Caribbean Regional Ocean Policy and the Bahamas and Belize are developing integrated marine policy networks, the Bahamas developed an ocean economy road map and Barbados established a Ministry of Blue Economy in 2018. However, the potential of the Blue Economy as an economic driver for the region has not being recognized and integrated into comprehensive policies in the region¹³.
- 1.8. Thus, the Caribbean needs to take advantage of current technological trends in the ocean economy and create knowledge and technical capacity for expanding current economic activities and creating new ones in coordination with all relevant stakeholders¹⁴, while promoting sustainable exploitation of the marine resources and enhancing the livelihood of the communities. The latter includes the need to have a detailed mapping of the marine territory and the its real economic value for the Caribbean ocean state.
- 1.9. Several countries and organizations have recognized the importance of measuring the Ocean Economy, mostly by using satellite accounts for measuring ocean-based economic activities and marine ecosystem services and are developing mechanisms to better measure the benefits from the Blue Economy to science and to the economy¹⁵.

7 World Bank. 2016. Toward a Blue Economy: A Promise for Sustainable Growth in the Caribbean.

8 Some deep-sea deposits contain ores with up to 10 times the proportion of metal compared to deposits found on land. (Blue Economy Fund)

9 For instance, the demand for pharmaceuticals from marine species is anticipated to grow to \$8.6 billion by 2016. (Blue Economy Fund) The native Caribbean shallow-water sponge, for instance, was used to develop anti-viral and anti-cancer drugs, including the HIV drug AZT, anti-viral drugs to treat herpes, and an anti-leukemia drug (the first marine-drug approved for cancer treatment). For more information, see <https://ocean.si.edu/ocean-life/invertebrates/sea-sponge-hiv-medicine>

10 Marine-based renewable sources hold the potential to meet the region's energy needs. On a global basis and over the last few years, wind power has reached 487 GW of capacity (GWEC 2017) with increasing installations of offshore wind power.

11 UNCTAD. The Oceans Economy. Opportunities and Challenges for Small Islands Developing States.

Caribbean Development Bank. 2017. Financing the Blue Economy: A Caribbean Development Opportunity.

12 The EEZ is the sea area over which a country has exclusive rights regarding the exploration and use of marine resources extending from the country's coast. See World Bank Data.

13 Caribbean Development Bank. 2018. Financing the Blue Economy: A Caribbean Development Opportunity

14 The export basket composition of the six Caribbean economies that are the focus of this study suggests room for improvement in the sustainable use of their ocean space as engine of growth and employment generation.

15 OECD. 2019. Rethinking Innovation for a Sustainable ocean Economy

- 1.10.** On the other hand, Ocean Exploration is essential to monitor, understand, manage and protect our vast oceans, as well as to identify the economic potential of its biodiversity. It requires access to the sea and expensive scientific equipment, and it has been traditionally conducted by those with formal degrees. The Caribbean countries have restricted access to their deep oceans despite their occupying substantial parts of their Exclusive Economic Zones (EEZs), which translates into a lack of exploration, inappropriate or inadequate management decisions, and unaware populations. Lower cost technologies (for example: deep-sea dropcams, ROVs and sensors), coupled with open data initiatives (Global Fishing Watch, remote sensing by satellites), offer affordable alternatives to Caribbean countries for conducting ocean exploration.
- 1.11.** In this regard, the Caribbean needs to have an economic valuation tool to understand the economic value of the Blue Economy in their territories, taking into account all ongoing initiatives. In addition, as some countries have already engaged in exploratory activities and data collection information, a review of best practices, on going initiatives in the Caribbean and a consolidated model will help the Region in its decision making.

2. Objectives

- 2.1 The objective of this consultancy is to produce an economic valuation tool of the current and potential economic activities in the Caribbean.

3. Scope of Services

- 3.1 The consulting firm shall develop and implement an economic valuation tool, along with a report of the economic valuation of economic activities in the Caribbean. This report will incorporate a database of the activities along with a visualization tool.
- 3.2 Type of consultancy: A Consulting Firm working within the Blue Economy with at least 5 years of experience in design and implementation of visualization databases and valuation of economic activities in the Caribbean.
- 3.3 Duration: Based on completion of deliverable detailed in section 4, within the next 6 months starting from date of signing of contract.
- 3.4 Place of work: IDB Caribbean Cluster Countries (The Bahamas, Barbados, Guyana, Suriname and Trinidad and Tobago).
- 3.5 Qualifications and experience of Firm
- 3.5.1 Personnel: The Lead person from the firm must have an advanced degree in Economics, Engineering or related field, as well as experience in economic valuation of Blue Economy. He/she should be supported with other appropriate personnel and necessary equipment required to effectively execute this assignment.
- 3.5.2 Work experience: A proven track record in economic valuation and blue economy and experience in developing databases and visualization tools.

4. Expected Outcome and Deliverables

- 4.1 The Consulting Firm will be required to submit/deliver the following based on the decisions taken after consultation with the IDB Team. The following shall be delivered:
- 4.1.1 **Work Program, Strategy and Timeline** describing main activities to be taken, milestones, decision points and trip schedules if needed.
- 4.1.2 **Economic Valuation Methodology:** Submit the proposed economic valuation methodology, including the methodology for data collection strategy.
- 4.1.3 **Database and Visualization Tool** of on-going initiatives related to the Blue Economy, including methodologies and existing databases. The data visualization must be interactive, easy to maintain and update. It should also be compatible or integrate other on-going initiatives in the region.
- 4.1.4 **Economic Valuation Report** on the Economic Valuation of Blue Economy in the Caribbean including the economic value of current and potential activity, the methodology utilized, analysis of other methodologies that are currently used, and internalization of environmental and social costs. A perspective of sustainability and recovery must be incorporated as well.