

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CCB - Caribbean Group
▪ TC Name:	Compete Caribbean: Assessing the capacity to build clusters in small and vulnerable countries
▪ TC Number:	RG-T3021
▪ Team Leader/Members:	HENNESSEY, MICHAEL P. (CTI/CDR) Team Leader; PEREIRA, STEFANO (CTI/CBA); DOHNERT DE LASCURAIN, SYLVIA EVA (CTI/CBA); COX, SHAMEKA TAMEISHA (IFD/CTI); GIBSON, TAMARA WYNETTE (IFD/CTI); BERTRAND, ANNIE; GRANT, KAYLA SHAREE (IFD/CTI); FRANKLYN, RUSSELL LEVON (IFD/CTI); HENNIG, BETINA TIRELLI (LEG/LEG)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	03 May 2017
▪ Beneficiary:	Selected Regional Private Sector Support Institutions
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 367,500.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	Competitiveness & Innovation
▪ Unit of Disbursement Responsibility:	INSTITUTIONS FOR DEVELOPMENT
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

II. Objective and Justification

- 2.1 To enhance the capacity to design and execute sustainable cluster initiatives through national business support organisations in selected CARICOM States
- 2.2 Compete Caribbean I (CCPI), through the direct support to cluster initiatives facility, proved that Clustering can impact the ability of small Caribbean firms to establish competitive advantage, through strategies to correct poor coordination, to encourage information symmetry, innovation, economies of scale, and addressing managerial/organizational shortcomings. Under the CCPI's Enterprise Innovation Challenge Fund Support to Cluster Initiatives, over 5595 new jobs were created; the revenue of firms and clusters supported increased by 40% over the baseline; and 6 clusters developed new or improved collective products or services. However, among the many lessons learned from Compete Caribbean's prior engagement with clustering is that an integrated, collaborative, systemic approach involving organizations at a national level is critical to optimize the impact of further cluster interventions and ensure sustainability. The CCPI's end of program evaluation found that the capacity to facilitate cluster development in the region is generally low and recommended that to encourage sustainability and enhance local capacity, CC "should aim to further involve local organisations responsible for cluster policy implementation and support in the delivery of the Cluster window". Additionally, it was also revealed that while the performance of the clusters supported was strong, the number of clusters selected for support was very low compared to the number of project applications received. Only

38% of applications were deemed fit for funding and only 1 application from the OECS territories was funded. Based on the experience of CCP 1 and related diagnostic work in the OECS territories, these smaller and more vulnerable countries could benefit from more robust engagement in clustering given the level of economic development, institutional capacity, and resources, but would need capacity building support to effectively engage. This TC focuses on assessing the capacity of existing Cluster Support Organisations (CSOs) in the smaller and more vulnerable countries in the region and developing capacity enhancement plans. This research will be disseminated with those involved and help the Compete Caribbean team identify the organizations that are most suitable for creating and managing clusters in their country. The implementation of the capacity building effort and development of specific cluster strategies will be performed through another TC.

Synergies – This TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008), strategically aligned with the development challenges of: (i) productivity and innovation; and (ii) economic integration and specifically addressing the special needs of small and vulnerable countries and fostering development through the private sector. The program is also aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3).

III. Description of Activities and Outputs

- 3.1 This TC will assess the organizational context in business support organisations towards a greater understanding of the challenges these institutions face in developing, managing and sustaining cluster operations. Among other things, the analysis will consider the impact of previous capacity building initiatives on the organization and its implications for the CCPF initiative, and existing gender and environmental policies and practices to inform priority actions. Outputs are (i) 10 -12 feasibility assessments and capacity enhancement plans and (ii) technical selection report which will be used to identify the organisations that may be suitable for Phase 2. A new TC for phase 2 focused on implementation of the cluster management strategy and capacity building effort will be created.
- 3.2 **Component I: Assessing Organizational Potential for Cluster Development and Facilitation** . Assess the organizational context in business support institutions, prepare recommendations for improvements and identify agencies best suited for developing and managing clusters in their country.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Assessing Organizational Potential for Cluster Development and Facilitation	\$ 367,500.00	\$ 0.00	\$ 367,500.00

V. Executing Agency and Execution Structure

- 5.1 The execution will be carried out by the Bank through the Competitiveness and Innovation Division (IFD/CTI) in coordination with the Facility Coordination Unit (FCU) of Compete Caribbean Partnership Facility based in Barbados. Project outputs and outcome indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the Compete Caribbean Partnership Facility. Furthermore, capacity will be built amongst local agencies through trainings aimed at assisting beneficiaries with survey data collection and monitoring of indicators in the selected institutions.
- 5.2 The Compete Caribbean Partnership Facility (CCPF), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program. Given the expertise and

experience already in place by the execution of the first phase of the Compete Caribbean Program, the CCPF's Facility Coordination Unit (FCU) will build on the unit already established in COF Barbados.

VI. Project Risks and Issues

- 6.1 Major risks include the ability of the organizations to absorb and sustain a fifteen-month change program. Changes in leadership, resource patterns, organizational and/or political priorities, communication failures (internal and external to the organization), resistance to change from invested parties and fatigue in implementation threaten successful outcomes. To mitigate any potential disruption, the technical assistance will be contextually appropriate, modular and flexible, with identification and sustained monitoring of threats in implementation. Engagement with the decision makers and key heads will be constant to ensure an efficient approach in the execution of project activities.
- 6.2 The support process by the local organization is subject to cronyism, nepotism, partisanship or patronage. The methodology will be sensitive to this risk and will apply mitigating measures in process and system design and delivery.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".