

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Strengthening the Implementation Capacity of Caribbean Blue Economy Clusters and Value Chains
▪ TC Number:	RG-T4008
▪ Team Leader/Members:	Stevenson, Claudia (IFD/CTI) Team Leader; Atwell, Keisha Tamara (IFD/CTI); Broomes, Greg Anthony (IFD/CTI); Dohnert De Lascrain, Sylvia Eva (IFD/CTI); Elliott, Wayne Antonio (IFD/CTI); Gonzalez Alzualde, Yohana Beatriz (IFD/CTI); Liana Welch (IFD/CTI); Marinez, Carlos Samir (IFD/CTI); Natalia Almeida (LEG/SGO); Ramona Sinanan (IFD/CTI); Sierra Liranzo, Mayrett (IFD/CTI); Tapia Alba, Mauricio (VPS/ESG); Vila Saint-Etienne, Sara (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	29 Sep 2021.
▪ Beneficiary:	Private sector firms legally established in The Bahamas, Belize, Grenada, and Jamaica. ¹
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Compete Caribbean Partnership Facility(CCP)
▪ IDB Funding Requested:	US\$1,200,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	27 months
▪ Required start date:	November 2021
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A

¹ Six cluster projects were shortlisted to receive technical assistance from Compete Caribbean for the preparation of their cluster development plans that were presented to an investment panel in December 2021 including (1) The Coral Reef Restoration project in the Bahamas (C-Coral); (2) The Belize Fish Traceability Cluster; (3) The Belize Conservation Distribution Business Cluster; (4) GNExTT Cluster in Trinidad and Tobago; (5) The Jamaica Conch Cluster; and (6) The Southern Caribbean Mariculture Cluster in Trinidad and Tobago. The projects earmarked to be awarded non-reimbursable technical grants include the Bahamas C-Coral, the GNExTT Cluster, the Jamaica Queen Conch Cluster, and the Belize Fish Traceability Cluster.

▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Diversity; Environmental sustainability; Gender equality; Productivity and innovation
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II. Objectives and Justification of the TC

- 2.1 The objective of this TC is to provide implementation support to Caribbean blue economy clusters and value chains to operationalize priority elements within their Compete Caribbean financed Cluster Development Plans (CDPs). The TC represents the implementation phase of the Compete Caribbean Blue Economy Cluster Call to stimulate collaborative projects within Caribbean-based, blue economy companies/actors to enhance their economies of scale and scope in the delivery of products and services, and collectively increase competitiveness, revenues, employment, and exports within the post-COVID-19 context. With particular emphasis on gender equality and social inclusion of women and vulnerable groups, this TC will facilitate the transfer of clustering capacity to analyze strategic options and implement a growth plan through the cluster methodology. This approach was carefully designed based on the strategy undergirding the Compete Caribbean Partnership Facility (CCPF) to overcome barriers related to economies of scale and competitiveness in the Caribbean.
- 2.2 The value of clustering for the Caribbean's small and medium enterprises (SMEs) lies in the opportunity to collectively service customers, attract new clients or solve production problems in ways that are not possible for businesses operating independently. More specifically, the firms actively involved in a cluster initiative can benefit from access to larger markets, business development/branding, cost sharing/saving, workforce development, higher and more uniform quality standards, supply chain or process improvements, better government support, and research & development to drive innovation and global competitiveness over time. See examples of previously funded clusters for more information: [Cluster 1](#) | [Cluster 2](#) | [Cluster 3](#).
- 2.3 Given the importance of the blue economy as a source of economic diversification and growth for the Caribbean, a call for cluster proposals focused on the blue economy was launched in November 2020 under the TC "Project Development to Enhance Productivity and Innovation Enabling Business Environment of Blue Economy Industries" (RG-T3815). CCPF, jointly with UNDP Accelerator Lab, the Institute of Marine Affairs in Trinidad and Tobago, and Caribbean Export, evaluated 30 project concept notes received from across the region and shortlisted 6 for technical assistance to develop Cluster Development Plans (CDPs). During the CDP process, the Food Administration Organization (FAO), 6 cluster facilitators, and a Pre-Marine Stewardship Certification (MSC) assessment² consultants were contracted to support the project preparation including technical assistance to apply the cluster methodology to the six (6) cluster projects, a pre-MSC assessment for the conch industry in Jamaica that was incorporated into one of the CDPs and a series of workshops including a component on gender mainstreaming. The six (6) CDPs were submitted to an

² A third-party assessment of the fishery against the Marine Stewardship Certification (MSC) Fisheries Standard. A pre-assessment is an optional preliminary review to inform whether the fishery is ready to enter full assessment. For the Queen Conch Industry in Jamaica the assessment was needed to determine the level of readiness to enter the full assessment. This full assessment will allow the Queen Conch Industry to receive the MSC certification and restart exporting activities.

Investment Panel of independent judges who scored and ranked the projects based on the following criteria:

- i. **Project feasibility** (~35%) – the extent to which (i) there is clear evidence of growing global demand for the goods/services offered by the firms in the cluster; (ii) the firms involved have a track record of success in project execution; (iii) the cluster has sufficient resources (human, financial, technological) to absorb technical assistance and sustain the required changes; (iv) important risks have been properly assessed, and measures are in place to mitigate them; and (v) there is clear commitment from the private firms involved and support from relevant institutions.
- ii. **Job creation** in the short and long term (~25%) – the extent to which the cluster project will create new jobs, including for women and other vulnerable or marginalized groups.
- iii. **Revenue generation** (sales & exports) (~25%) – the extent to which the cluster project will generate increased sales outside the country(ies), within the country(ies) indirectly throughout the value chain, or to a clear reduction of imports over time.
- iv. **Sustainability** (~15%) – the likelihood of sustaining the results achieved once the CCPF project ends, and considerations for climate change and sustainable development

2.4 The six (6) Cluster Development Plans (CDPs) prepared by Compete Caribbean using a participatory and market-driven approach to Blue Economy Cluster project design include the following projects:

Project	Description	Investment Panel Evaluation Results
The Bahamas C-CORAL Cluster (The Bahamas)	The Bahamas C-CORAL cluster aims to build ocean resilience by increasing the effectiveness and restoration scale of critically endangered coral species in The Bahamas. It draws on the award-winning recognition of the country as a leading dive destination and the country's long-standing success in tourism to create a new tourism niche -"Reef Restoration Tourism"- that targets the growing market for recreational dive adventures focused on ecosystem restoration and conservation.	Eligible for Funding by CCPF
Belize Fish Traceability Cluster (Belize)	The cluster aims to develop tech-driven traceability solutions to create an enabling environment for product certification and improved access to high-value niche markets for Belizean fishing cooperatives, strengthening the ecological and socioeconomic resilience of Belize's Spiny lobster fishery.	Eligible for Funding by CCPF with Pre-condition, and if there are funds remaining
Belize Conservation Distribution Business Cluster (Belize)	The Cluster aims to provide an additional stream of revenue for conservation sites in Belize through a line of gifts and souvenirs. This value proposition will create the link of protecting ecosystems, water, forest, and reefs on the cluster members' end and the need to save the planet on the consumer end. Embedding this purpose and standardizing the messaging in the gifts that are sold through the distribution business and in the operations of the business ensures that the goals of investing in the conservation sites of the cluster members are accomplished.	Not eligible for funding by CCPF
GNExTT Cluster (Grenada)	GNExTT is a novel and unique public, private partnership cluster recently formed in Grenada. Its goal is to enhance the socio-economic well-being of its stakeholders through improvements in harvesting, operational efficiency of the supply chain, and market value of fish products, primarily YellowFin Tuna (YFT), in a sustainable manner. The objectives of GNExTT include the implementation of fisheries management, traceability and order routing technology, improvement in the quality of fish, the upgrade of on-board and on-land cold storage	Eligible for funding by CCPF with pre-condition

	facilities, the development of processing and packaging of fish capabilities to the highest level of food safety standards, the improvement in data capture, and the implementation of a comprehensive Fish Improvement Plan (FIP).	
Jamaica Conch Cluster (Jamaica)	The JCC is committed to a long-term business strategy that will safeguard the economic viability of their businesses in a socially and environmentally responsible manner. This business strategy involves: (a) leveraging the sustainable management and high food safety and SPS standards through MSC certification to increase the value of queen conch products and by-products; (b) a phased approach to eliminate waste and utilize the full range of queen conch products and by-products; (c) a strategic phased development and roll-out of queen conch value-added products (canned conch soup, etc.); (d) diversification of markets focusing on countries with favorable trade regimes and the Caribbean diaspora in the US, EU, United Kingdom (UK) and Canada; (e) Product development and penetration of specialized niche markets such as live conch in China and other Asian countries; (f) Leveraging among other things, economies of scale, enhanced advocacy and bargaining power through expansion of the JCC to incorporate all queen conch private firms and enhancing the capacity and capability of the JCC; and (g) establishing a formal mechanism to ensure meaningful participation of the JCC in the governance of the queen conch industry and to facilitate and influence policy and legislative interventions to safeguard the livelihood of queen conch industry members.	Eligible for funding by CCPF
The Southern Caribbean Mariculture Cluster (Trinidad and Tobago)	The Cluster proposes to establish a mariculture fish farming project in T&T, initially onshore transitioning to nearshore, focusing on the southern red snapper. They are introducing modern technology and best practice methodologies via knowledge transfer from academia and experienced practitioners to achieve much-needed social and economic change. The project comprises the development of a mariculture farm, production, processing and packaging of fresh fish by existing cluster members to serve domestic and regional export markets. This venture also aims to reduce the region's food import bill in a phased approach, where the third and last stage will produce up to 300 000 lbs of southern red snapper per year, thereby significantly reducing the demand for imported seafood.	Not eligible for funding by CCPF

- 2.5 CCPF funding for the cluster projects will be in the form of non-reimbursable grants for technical assistance. The grant amount applied for each selected cluster project will be up to US\$400,000, and will represent, at the maximum, 80% of the total project budget. Eligible cluster projects will contribute the other 20% of the project budget (counterpart in-kind contribution). Funds will be awarded to winning cluster projects that have been recommended for funding by the independent Investment Panel (IP) in December 2021.³ The IP evaluated each CDP and recommended which should be funded. These recommendations for project financing include the Jamaica Queen Conch Cluster, The Bahamas C-Coral Cluster, and the Grenada GNExT Cluster in a first instance, with recommendations to partially finance the Belize Fish Traceability Cluster if there are funds remaining. The funds will be used to contract consulting firms and individual consultants to provide technical assistance for improved access to

³ On December 3rd, 2021, the Compete Caribbean Partnership Facility (CCPF) convened an Investment Panel (IP) virtually to obtain an independent assessment of the funding merit of six (6) Cluster Development Plans (CDPs). The projects were identified through a call for cluster proposals targeted at Blue Economy private sector firms launched in November 2020. Prior to the IP, the six shortlisted cluster projects had received technical assistance from the CCPF to develop Cluster Development Plans (CDPs). The judges reviewed the six projects in advance of the event and provided a preliminary assessment using the evaluation criteria above mentioned. These criteria are aligned with the objectives of Compete Caribbean. A minimum of 70% is required to qualify for Compete Caribbean financing.

markets (regionally and internationally) and to achieve higher firm productivity, thereby increasing the contribution of the treated blue economy firms to economic growth in the Caribbean. This involves a variety of activities including assessment of obtaining industry and market certification and accreditations, marketing and market development, development of product and technology, process innovation, among others.

- 2.6 **Strategic Alignment.** This TC is consistent with the Second Update to the Institutional Strategy (AB-3190-2) as it is aligned with the development challenge of *Productivity and Innovation*, by enhancing the economies of scale and scope of blue economy businesses in the Caribbean to deliver products and services, collectively increasing competitiveness, revenues, employment, and exports within the post-COVID-19 context. It is aligned also with the cross-cutting issues of promoting (i) *Gender Equality and Diversity* through the deliberate inclusion of women and vulnerable groups in the supported clusters and value chains; and (ii) *Environmental Sustainability*, by financing activities to protect and sustain the blue economy. The project is aligned with the Bank's Vision 2025, as it will help reactivate the productive sector through SME support and deeper regional economic integration, while reinforcing gender equality and diversity and promoting environmental sustainability, and IDB's sub-regional strategy initiative called "Build Forward", as it promotes smart and resilient investments for the Caribbean. It is also aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3). This TC will contribute to the Productivity and Innovation, Gender Equality and Diversity indicators of the Corporate Results Framework (GN-2727-12)⁴. Lastly, the project is aligned with the priorities of the "Proposal for the Establishment of the Compete Caribbean Partnership Facility" by supporting the implementation of Cluster Competitiveness Improvement Plans for clusters and value chains (GN-2851).

III. Description of Activities/Components and Budget

- 3.1 **Component 1. Capacity building to help blue economy clusters increase productivity, quality of products, as well as overall quantity of supplies (US\$600,000/IDB; US\$170,000/Counterpart).** This component will seek to increase the capacity of Blue Economy MSMEs from the selected CDPs to supply their products in a more consistent manner, and according to the quality expected by the market segment targeted. More specifically, this component will support in-presence or virtual workshops in Belize, Jamaica, The Bahamas, and Grenada including training to adopt and maintain quality standards that meet the requirements of buyers in the value chain, including achievement of specific certifications, improve the supply chain and logistics, training, and capacity building activities to help them access and meet market demand. The outputs expected under this component include training workshops (virtual and in-presence), diagnostics and assessments for productivity and quality standards, pilot implementation to support productivity and quality standards, including manuals outlining best-practice standards of production and completed technical assistance consultancies to support with the adoption of new processes or technologies.
- 3.2 **Component 2. Marketing and international market penetration (US\$350,000/IDB; US\$70,000/Counterpart).** This component will support clusters to access markets by

⁴ Through the following indicators: Productivity and Innovation: Enterprises provided with technical assistance (#), jobs supported (#); Gender Equality and Diversity: women beneficiaries of economic empowerment initiatives (#).

procuring a consulting firm or individual consultants to develop and implement marketing plans for international market penetration. This component will aim to improve the competitive position of each cluster in the export-oriented market segments identified. To penetrate these more lucrative markets in a sustainable way, this component will finance updated market reports and will aid in the development of marketing strategies, branding and distribution channels for each target segment. This is particularly relevant where market channels need to be established to capture specific market segments. This component will support these efforts by procuring a consulting firm or individual consultants to develop and implement marketing plans, as well as export promotion activities outlined in these action plans. The component expects to develop and implement three (3) marketing plans.

- 3.3 **Component 3. Cluster project coordination, monitoring and evaluation (M&E) (US\$250,000/IDB).** The component will finance cluster managers to oversee the cluster projects, monitor progress and evaluate results to ensure effective reporting. The outputs under this component include the implementation of the CDPs as well as monitoring and evaluation reports for each project and knowledge dissemination through a final report on the results of the cluster projects' implementation including lessons learned. During the cluster development planning process, the stakeholders were involved in collecting primary/secondary data, conducting industry and value chain analysis, benchmarking, and strategic segmentation. Consensus building activities enabled diverse stakeholders to agree on a growth plan and priorities that must be addressed to help MSMEs grow. CCPF will provide these cluster managers with the M&E templates required to ensure effective reporting. Cluster managers will promote and reinforce the value of the cluster methodology as a tool for inclusive and sustainable economic development. The activities under this component will include webinars and knowledge sharing events for cluster stakeholders to discuss successes and challenges, allowing for knowledge sharing and collaborative problem solving. As CDP implementation unfolds, CCPF will assist the stakeholders with the change management process within and across clusters.
- 3.4 **Budget.** The total cost of this TC is US\$1,440,000, of which US\$1,200,000 will be financed with resources from the Compete Caribbean Partnership Facility (CCP) and US\$240,000 will be provided by in-kind contributions from the participating clusters. These in-kind contributions represent time (labor costs), technical expertise, office space etc. provided by the clusters involved in the project's implementation.

Indicative Budget (US\$)				
Components	Description	IDB/CCP	Counterpart Funding	Total Funding
Component 1 - Capacity building to increase productivity, quality of products.	Procurement of individual consultants and firms; of workshops' venue, catering and materials; and of travel and accommodation, product development, lab tests and R&D, adoption of new processes and technologies, and certifications	600,000	170,000	770,000
Component 2 - Marketing and international market penetration.	Procurement of individual consultants and firms; of workshops' venue, catering and materials; and of travel and accommodation, market reports, marketing strategies, branding, and distributions channels	350,000	70,000	420,000
Component 3 – Cluster Project coordination, monitoring and evaluation, and knowledge dissemination	Procurement of individual consultants for M&E and Knowledge dissemination	250,000	0.00	250,000
Total		1,200,000	240,000	1,440,000

IV. Executing Agency and Execution Structure

- 4.1 In response to the direct requests of the beneficiaries, the execution of this TC will be carried out by the Bank through the Competitiveness and Innovation Division (IFD/CTI) in coordination with the Compete Caribbean Partnership Facility (CCPF). As per document "Procedures for the Processing of Technical Cooperation Operations and Related Matters" (OP-619-4), the Bank is the proposed executing agency given the regional nature of the TC and the need for a strong executing agency. Project output indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the CCPF.⁵
- 4.2. The execution and disbursement period will be 27 months and the UDR will be IFD/CTI. The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources (HRD) Complementary Workforce Policy (AM-650). The procurement of consulting firms will be carried out by the IDB in accordance with the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4). The procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policy (GN-2303-28). The procurement will follow the criteria included in Annex II of document OP-619-4, under which the Bank may undertake the responsibility of selecting and hiring consulting services (firms and individuals).

⁵ Letters of commitment from beneficiary projects have been uploaded on Convergence. Non-objection letters have been requested for Bahamas, Belize, and Jamaica. TC activities will only start upon the reception of the non-objection letters from country counterparts.

- 4.3. In accordance with the Mutual Cooperation Agreement in the Caribbean Region,⁶ signed between the IDB and the Caribbean Development Bank (CDB), the CDB will act as the Financial Agent for the purposes of administering the Facility grant resources that will finance the implementation of individual projects in the Organization of Eastern Caribbean States (OECS). The Compete Caribbean's Facility Coordination Unit was jointly designed with donors to be a Bank Executed Program and has vast experience on successful implementation of cluster projects in the Caribbean. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels.

V. Major Issues

- 5.1 The most significant risks to achieving the planned objective are: (i) the resurgence of the pandemic and government restrictions in the Caribbean which may impact project execution, in-person missions and workshops, and stakeholder engagement; and (ii) inadequate level of collaboration and commitment among cluster members.
- 5.2 These risks have been analyzed and appropriate risk-mitigating measures identified. Compete Caribbean's Facility Coordination Unit, which has a record of accomplishment for successful implementation of cluster projects, will monitor cluster projects closely through the contracting of cluster managers and will assist with execution. A team of CCPF staff and IDB specialists will provide technical input and oversight for the duration of the project implementation and will review and exercise quality control over the projects' deliverables. This period is also opportune for cluster members to integrate the new health and safety protocols including vaccination and PCR test aligned with government regulations in beneficiary countries. Alternatively, virtual missions will be executed when needed. The project will also seek to identify local cluster managers to continue to build stakeholder buy-in and collaboration in the event of domestic restrictions on international travel.

VI. Exceptions to Bank policy

- 6.1 None.

VII. Environmental and Social Classification

- 7.1 Based on the Environment and Safeguards Compliance Policy (OP-703), this operation is classified as "C", meaning that no environmental assessment studies or consultations are required for this category.

Required Annexes:

[Request from the Client - RG-T4008](#)

[Results Matrix - RG-T4008](#)

⁶ The objective of this Agreement is to facilitate cooperation and collaboration between the Parties with the view of channeling in the most efficient manner possible such resources as the Parties may make available for the support of the economic integration of the Caribbean community and common market and for the economic growth and development of the borrowing member countries of CDB. IDB may request CDB to act as a Financial Agent in specific Projects when both the IDB and CDB agree that cooperation efforts would be beneficial.

[Terms of Reference - RG-T4008](#)

[Procurement Plan - RG-T4008](#)