

TC ABSTRACT

I. Basic project data

▪ Country/Region:	REGIONAL
▪ TC Name:	Improving Productivity, Innovation and Inclusive Growth in the Caribbean
▪ TC Number:	RG-T3224
▪ Team Leader/Members:	STEVENSON, CLAUDIA (IFD/CTI) Team Leader; GRANT, KAYLA SHAREE (IFD/CTI); TORRICO, BLANCA (IFD/CTI); BERTRAND, ANNIE (IFD/CTI); DRAKES, LISA (IFD/CTI); FRANKLYN, RUSSELL (IFD/CTI)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	February 21, 2018
▪ Beneficiary:	The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, Trinidad and Tobago, 6 OECS countries ¹
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB Funding Requested:	\$ 200,000.00
▪ Local counterpart funding, if any:	\$.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individual Consultants
▪ Prepared by Unit:	Competitiveness & Innovation
▪ Unit of Disbursement Responsibility:	INSTITUTIONS FOR DEVELOPMENT
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Gender and Social Inclusion

II. Objective and Justification

- 2.1 The objective of the project is to enhance CCPF's capacity to support institutions, clusters and firms in developing action plans leading to increased productivity, innovation, and growth prospects in the Caribbean region.
- 2.2 Modest growth in the Caribbean region is expected in 2018 and 2019 due in part to stronger commodity prices². However, exogenous shocks such as natural disasters and the rapid pace of technological developments may curtail such expectations. Islands such as Dominica, for instance, suffered immensely from the 2017 hurricane season which left in its wake dim economic growth prospects and strong focus on reconstruction efforts. In another instance, innovative technology is reshaping the productive structure of many economies which in turn will influence global terms of trade and how firms compete. For small nations in the Caribbean that are dependent on exports to grow their economy, increasing the productivity of firms to compete in the global market is crucial. Moreover, findings from micro-level data on Caribbean firms show that innovation has significant importance in improving overall productivity³.

¹ These 6 countries include Antigua & Barbuda, Dominica, Grenada, St. Lucia, St. Kitts & Nevis and St. Vincent & Grenadines.

² Wener, Alejandro. January 25, 2018. "Latin America and the Caribbean in 2018: An Economic Recovery in the Making". Available at <https://blogs.imf.org/2018/01/25/latin-america-and-the-caribbean-in-2018-an-economic-recovery-in-the-making/>

³ Dohnert, S; Crespi, G. and Maffioli, A. 2017. Exploring Firm Level Innovation and Productivity in Developing Countries: The Perspective of Caribbean Small States. Available at

- 2.3 In line with the Compete Caribbean Partnership Facility's (CCPF) objective to support Caribbean firms to grow, innovate, and enter into new sectors and markets, the CCPF issued a Call for Proposals (CFP) under its Pillar I focused on Productivity and Innovation in Firms to attract promising clusters of firms interested in receiving technical assistance. Upon the close of the CFP in November 2017, 91 cluster applications from 13 Caribbean countries were received⁴. After internal short listing, an independent Investment Panel was convened to evaluate eight cluster applications from Grenada, Suriname, Belize and Jamaica and whose projects span the tourism, agro-processing and service sectors. Representatives from each cluster made pitches to the investment panel, who as per the Operating Regulations of Compete Caribbean, recommend to the Facility which projects to fund⁵. Of these projects, the Investment Panel recommended four⁶ to receive technical support. This technical support starts with developing action plans, also known as Cluster Competitiveness Improvements Plans (CCIPs), to develop the detailed activities and budget for each project. These CCIPs will lead to technical cooperation projects eligible for funding⁷ through the CCPF.
- 2.4 This TC thus intends to build capacity amongst these four recommended cluster projects in the design of CCIPs that lead to improved productivity and growth outcomes, and, budget permitting, of other CCIPs of projects recommended for funding by the Independent Investment Panel in future competitions. The CCIPs will be results oriented, developed based on consultation with, and inputs from, key stakeholders; reflect a sound understanding of local and regional business environment; and integrate gender and diversity, climate change, and regional integration considerations when possible, and recommend technological innovations for improving production. Experts with specialized knowledge will be contracted to work alongside beneficiaries in designing these action plans which will be funded by CCPF for implementation or used to secure resources from other financing agents for implementation.
- 2.5 In addition to these four clusters, this TC intends to support the design of action plans for implementing gender-responsive firm-level productivity and innovation programs within public sector institutions that support productivity and innovation. The support provided is intended to build capacity amongst these public sector institutions to design productivity and innovation programs.
- 2.6 This TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) as it is strategically aligned with the development challenges of productivity and innovation and specifically addresses the special needs of small and vulnerable countries in fostering development through the private sector. The program is aligned with the priorities defined in the Innovation, Science and

⁴ Forty-one per cent of the proposals were from the agriculture, agro-processing and aquaculture sector; 17% were related to the creative/cultural industry; 17% were related to the tourism sector; and 16% to the service sector.

⁵ Compete Caribbean Operating Regulations. Available [here](#)

⁶ The projects include (i) Belize Shrimp Biosecurity Aquaculture Zone Management, by Belize Shrimp Growers' Association (BSGA) (ii) Digitization of Jamaica's Outsourcing industry: Enhancing Business Models and Advancing up the Vertical Value Chain, by Business Process Industry Association of Jamaica (BPIAJ) (iii) JBU Grow Castor Bean Project, by Jamaica Baptist Union and (iv) an agritourism project by a North East Cluster in Grenada. The Minutes of this convening of the Investment Panel can be found [here](#)

⁷ Compete Caribbean will grant the selected cluster project(s) 80% of the total budget for the proposed project, to a maximum of USD\$400,000. The winning cluster(s) must in turn contribute a minimum of 20% of the total project cost, half of which can be provided in-kind. Professional consultants will also be available to support the project development process.

Technology Sector Framework Document (GN-2791-3). The project is also aligned with the priorities of the “Proposal for the Establishment of the Compete Caribbean Partnership Facility” (GN-2851). This project expands the technical support for action plans allotted under RG-T3126 to firms and public institutions that have expressed demand for these services.

III. Description of Activities and Outputs

- 3.1 **Component 1: Design of Action Plans to Support Productivity, Innovation, and Inclusive Growth (US\$200,000).** This component will finance individual consultants to (i) develop CCIPs for four clusters recommended by the Investment Panel and (ii) design action plans for implementing gender-responsive firm-level productivity and innovation programs within public sector institutions that support productivity and innovation. These action plans will define strategic scope and objectives, assess governance structure, address strategies for integrating gender and diversity, climate change resiliency and adaptation, and regional integration considerations, identify opportunities for utilizing technology for improving efficiency, provide guidelines for developing a monitoring and evaluation system, assess and develop risk mitigation strategies, make recommendations on skills and capacity building required for successful implementation, and consider strategies for sustainability. CCIPs, in addition to the prior, will specifically assess the cluster in terms of its typology and level of development, its business environment, its strategy in terms of its competitiveness (i.e. SWOT analysis, competitive analysis, value proposition, etc), financial projections, and project budget.
- 3.2 The consultants engaged under this TC will deliberately explore opportunities to include women-owned firms into the supported clusters. They are also required to use a participatory approach to ensure representation of the priority needs of the intended beneficiaries leading to consensus on the types of activities, governance model, and resources required to execute action plans aimed at achieving outcomes that lead to improving productivity, innovation and growth in firms. The participatory approach is expected to lead to increased local ownership and transfer of knowledge in project preparation from the consultants to the participating stakeholders.

Outcome:

Statement: Increased capacity, particularly amongst small and vulnerable countries, to develop fundable action plans for increasing innovation, productivity and growth prospects.

Outcome Indicator 1: Firms benefited from gender-inclusive clusters and value chains grants

Outputs:

Output 1: Gender-inclusive Cluster Competitiveness Innovation Plans (CCIPs) Developed

Output 2: Action Plans for, gender-responsive firm-level productivity and innovation programs within institutions that support productivity and innovation

IV. Budget

Indicative Budget (in US\$)

Activity/Component	IDB/Funding	Counterpart Funding	Total Funding
Design of Action Plans to Support Productivity, Innovation, and Inclusive Growth	\$ 200,000.00	\$ 0.00	\$ 200,000.00
TOTAL	\$200,000.00	\$0.00	\$200,000.00

V. Executing agency and Execution Structure

- 5.1 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 and in coordination working in close collaboration with the relevant IDB specialists and the applicants for funding.
- 5.2 The execution and disbursement period will be 36 months and the UDR will be IFD. The activities to be executed are included in the Procurement Plan (Annex III) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-20 for logistics and other related services. In accordance with a Financial Agency Agreement 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).
- 5.3 The Compete Caribbean Partnership Facility (CCPF), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, through the CCPF's Facility Coordination Unit (FCU) established in COF Barbados. Additionally, the CTI team has strong experience in design and implementation of national and regional innovation survey instruments. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels.

VI. Project Risks and Issues

- 6.1 The most significant risk to achieving the planned objective is the sourcing of consultants with the requisite blend of knowledge and experience. To mitigate this risk, TORs will be carefully crafted ex-ante, and will clearly outline the required breadth and depth of analysis, and qualifications and experience of the consultant(s). Advertising of the TORs will be done where specialized inputs are required. Also, a team comprising FCU staff and IDB specialists will make technical inputs into the project development process, and will review and exercise quality control over the consultants' deliverables.

VII. Environmental and Social Classification

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