

## TC ABSTRACT

### I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Support to Agricultural Policy Analysis to improve Food Security, Competitiveness and Adaptation to Climate Change in the Caribbean Region.
▪ TC Number:	RG-T2622
▪ Team Leader/Members:	Paolo De Salvo (INE/RND), Team Leader; Cesar Falconi (INE/RND); Rachel Boyce (INE/RND); and Yolanda Valle (INE/RND)
▪ Indicate if: Operational Support, Client Support, or Research & Dissemination.	Research and Dissemination
▪ If Operational Support TC, give number and name of Operation Supported by the TC:	N/A
▪ Reference to Request: (IDB docs #)	39490878, 39490886, 39490900, 39499344 <sup>1</sup>
▪ Date of TC Abstract:	March, 2015
▪ Beneficiary:	Caribbean Countries
▪ Executing Agency and contact name:	IDB (INE/RND)
▪ IDB Funding Requested:	US\$300,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes execution period):	24 months
▪ Required start date:	May 1 <sup>st</sup> , 2015
▪ Types of consultants (firm or individual consultants):	Individual consultants and specialized agencies
▪ Prepared by Unit:	INE/RND
▪ Unit of Disbursement Responsibility:	INE/RND
▪ Included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	Y
▪ GCI-9 Sector Priority:	Food Security, Climate Change, Regional Integration

### II. Objective and Justification

2.1 The objective of the proposed Technical Cooperation (TC) is to generate policy recommendations for a more efficient allocation of fiscal resources and a reduced vulnerability to volatile food prices in Caribbean countries. Caribbean countries are among the most vulnerable in the region to food price increases and climate change with a high incidence on rural poverty.

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<sup>1</sup> IDB Doc numbers corresponding to the letters of no-objection from individual countries

- 2.2 To achieve this objective, the TC will finance studies in the following areas: i) trends in agricultural prices, production, trade and consumption; ii) structure and levels of support to the agricultural sector in a context of greater openness to trade in Barbados, Bahamas, Jamaica, Trinidad & Tobago, Guyana and Suriname (this will include 6 separate knowledge products with country specific recommendations which are also coherent at the regional level); and iii) cost/benefit analysis of different forms of budgetary support including support to private beneficiaries vs. support for general public services such as: animal and plant health, food safety, innovation and infrastructure in irrigation and drainage, among others.
- 2.3 The results will be disseminated through national workshops which will focus on addressing the specific structural/policy bottlenecks at the national level as well as one regional workshop which would ensure that the implemented national policy reforms are consistent for the region as a whole. The results will also propose policy reforms for public expenditure and policies aimed at achieving a more efficient allocation of fiscal resources and public goods investments in the Caribbean region.

### **III. Description of activities and outputs**

- 3.1 **Component I: Agricultural sector policy analysis**
- 3.2 This component will finance 6 agriculture policy studies, applying the OECD's Producer Support Estimate (PSE) methodology<sup>2</sup> to compare changes in the level and composition of domestic support to agriculture over time; an important tool in monitoring and evaluating the changes in agricultural policy. The PSE quantifies the discussion on policy effectiveness and allows for the evaluation of its impacts on farmers' incomes. The PSE analysis will be complemented where appropriate by Value Chain Analysis (VCA), to help identify internal bottlenecks to improving agricultural productivity (input markets, agricultural research and extension) and reducing farm to market costs (marketing infrastructure, grades and standards, animal and plant health inspection systems). Issues examined would include, among others: a) expenditure on subsidies to producers vs. public goods; b) impact of current policies on producers, consumers and taxpayers; and c) improved coordination of policy responses to food price increases and other external shocks.
- 3.3 Activities will include the contracting of local consultants in each country as well as the contracting of specialized regional agencies, such as FAO, which have extensive experience in the agricultural sector, the PSE indicators and the OECD methodology.
- 3.4 The expected outputs of this component are: i) 6 national agricultural policy reviews based on the PSE methodology; and ii) targeted national policy reform proposals aimed at increasing fiscal resource allocation, efficiency and productivity in the agricultural sector.

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<sup>2</sup>The IDB has applied the PSE methodology in 16 countries to date, in some cases providing the basis of the analysis of national food and agricultural policies starting in 2003. These include: Argentina, Belize, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Nicaragua, El Salvador, Panama, Paraguay, Peru, and Uruguay. In addition, OECD calculates on regular base estimators for Mexico, Chile and Brazil.

### **3.5 Component II: Training and Capacity Building**

- 3.6 This component will finance national and regional workshops to discuss and validate the findings. Furthermore, representatives of local authorities and universities will be trained on the PSE methodology. These training activities will ensure that the countries increase their ability to apply the PSE methodology on a regular basis to monitor the effectiveness of agricultural policies/measures and introduce corrective measures if warranted.
- 3.7 The expected outputs of component 1 are: a) 7 (6 national and 1 regional) workshops to discuss and validate the findings of the studies and ensure countries' commitment to proposed policy reforms; and b) training of staff in the Ministries of Agriculture and research entities/academia on the PSE methodology.
- 3.8 The outputs from component I and II are expected to contribute to the following outcomes: a) initiation/implementation of policy reform undertakings and more efficient allocation of fiscal resources to agricultural programs; and b) agricultural sector productivity gains.

### **IV. Budget**

- 4.1 The indicative budget for the proposed TC is US\$300,000 as detailed in the following table:

**Indicative Budget**

<b>Activity/Component</b>	<b>Description</b>	<b>IDB/Fund Funding US\$</b>	<b>Counterpart Funding</b>	<b>Total Funding US\$</b>
Agricultural sector policy analysis	Consultancies	200,000		200,000
Training and Capacity Building	Logistics, workshops and Consultancies	100,000		100,000
<b>Total</b>		<b>300,000</b>		<b>300,000</b>

### **V. Executing agency and execution structure**

- 5.1 In order to support the Ministries of Agriculture in the process of carrying out the studies, the IDB through the Environment, Rural Development, and Disaster Risk Management Division (RND) will be the executing agency of the TC as its objective is mainly to support the preparation of the studies. Moreover, RND has executed similar TC with an excellent track-record in the deliverables. During 2013-2014, similar studies were conducted in collaboration with the Climate Change Division for countries in Central and South America. During the execution of the TC, the Bank team will share with the Governments the terms of reference of the studies to be carried out, consultants experience and findings and intermediate and final reports produced in the different studies. Paolo De Salvo (NE/RND) and Cesar Falconi (INE/RND) will jointly share execution responsibilities of the proposed TC.

**VI. Project Risks and issues**

- 6.1 The main risk during the execution of the TC is the availability of information to carry out the analysis. To mitigate this risk, the Governments have already expressed their interest and commitment in this study (see attached letters) and will assign technical counterparts for supporting the gathering and analysis of information.

**VII. Environmental and Social Classification**

- 7.1 In compliance with the Bank's safeguard policy, the proposed TC has been classified as category "C". No environmental assessments studies or consultations are required.

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