

TERMS OF REFERENCE

Digital Innovation Policies and Strategies

1. BACKGROUND INFORMATION AND JUSTIFICATION

1.1 Relevant Background

With support from the Inter-American Development Bank (IDB), the Caribbean Export Development Agency is initiating efforts to support the digital transformation of micro, small, and medium enterprises (MSMEs) in the Caribbean. The IDB, established in 1959, is the principal source of financing for economic, social, and institutional development in Latin America and the Caribbean, offering a comprehensive suite of services, including loans, grants, guarantees, policy advice, and technical assistance.

The Caribbean Export Development Agency (Caribbean Export) leads private sector development programmes across the Caribbean through the provision of innovative, targeted initiatives designed to increase Caribbean business growth, sustainability and job creation.

The COVID-19 pandemic has accelerated the adoption of digital technology worldwide, and Caribbean businesses are increasingly seeking technical assistance for digitalization and market diversification to survive and thrive in this new environment¹. According to IDB, Caribbean MSMEs, especially those led by women, encounter numerous barriers in adopting new digital technologies². These challenges include i) limited ability to identify productive digital technology opportunities, assess risks, and allocate resources effectively; ii) insufficient human capital with advanced digital skills for designing and deploying technologies and basic digital skills for technology adoption; iii) information asymmetry, where firms lack knowledge about available technologies and service providers that can enhance productivity and competitiveness; iv) inadequate connectivity in certain areas, v) restricted access to finance and investment uncertainties for new digital technologies; vi) an underdeveloped ICT sector with limited local

¹ Transformación Digital Empresarial, Como nivelar la cancha. 2020.

² Acevedo, Lennon, Pereira and Yanez-Pagans (2021). The Impacts of the COVID-19 Pandemic on Firms in the Caribbean. IDB-Invest.

services; and vii) regulatory frameworks that lag behind the rapid pace of digital innovation, hindering the development, testing, and adoption of new technologies.

Hence, the initiative aims to enhance the resilience and competitiveness of Caribbean MSMEs, in the post-COVID digital economy. By leveraging its expertise and extensive network, Caribbean Export is committed to ensuring that the objectives are achieved, thereby fostering sustainable digital transformation across the Caribbean.

1.2 The Team's Mission

The Inter-American Development Bank, through its Division of Competitiveness, Technology, and Innovation, in collaboration with Caribbean Export, is developing a Caribbean Digital Transformation Institute (DTI). The DTI will be a virtual platform housing a tool called the Digital Check-up that will allow MSMEs to quickly and independently carry out an analysis of their strengths and weaknesses in terms of their digital maturity. It will also offer a set of learning paths that correspond to the different stages of digital maturity, with each learning path consisting of a set of virtual, self-paced courses aimed at bridging the knowledge gap that a given MSME has about digital technology.

The provision of knowledge about given digital technologies is a necessary, although often initial, step in digital technology adoption. Based on the experience of a pilot project on Technology Extension Services in the Caribbean, digital technology adoption may require the support of specialized IT and other technology consultants. Digital innovation – which goes a step beyond digital adoption by utilizing digital technology to develop new products – is a more sophisticated phase of digital maturity and may require additional types of support.

Within the context of the DTI, Caribbean Export, is seeking a consulting firm that can design digital adoption and digital innovation policies and/or strategies that can be deployed by Caribbean national governments, their Business Support Organizations (BSOs) and Small Business

Development Centers (SBDCs) to promote competitiveness in their economic sectors, and that are aligned with/complement the DTI.

1.3 Contracting Authority

The contracting authority for this assignment is the Caribbean Export Development Agency (*hereinafter* Caribbean Export/the Agency).

1.4 Beneficiary Countries

IDB Caribbean Countries: Belize, Bahamas, Barbados, Guyana, Jamaica, Suriname, and Trinidad and Tobago.

2. OBJECTIVE, PURPOSE AND EXPECTED RESULTS

2.1 Overall Objectives

The overall objective of this initiative is to enhance the resilience and competitiveness of Caribbean MSMEs in the post-COVID digital economy by facilitating comprehensive digital transformation. This objective is pursued through a collaborative effort between Caribbean Export and the Inter-American Development Bank (IDB). The initiative focuses on several key areas:

1. Policy Development for Digital Adoption: Crafting and implementing policies that facilitate digital adoption at the firm level, creating a supportive environment for transformation.
2. Supply-Side Enhancement: Expanding digital capacity-building offerings tailored to the Caribbean context, ensuring businesses have access to high-quality training and specialized IT consultants or resources required to support their digital transformation.

3. Skill Creation and Training: Addressing both advanced and basic digital skills to meet the private sector's needs, thereby enhancing the workforce's capability to utilize digital technologies effectively.
4. Digital-First Strategy: Encouraging a digital-first business approach, integrating digital technologies into core operations to enhance productivity and competitiveness.

2.2 Specific Objectives and Scope of Work

The specific objectives of the Consultancy are:

- Identify Digital Technology Adoption Services Needs: Study the experience of the Caribbean Technology Extension Services pilot to determine the digital technology adoption services most demanded by small and medium Caribbean businesses in sectors such as tourism, agro-processing, and manufacturing. Identify the types of support needed for successful adoption.
- Analyze Digital Maturity and Gaps: Examine the Digital Check-up tool stages/logic model and the data analytics derived from its use in the Caribbean. Identify gaps where technical assistance or other interventions may be necessary to overcome barriers, considering both firm-level and workforce needs for specialized digital skills.
- Survey Barriers to Digital Adoption and Innovation: Conduct a survey of a representative sample of Digital Transformation Institute (DTI) users to identify barriers beyond the knowledge provided by DTI courses. Understand the obstacles that hinder digital technology adoption and innovation.
- Engage with Business Support Organizations: Hold discussions with BSOs and relevant representatives in beneficiary countries to understand the existing landscape of support for technology adoption and innovation, to ensure that specifics of each country are well understood and addressed.

- Design Policies and Strategies: Develop a set of policies, strategies, and instruments that policymakers in the Caribbean, including Ministries, BSOs, and SBDCs, can implement to further support digital adoption and innovation. These should include:
 - Internationally Recommended Best Practices: Describe the best types of policies and strategies used internationally and recommended for the Caribbean.
 - Country-Specific Recommendations: Create country chapters suggesting which of the internationally recommended options best fit each specific country. Tailor these recommendations to the unique context and needs of each country.
- Create Implementation Roadmap: Develop a detailed implementation roadmap that outlines the steps required to operationalize the recommended policies, strategies, and instruments. The roadmap should include timelines, responsible parties, and key performance indicators to monitor progress. Ensure this roadmap is adapted to the specific circumstances and capabilities of each country.
- Prepare Final Report and Dissemination Plan: Compile a comprehensive final report that includes all findings, analyses, and recommendations. The report should have a general section on international best practices and specific country chapters with tailored recommendations. Develop a dissemination plan to share the report's key insights and recommendations with relevant stakeholders across the Caribbean. Ensure that dissemination activities are also tailored to the specific contexts of each country to maximize impact.
- Identify a list of digital services suppliers in the Caribbean that could participate in a two-sided marketplace to support digital adoption and innovation. Classify these providers by their size, level of digital expertise, and the sector they operate in.

2.3 Purpose of consultancy and expected results

The purpose of this consultancy is to support digital technology adoption through the development of (i) policies that can be supported by the different governments benefiting from this project, and (ii) a database of regional IT suppliers. This includes developing a services database (two-sided marketplace) to support digital adoption and innovation. The database will classify providers by their size, level of digital expertise, and the sector they operate in. Service suppliers will be identified through calls for proposals or other means to onboard firms and individuals that can provide the necessary services to support digital adoption and innovation in the Caribbean onto Caribbean Export's two-sided marketplace.

The consultancy seeks to address the barriers to digital technology adoption and innovation, enhance the capacity of MSMEs, and create a conducive environment for digital transformation in the Caribbean. These strategies aim to promote competitiveness within their economic sectors and align with the Caribbean Digital Transformation Institute (DTI).

2.4 Expected Results

1. **Comprehensive Work Plan:** A detailed work plan developed within four weeks of contract signing, outlining the methodology, timeline, and key milestones for the consultancy.
2. **Report on Support Needs for Digital Adoption and Innovation:** This report will identify barriers to digital adoption and innovation based on a survey of DTI users and pinpoint public goods and critical needs to stimulate digital adoption and innovation. It will begin with a regional summary outlining common challenges and requirements across the region, followed by country-specific descriptions detailing the digital adoption landscape, the policies and BSOs supporting adoption in each country, and the existing gaps.
3. **Database of Technology Suppliers/Consultants:** A comprehensive database of firms and individuals capable of providing services to support digital adoption and innovation. This database will include contact information, service descriptions, and relevant experience details.

4. Policy Recommendations: This includes a landscape analysis of existing support for digital adoption and innovation in the Caribbean, a description of generic policies, strategies, and instruments that can be adapted to any scenario, and concrete recommendations for policies at the country level. Additionally, it will provide customization guidelines to adapt these recommendations to the specific needs and existing support landscapes in each country.

3. ASSUMPTIONS AND RISKS AND MITIGATION

3.1 Assumptions

1. Stakeholder Cooperation: It is assumed that all relevant stakeholders will actively participate and cooperate throughout the consultancy process. For example, government agencies might provide necessary policy documents and data, private sector firms could share insights on their digital adoption challenges, business support organizations may facilitate workshops and surveys, and technology providers might offer expertise on feasible technological solutions.
2. Access to Information: It is assumed that the consulting firm will have access to all necessary data, reports, and resources needed to conduct a thorough analysis and develop effective strategies.
3. Timely Engagement: It is assumed that all engagements with stakeholders will occur in a timely manner to meet project deadlines.
4. Technological Readiness: It is assumed that the technological infrastructure necessary for the implementation of digital transformation strategies is sufficiently developed and accessible. This includes broadband infrastructure at the country level, ensuring widespread and reliable internet connectivity, and the availability of essential

technologies at the firm level. Other examples include the presence of data centers, cloud computing services, cybersecurity measures, and the availability of digital tools and software that support business operations. If gaps are identified in these areas, they will be included in the list of recommended policies and actions to address such deficiencies.

3.2 Risks

1. **Limited Stakeholder Engagement:** Key stakeholders may not fully engage or provide the necessary information, which could hinder the consultancy's ability to develop comprehensive strategies.
2. **Data Access and Quality:** The consulting firm may encounter difficulties in accessing accurate and up-to-date data.
3. **Technological Barriers:** Existing technological infrastructure in some Caribbean regions may not be adequate to support the proposed digital transformation initiatives.
4. **Financial Constraints:** MSMEs may face financial constraints that could limit their ability to adopt new digital technologies and innovations.
5. **Regulatory Challenges:** Outdated or inadequate regulatory frameworks may impede the adoption and implementation of digital technologies.

3.3 Mitigation

1. **Stakeholder Engagement Plan:** Develop a comprehensive stakeholder engagement plan to ensure active participation and collaboration from all relevant parties. This includes regular updates, consultations, and feedback sessions.

2. Data Collection Strategy: Implement a robust data collection strategy that includes multiple sources and methods (e.g., surveys, interviews, secondary data) to ensure the accuracy and completeness of information.

4. DELIVERABLES

4.1 Deliverables

The consulting firm will be responsible for the delivery of the following products:

- Deliverable 1: Inception Report and Draft Work Plan within 2 weeks of contract signing.
- Deliverable 2: Identification of additional support needs for digital adoption and digital transformation: A comprehensive report outlining the barriers to digital adoption and digital innovation, as identified by a review of the Caribbean Technology Extension Services Pilot, the survey to users of DTI, the interviews with BSOs, and an assessment of the current technological infrastructure in the Caribbean. The report should include: a) conclusions of needs as identified by the Caribbean TES pilot; b) identification of barriers, as per the survey conducted to DTI users (please include the survey instrument in the report); c) for private needs (at the firm level): typology of service providers needed, broken down by technology, size of firm/digital maturity, and sector; d) identify public/club goods types of needs (i.e., workforce skills, data sharing framework, e-signature legislation, others) that are difficult for businesses to provide for themselves, and a rating of how critical they are (for the region and/or in particular countries) to stimulate digital adoption/digital innovation; and e) an assessment of areas within the current technological infrastructure that require enhancement to support digital transformation initiatives. The report should include a regional-level description and then chapters by country to provide detailed, country-specific insights.
- Deliverable 3: Infrastructure and Financial Support Assessment: Conduct a comprehensive assessment of the current technological infrastructure in the Caribbean,

identifying areas that require enhancement to support digital transformation initiatives. This includes evaluating broadband connectivity, data centers, cloud services, cybersecurity measures, and other essential technologies. Additionally, explore and recommend financial support mechanisms, such as grants, loans, and subsidies, to assist MSMEs in overcoming financial barriers to digital adoption. This assessment should include detailed recommendations for improving infrastructure and financial support at both the regional and country levels, providing a roadmap for enabling digital transformation across the Caribbean.

- Deliverable 4: Database of technology suppliers/consultants: A database of firms and individuals in the Caribbean (or if not present in the Caribbean, suggested outside sources) that could provide the kinds of services that meet the needs. The database should include name, contact information (telephone, email, website, LinkedIn), description of service and blurb detailing their experience.
- Deliverable 5: Recommended policies to further support digital adoption/digital innovation: Recommended policies to further support digital adoption and digital innovation: A report that concretely develops a set of policies, strategies, and instruments to further support digital adoption and innovation at the country level. The report should include: a) a landscape analysis of existing support for digital adoption and innovation in the Caribbean, identifying gaps in size, scope, or other aspects; and b) concrete recommendations for policies, strategies, and instruments to address these gaps. The consulting firm may consider organizing these recommendations by typologies of countries, based on the level of business development or support, or by sectors. Alternatively, the report could propose a comprehensive guiding policy that could be adapted to support the needs in each country. This approach ensures a comprehensive regional overview while providing in-depth, country-specific insights, making the findings most useful for both the region as a whole and individual countries.

- Deliverable 6: Dissemination event: The main findings of the consultancy and the final products (i.e. policies, strategies and instruments, as well as the database of suppliers) will be disseminated at a public event organized by Caribbean Export.

Every deliverable must be presented to and reviewed by the DTI Advisory Committee, the Caribbean Export team and the IDB teams, and recommendations made by any of these parties need to be addressed to the satisfaction of the parties before payment of the deliverable.

5. PROJECT MANAGEMENT AND REPORTING

5.1 Management structure

The Executive Director will retain overall responsibility for the overall project. Day-to-day supervision of this project is the responsibility of the Innovation, Digital Business Officer, who will communicate progress to the Executive Director.

5.2 Reporting

A monthly written progress report outlining key activities undertaken, progress made, and results achieved, must be submitted to Innovation, Digital Business Officer.

6. Payment timeline:

Payments will be made upon delivery and acceptance by the Advisory Committee of the DTI based on the following deliverables.

Payment plan	
<i>Deliverables</i>	%
Deliverable 1 – Workplan	10%
Deliverable 2 and 3 – Support and Assessment needs	20%
Deliverable 4 – Database of suppliers	30%
Deliverable 5 – Policies and strategies	30%
Deliverable 6 – Dissemination event	10%
TOTAL	100%

7. REQUIREMENTS

7.1 Qualifications and Work Experience

A team comprising of at least two qualified experts, with the following qualifications and experience:

- A Postgraduate Degree in Social Sciences, Innovation and Entrepreneurship or a related field.
- A minimum of five (5) years' experience in supporting private sector firms in the areas of digital business, e-commerce adoption, technology adoption, innovation or digitization.
- Strong project management skills – A certification in project management will be an asset.
- Knowledge of the various relevant regional trade agreements.
- Experience working with enterprises and with national trade promotion organizations and/or other business support organizations.
- Experience and a track record in resource mobilization.
- Proven relationship management skills.
- Fluent in English.
- Proficiency in the use of Microsoft Office programmes especially Microsoft Word, Microsoft Excel, Microsoft Project and Microsoft PowerPoint.

7.3 Contract Duration

Six months, with payment based on deliverables.

7.4 Location

The Consulting Firm can complete the tasks virtually.

Required documentation and how to apply: date, email address, deadline etc.

8. MONITORING AND EVALUATION

The Consultancy will be monitored and evaluated by Caribbean Export over the duration of the project. Performance on the project will be measured by satisfactory completion and timely submission of the deliverables outlined in Sections 4, and as outlined within the work plan submitted. Feedback, other than acceptance, on each submitted deliverable is not a requirement

for the continuation of the project. However, in some instances the Consultant may need to integrate any feedback into the subsequent deliverables. The Contracting Authority will provide feedback to the consultant within ten (10) working days of receipt of the final report.

9. PUBLICATION OF INFORMATION

To participate in any activity executed or supported by Caribbean Export, you hereby agree that any information and personal data that you share and is collected by the Agency will be processed for the purpose of reporting the outcomes and impact of your projects and/or participation. Please note that Caribbean Export reserves the right to publish the Contractor's/Participant's name and address, the purpose and nature of the activity, and financial arrangements, in accordance with Caribbean Export's Personal Data Protection Policy. [Personal Data Protection Policy](https://content.carib-export.com/download/personal-data-protection-policy/). (<https://content.carib-export.com/download/personal-data-protection-policy/>). Derogation from publication of this information may be granted if it could endanger the Contractor/Participant or harm his/her commercial interests.

10. DECLARATION

To participate in any procurement undertaken by Caribbean Export, all applicants must complete and submit to the agency the Applicant Declaration Form. <https://content.carib-export.com/download/applicant-declaration-form/>

To apply, please download the full Terms of Reference (TOR) and submit the required documentation, including the:

- Technical Proposal
- Financial Proposal
- Applicant Declaration Form

Submit these documents to Christopher Richards, Consultant, at crichards@carib-export.com, copied to Jonathan Seecharan, Innovation and Digital Business Officer, at jseecharan@carib-export.com .

The submission deadline is **4:30 pm AST on November 19, 2024**.