

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Support to Caribbean Startups and Innovative Firms within the Blue Economy
▪ TC Number:	RG-T3850
▪ Team Leader/Members:	Grant, Kayla Sharee (IFD/CTI) Team Leader; Alleng, Gerard P. (CSD/CCS) Alternate Team Leader; Broomes, Greg Anthony (IFD/CTI); Dohnert De Lascurain, Sylvia Eva (IFD/CTI); Elliott, Wayne Antonio (IFD/CTI); Gonzalez Alzualde, Yohana Beatriz (IFD/CTI); Kelly Castillo, Emily Leticia (IFD/CTI); Lopez Aragon, Carmen Carolina (CID/CNI); Louis-Grant, Paula (VPC/FMP); Marinez, Carlos Samir (IFD/CTI); Ramsumair-John, Priya Elizabeth (CCB/CTT); Vila Saint-Etienne, Sara (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	09 Feb 2021.
▪ Beneficiary:	(i) Private sector firms legally established in CARIFORUM; (ii) Governmental institutions in charge of promoting private sector (ii) regional and national governmental agencies. This includes the Institute of Marine Affairs in Trinidad and Tobago and 3 Private sector firms from one of this beneficiary countries ¹
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Compete Caribbean Partnership Facility(CCPs)
▪ IDB Funding Requested:	US\$900,000.00
▪ Local counterpart funding, if any:	US\$100,000.00 (In-Kind)
▪ Disbursement period (which includes Execution period):	24 months (disbursement and execution)
▪ Required start date:	07/15/2021
▪ Types of consultants:	Individuals and firms
▪ Prepared by Unit:	IFD/CTI-Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	CCB/CTT-Ctry Off Trinidad & Tobago
▪ TC included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Diversity; Environmental sustainability; Gender equality; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 The objective of this TC is to support Caribbean startups and innovative firms within the blue economy (BE). The TC will achieve this by assisting in efforts to scale up existing private sector entities that are pursuing the development of new products and

¹ Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines.

services, innovative business models, and improving their processes in the BE space. It will provide technical support to startups and innovative firms, selected competitively via an open innovation call for proposals. This approach was carefully designed based on the strategy undergirding the Compete Caribbean Partnership Facility (CCPF) of supporting the Caribbean region in increasing productivity, and specifically: a) increasing the innovation and technology adoption of women-led and men-led firms; and b) increasing the technical capacity of support institutions to stimulate productivity and innovation in firms.

- 2.2 Tied to the strategy of increasing the technical capacity of support institutions to stimulate productivity and innovation in firms, the TC will be used to develop the capacity of a regional organization - the Institute of Marine Affairs (IMA) - to stimulate gender-responsive entrepreneurship and innovation. Through this TC, the CCPF team will support the institutional strengthening of IMA by providing the handholding support and other technical as well as administrative support needed to pursue the management of an innovation fund call targeting emerging industries within the blue economy sector. It is envisioned that the technical support provided through the execution of this project would assist IMA in building the relevant processes and procedures to pursue such activities in the future; while providing the practical experience necessary to develop the required internal capacity to ensure the integrity of such innovation calls.
- 2.3 The Institute of Marine Affairs (IMA) is a statutory body established in Trinidad and Tobago with a regional mandate to collect, analyze and disseminate information relating to the economic, technological, environmental, social and legal developments in marine affairs and to formulate and implement specific programmes/projects. The IMA will play a key role by participating in the management of the call for proposals and the evaluation of the projects that will be selected competitively in compliance with the CCPF operating regulations. This Bank-executed TC will therefore leverage the IMA's expertise in marine affairs while building its capacity in private sector development to achieve its strategic objectives related to promoting Blue Economy industries at greater scale. IMA intends to become the established regional agency to support entrepreneurship and innovation in the blue economy in the Caribbean, serving as the preferred 'first point of contact' for international organizations or public entities wishing to promote research and development and innovation in the blue economy as well as Bluetech.
- 2.4 Empirical studies suggest that innovation contributes to economic growth and development. Economic complexity and driving higher value-added products require innovation – a crucial factor for impacting firm level growth and productivity. A strong innovation ecosystem supports firms and other key actors in increasing innovation levels, productivity, and overall competitiveness (Navarro, Benavente, Crespi, 2016). Innovation-led productivity growth will become even more important in the future to address key challenges such as climate change (OECD, 2015).
- 2.5 Across the region, there is growing awareness about the blue economy as a potential source of economic diversification and growth. The Caribbean is well suited for building a strong blue economy given the relative abundance of its maritime resources. As such, two beneficiary governments have increased their engagement with blue industries through the establishment of dedicated ministerial portfolios to better

oversee the orderly development of the sector.² Science and new cutting-edge technologies applied to the ocean space – commonly known as “Bluetech” - hold the potential to diversify into new sectors such as marine aquaculture, algaculture and agriculture, waste disposal, bioprospecting, marine biotechnology, ocean renewable energy, deep-sea mining, and high-tech marine services³. If effectively supported, these emerging industries can boost growth in the Caribbean economies as well as their resilience to climate-change related events. Given the impact of COVID-19 on the region’s main economic sectors, diversification through the blue economy, innovation, digitalization and technology adoption has become an even more pressing priority for national governments and regional agencies.

2.6 In this context, the Compete Caribbean Partnership Facility (CCPF), is poised to invest US\$4.5 million to support private sector-driven projects in the blue economy in the Caribbean, as well as policy reforms in the blue economy space that can help unleash growth. In order to stimulate innovation and investment in the private sector, a Blue Economy Innovation Challenge⁴ was launched in February 2021 in partnership with the Institute of Marine Affairs. This call for proposals targeted to startups and innovative firms within the blue economy ended April 25th 2021. As a way to increase applications from women owned firms, IMA and Compete Caribbean made additional efforts to promote the BE Innovation Challenge among women entrepreneurs and women-owned firms. Six (6) short-listed proposals⁵ will receive technical assistance from the CCPF (under ATN/CO-18565-RG) to prepare innovation business plans (IBPs) for funding consideration under the current TC. In accordance with Compete Caribbean’s Operating Regulations, the short-listed projects will be submitted to an

² The Governments of Barbados and Belize established BE ministries in 2018 and 2020, respectively.

³ Such as unmanned underwater vehicles, hydrography, metrology, and many others.

⁴ <https://www.competecaribbean.org/blueeconomy-innovationchallenge>. 25 applications received by April 25th. 3 webinars have been organized to promote the BE Innovation Challenge with the support of the Institute of Marine Affairs and the UNDP Accelerator Program: 1) [Blue Solutions Webinar](#); The purpose was to motivate entrepreneurs and private firms and show case Blue Economy Solutions in the Caribbean. The BE Challenge Was launched during this activity. 80 people attended; 2) [Empowering Women Innovators in the Blue Economy](#). The purpose was to engage women owned firms to apply to the BE Challenge by showcasing Women entrepreneurs success stories in the Blue Economy Sphere 25 people attended, mostly women. 3) [Blue Innovation Networking Event](#), 30 people attended to better understand the call and explore partnership opportunities among firms and entrepreneurs to apply to the BE Innovation Challenge Cal.

⁵ 1. Blue Bot Expansion: Real-time marine mapping and data collection for machine learning, scientific study, predictive marine asset management and marine-specific virtual reality.

2. Project Commercial Cultivation of Jamaican Spirulina: Cultivation and production of value-added products of Spirulina in Jamaica

3. Sargassum Satellite Early Warning System in the Caribbean Region: The Sargassum Satellite Early Warning System proposes to support Caribbean Member countries in the monitoring, management, and mitigation of Sargassum impact.

4. Ship2Shelf: Easy to use interface between ASYCUDA, (a globally mandated customs management software platform) the port authority and developers of logistics apps for small Island developing states. It will decrease the time cargo ships spend in ports destroying the marine environment while increasing trade goals are being met.

5. Protect/Restore Coral Reefs backed by Parametric Insurance for Local Community, Tourism Providers and Tourism Ministry: Blockchain-based parametric insurance product that will help close the protection gap while extending protection to those who have been excluded by traditional insurance in Trinidad and Tobago.

6. Grand Bahama Blue Action Lab: Innovation hub for rapid development, testing, financing, and scaling of climate-resilient models and technologies by recruiting entrepreneurs and organizations pioneering novel solutions to mitigate and adapt to the threat of climate change through the restoration of Coral Reef in the Bahamas.

Investment Panel of independent judges who will score and rank the projects based on their likelihood to achieve the following objectives:

- (i) **Level of Innovation and Scalability (~30%)**– Level of innovation of the business model/use of innovative solutions and scalability potential. We are interested in the development of an innovative product, service, or proof of concept and how it will become a viable solution that would contribute to the environmentally sustainable use or management of marine assets and resources.
- (ii) **Feasibility (20~%)** – Financial sustainability for the next 3-5 years after funding and capacity to execute. We are interested in the financial and investment plan to sustain and grow operations. What is the revenue-generation model?
- (iii) **Revenue generation (sales & exports) (~20%)** — of the business in the next 2 years to 5 years if it receives the support. We want to know the sales and export potential of the business as well as how it will reach scale
- (iv) **Job creation in the short and long term (~15%)**– in the short and long term – the extent to which the growth of this business will create new jobs, including for women and other vulnerable or marginalized groups.
- (v) **Impact on the Blue Economy (~15%)** – the short- and long-term impact of the project on the sustainability of ocean and river ecosystems.

2.7 The call aims to encourage start-ups and private sector firms to engage in hands-on exploration of innovative solutions to solve pervasive challenges and build a pipeline of projects involving disruptive technologies within the Blue Economy that can be piloted in the Caribbean including sustainable fisheries, aquaculture, marine ecotourism, fish traceability, waste disposal, real time data collection, etc. At least 3 projects (which will include women-owned firms) deemed most suitable for funding will receive technical assistance up to US\$160,000 each in non-reimbursable technical assistance grants to implement their innovation project in at least one of the 13 targeted countries.⁶ The technical assistance provided by Compete Caribbean to the startups and firms for the implementation of innovative, scalable business models in the Blue Economy, will be administered in accordance with the Bank's procurement and administrative policies for Bank-executed TCs.

2.8 **Strategic Alignment.** This TC is consistent with the Second Update to the Institutional Strategy (AB-3190-2) as it is strategically aligned with the development challenges of: (i) social inclusion and equality and (ii) productivity and innovation, specifically addressing the special needs of small and vulnerable countries in fostering development through the private sector; and it is aligned with the cross-cutting issues of institutional capacity and the rule of law, specifically through institutional strengthening toward improving the delivery of public service and facilitating a strong business climate; (ii) climate change and environmental sustainability as it relates to innovation to support climate change resiliency; and (iii) gender equality and diversity, as it pertains to supporting women entrepreneurs and women-owned firms. It is also aligned with the Sector Framework of Gender and Diversity (OP-2014) and the Sector Framework of Climate Change (OP-2018). It is aligned with IDBG Country Strategy

⁶ Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago, Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Once the three firms are selected, the non-objection letters from the beneficiary countries will be provide prior the commencement of any activity.

with the Republic of Trinidad and Tobago (GN-3034) 2016-2021 in promoting private sector development through economic diversification by a dynamic and innovative private sector. Regarding the IDB's Corporate Results Framework 2020-2023 (GN-2727-12), firms and startups will be provided with technical assistance to develop innovative solutions for the Blue Economy. The project is aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-8) as it relates to economies being able to take full advantage of the potential of the digital economy through digital technologies.

- 2.9 Finally, this TC is at the core of the priorities stated in the "Proposal for the Establishment of the Compete Caribbean Partnership Facility" (CCPF) (GN-2851) in terms of stimulating innovation in private sector firms and entrepreneurial ecosystems. More specifically, the TC will contribute to the achievement of the following two key outcomes: Increased support for innovation via public and private institutions (Intermediate Outcome 5); and Increased innovation capacity of treated women-owned and men-owned firms (Intermediate outcome 2). The TC also undergirds CCPF's objective to institutionalize improved coordination and to sustain productivity gains post program implementation. It supports CCPF's theory of change for Instrument II denominated: Entrepreneurship and Innovation Ecosystems.
- 2.10 Crosscutting themes of social inclusion and equality are being incorporated in the advancement of project activities. Much of this effort has already been undertaken under RG-T3815 which is assisting in the identification and selection of the 3 firms that will benefit from project implementation support under this TC. Special effort was placed on identifying and raising the awareness of women-owned firms which are underrepresented in BE industries. Combined, the processes have sought to provide equal opportunity to stakeholders to be able to participate in the response to the calls for proposals. Gender-disaggregated data and reporting will also feature in the execution and monitoring of the TC.

III. Description of activities/components and budget

- 3.1 **Component 1: Institutional Strengthening of the IMA (Total: USD\$200,000-IDB/USD\$100,000 and counterpart: USD\$100,000):** The technical assistance provided under this component will focus on strengthening the institutional capacity of IMA to stimulate innovation and entrepreneurship in the private sector. To achieve this objective, a professional consultant with extensive experience in the private sector will be contracted for a period of 24 months under this TC to deliver the following outputs including: (1) Development of an institutional plan for strengthening the BE Entrepreneurship and Innovation ecosystem beyond the life of this TC; (2) Institutional Training and workshops to build the IMA's institutional capacity to support startups and innovative firms; (3) Supervision and coordination of the Innovation Challenge and oversight of the firms supported via technical assistance grants, which were selected from the Blue Economy Innovation Challenge in the Caribbean; (4) Development of a monitoring and evaluation system to facilitate the supervision of consulting services needed to implement the five projects selected; (5) Knowledge Dissemination including progress reports with lessons learned from the Blue Economy Innovation Challenge, workshops and an official publication about the short term impact of the project in the capacity built. The consultant contracted under this component will work closely with IMA staff in collaboration with Compete Caribbean to ensure effective and timely implementation of the three projects. This includes conducting remote (due to COVID-19) support and guidance as needed, collecting data and information from the

firms utilizing established reporting mechanisms, and facilitating the identification and subsequent contracting and supervision of international expertise needed.

- 3.2 Component 2: Support to Startups and Innovative Firms (IDB: US\$800,000):** This component will provide technical assistance during implementation to 3 beneficiary firms⁷ to help them to 1) increase their level of innovation; 2) help them to scale up to achieve financial sustainability; 3) generate jobs; 4) increase revenue including exports; and 5) impact the environmental sustainability. A consulting firm will be contracted to support the implementation of the shortlisted projects action plans through the design and implementation of a Business Support Intermediaries (BSI) Program that will be transferred to the IMA. The support program will be tailored accordingly to selected firms needs and will include the following activities but not limited to: i) Innovation and market growth bootcamps, and mentoring; ii) Product Development and Process Innovation Validation iii) Support commercialization and market growth; iv) Investment Readiness and Access to Finance.
- 3.3** In the post-COVID-19 era, the adoption of digital technologies has become a sustainability and resilience measure for many Caribbean firms. To assist the selected firms with the incorporation of digital technologies into their business operations, a second consulting firm will be contracted to support the pilot Implementation of the projects through the design and implementation of the Technology Adoption and Digitalization. The support program will be tailored to selected firms' needs and will include the following activities i) TES Delivery Manual and Training; ii) 5 Technology Audit Plans (TAPs). iii) Design & implementation for at least 3 pilot projects for Technology and Digital Adoption. iv) Knowledge Products from lessons learned. Each project proposal selected through the Blue Economy Innovation Challenge specifies the number and type of individuals who must be trained, the nature and length of training, expertise needed and Terms of Reference (ToR) for the consultants or consulting firms required to achieve the objectives of the project. This component will also support startups and innovative firms to become more digital and, where possible, more resilient to climate change through technology and digital adoption.
- 3.4** IMA will provide in-kind contributions during the execution of this TC. IMA comprises seven departments that house technical specialists within a range of BE industries including marine governance and policy, fisheries and aquaculture, and ocean and coastal processes amongst others. The project will leverage the technical capabilities of IMA staff who will assist via advisory to strengthen the technical oversight of the project. IMA will provide online support and office space for the coordinator to be hired under Component 1 (COVID-19 permitting and as needed) to support related work and relevant meetings. Additionally, IMA will assist with project coordination and communication dissemination.
- 3.5** The Regional Coordinator will be responsible for the drafting of a quarterly Project Management Report (PMR). Other monitoring and reporting requirements will be jointly managed by CCPF and IMA.

⁷ These 3 firms will be selected through the CCPF Blue Economy Innovation Challenge. The call for projects was inclusive and vulnerable groups were targeted to improve their participation under (ATN/CO-18565-RG).

3.6 The total cost of the TC is US\$1,000,000. The IDB through the Compete Caribbean Partnership Facility will finance US\$900,000 with local counterpart funding of US\$100,000 in in-kind contribution.

Indicative Budget (\$)

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1:	Institutional Strengthening of the IMA. <u>IDB Fund:</u> - Institutional Action Plan - Program Coordination - Trainings - M&E System - Dissemination and outreach <u>Counterpart:</u> - Staff - Fund administration - Stakeholders' engagement and communication	100,000	100,000	200,000
Component 2:	Support to Startups and Innovative Firms (3 startups): IDB Fund: Design and implementation of a Business Support Intermediaries (BSI) Program that will be transferred to the IMA. Design and Implementation of the Technology Adoption program	800,000		800,000
Total		900,000	100,000	1,000,000

IV. Executing agency and execution structure

4.1 **Executing mechanism.** In accordance with OP619-4, the Bank will retain execution responsibilities given the regional scope of the TC while simultaneously building the institutional capacity of IMA to be able to manage and execute such activities. As such, the execution of this TC will be carried out by the Bank through the Competitiveness and Innovation Division (IFD/CTI) in coordination with the Facility Coordination Unit (FCU) of the Compete Caribbean Partnership Facility based in Barbados, as well as with the economic department of Caribbean offices (CCB/CBA).

- 4.2 The Compete Caribbean's Facility Coordination Unit, approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, and has accumulated a lengthy experience on successful implementation of technology adoption projects and institutional capacity building in the Caribbean. The Bank has demonstrated its ability to coordinate and motivate actions across diverse stakeholders at both the national and regional levels. In addition, and in line with Annex 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), this TC responds to a request from a beneficiary to have the Bank execute (see Annex) and thus be responsible for the contracting of consultancies.
- 4.3 Although IDB remains the executive agency, the CCPF will engage directly with the lead institutions on the ground to ensure they gain the practical experience of supporting technology adoption and institutional capacity building projects.
- 4.4 The execution and disbursement period will be 24 months and the Unit of disbursement 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 in accordance with the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4); and the procurement of consulting services different from consultants will be carried in accordance with Corporate Procurement Policy (GN-2303-28). This technical cooperation will provide technical assistance through a Fully Competitive Selection method (FCS) for the design and implementation of a Business Support Intermediaries (BSI) Program and a Simplified Competitive Selection method for the Design and implementation of the Technology and Digital adoption program to shortlisted private sector firms for the implementation of the pilot projects. All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property. Knowledge products will be published through the Bank's web page and other means accounted for in the indicative Budget.

V. Major issues

- 5.1 The major risk to the project is the sustainability of the Institute of the Marine Affairs to continue to stimulate innovation and entrepreneurship in the private sector beyond this TC. To mitigate the risk, CCPF will assign a project manager who will be responsible for training the IMA's permanent staff, documenting and communicating the highlights, successes, lessons learned and overall value of the program and define a financially sustainable model that will allow IMA to continue support startups and innovative firms in the BE.
- 5.2 Another risk is that startups and innovative firms may not be able to scale up and gain greater market access. To mitigate this risk, market penetration strategies and business models will be developed and tested during the implementation through bootcamps and acceleration programs. Project teams will receive mentorship and training for capacity building.
- 5.3 Given the lessons learned on the impact of COVID-19 on the execution of the projects in the 2020 pipeline, this project has been designed to leverage digital technologies for remote work and collaboration on the innovative solutions being proposed. The project activities, such as workshops, symposiums, marketing, and dissemination of information will be conducted virtually with minimum to no field work required.

VI. Exceptions to Bank policy

6.1 There are no exceptions to Bank policy.

VII. Environmental and Social Strategy

7.1 Given the nature of the project, there are no associated environmental or social risks. 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 (see [Safeguard Policy Filter](#) and [Safeguard Screening Form](#)).

Required Annexes:

[Request from the Client - RG-T3850](#)

[Results Matrix - RG-T3850](#)

[Terms of Reference - RG-T3850](#)

[Procurement Plan - RG-T3850](#)