

TERMS OF REFERENCE

Support to the Administration of Grant Funding to Digital Transition in the Region Programme

1. BACKGROUND INFORMATION

1.1 Relevant background

The Caribbean region stands at a pivotal moment, where digital transformation has become an essential driver for future growth. As the global economy shifts towards digital transformation, post-pandemic, Caribbean nations must adopt strategies that harness the transformative potential of digital technologies. The pandemic underscored the importance of digital technology in maintaining business continuity, as businesses with digital capabilities were better able to pivot to online platforms, remote work, and digital sales channels. In fact, an October 2020 survey of business executives, conducted by McKinsey & Company, found that just a few months into the pandemic, there was a marked acceleration in the projection of digital technology adoption. The average share of customer interactions that became digital increased by over 20 percent in 2020 with North America seeing an accelerated adoption rate of 65 percent compared to 41 percent in the previous year. This trend was echoed with similar results in the European and Asia-Pacific regions as well (53 percent and 55 percent respectively). This same survey noted that the pandemic saw a shift in the offerings of products, as globally there was a marked increase in the average share of products and/or services that became partially or fully digitized (55 percent in 2020 as compared to 35 percent in 2019). Again, North America led the way with 60 percent followed by Asia-Pacific and Europe with 54 percent and 50 percent respectively.

Whilst globally the pandemic has shown evidence that points to an uptake in digital inclusion, adoption and overall transformation, the Caribbean has lagged behind. The United Nation's Economic Commission for Latin America and the Caribbean's report, *Digital inclusion in Caribbean digital transformation frameworks and initiatives: A Review*, concluded that digital inclusion was not yet a priority in its study of eleven (11) Caribbean states, with few countries having digital transformation frameworks in place. In fact, it noted that data on digital transformation in the Caribbean is severely lacking such that the true extent of Caribbean digital transformation is unclear at best. What has been noted however, is that where digital transformation has taken place in the Caribbean, it has done so at the public administration level with some Caribbean states putting emphasis on e-government. One of its recommendations, upskilling Caribbean people in ICT, noted that training is paramount to the success of any digital transformation initiative.

With the noticeable global shift favoring digital transformation and the Caribbean's inability to be early adopters of digital transformation tools and processes, there needs to be a concerted effort to build the knowledge capacity and provide funding for the implementation of digital transformation in the Caribbean private sector where small and medium enterprises (SMEs) form

the backbone of the economy. Even well before the pandemic, early digitization was touted to have significant impact on productivity and job creation in the Latin American and Caribbean region. According to Strategy&, a PwC partner, digitization was estimated to provide an additional \$USD27 billion to the Latin America and Caribbean economy and create over 600,000 new jobs in 2011.

Digital technologies, including e-commerce platforms, blockchain for trade facilitation, and artificial intelligence, can unlock new markets, streamline value chains, and foster innovation. These technologies are expected to play a crucial role in enhancing productivity and economic diversification. However, the overall GDP growth for the Caribbean region is projected to be more modest. According to recent forecasts, the region is expected to grow by 1.9% in 2024 and 2.6% in 2025, reflecting ongoing structural challenges that need to be addressed to fully realize the benefits of digital transformation¹. By leveraging these digital tools, Caribbean economies can reduce their reliance on traditional sectors and drive growth in new, innovative industries.

The region however, faces significant barriers to digital transition. The Caribbean's average internet penetration rate is approximately 70.2%², compared to the developed countries average between 82.6% to 97.5%³, with many rural areas still underserved. This digital divide is exacerbating socio-economic inequalities, making it difficult for all segments of the population to access and benefit from new technologies. Moreover, gaps in digital literacy remain a key challenge, Caribbean adults lacking basic digital skills⁴. Bridging these gaps will require substantial investment in digital infrastructure, capacity building, and education. In particular, broadband internet coverage in rural areas needs to be expanded, as high percentage of rural households in some Caribbean nations still lack access to high-speed internet.⁵ The Caribbean's digital economy could grow by 7% annually, with proper investments in infrastructure, skills, and governance frameworks, as estimated by the UN Conference on Trade and Development⁶.

The Caribbean Export Development Agency has recognized this challenge, and as part of its strategic plan, aims to increase the use of innovative tools and technologies and promote digital transformation and e-commerce within the Caribbean private sector. This includes the innovation/digitization of business as a core component of building a more resilient, transformative Caribbean private sector. To this end, the Agency has been implementing programmes targeting digital transformation of Caribbean businesses, including the Caribbean Digital Transformation Institute (CDTI), an Inter-American Development Bank (IDB) funded

¹ <https://www.worldbank.org/en/region/lac/publication/perspectivas-economicas-america-latina-caribe>

² <https://www.statista.com/statistics/934738/penetration-rate-internet-latin-america-region/#:~:text=As%20of%20January%202024%2C%20more,percent%20of%20the%20Caribbean%20population.>

³ <https://www.statista.com/statistics/269329/penetration-rate-of-the-internet-by-region/#:~:text=Overall%2C%20the%20global%20average%20internet%20penetration%20rate%20was%20roughly%2067.1%20percent.>

⁴ https://unesdoc.unesco.org/ark:/48223/pf0000262860_eng/PDF/262860eng.pdf.multi

⁵ IDB - Development of National Broadband Plans in Latin America and the Caribbean

⁶ UNCTAD – 2021 World Investment Report Investing in Sustainable Recovery

project. The CDTI, envisioned as a regional public good, will provide an online learning management platform where Caribbean businesses can access courses to build their knowledge capacity based on a digital maturity score following an assessment of the firm's maturity via the digital maturity check-up tool. Caribbean Export will also be able to monitor regional digital maturity via the development of a digital maturity dashboard, which will inform further interventions to promote digital transition and overall digital transformation within the Caribbean private sector.

To support this digital transformation initiative, the Agency, with support from the European Union's Third Regional Private Sector Development Programme, is developing a grant funding program to provide financial support to Caribbean businesses to implement and adopt digital technologies into their day-to-day business operations, enhance competitiveness and generate overall efficiencies. However, for this initiative to succeed, it is crucial to understand the current landscape of digital transformation initiatives in the region. To this end, Caribbean Export will retain a consultant to conduct a strategic analysis of digital transformation across the region.

The consultant will evaluate existing digital transformation funding programs, identify challenges and successes, as well as key intervention areas of digital transformation. This analysis should also draw lessons from other Small Island Developing States (SIDS) and similar economies who have successfully implemented digital transformation funding initiatives. The findings will inform policymakers of high-impact areas where grant funding can achieve the most significant impact, ensuring resources are allocated to sectors and initiatives with the highest potential for success.

1.2 Contracting Authority

The contracting authority for this assignment is the Caribbean Export Development Agency funded by the European Union's Global Gateway Regional Private Sector Development Programme III.

1.3 Beneficiary Countries

The primary beneficiaries under this project are the private sector in the following territories: Antigua & Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago.

1.4 Target Groups

CARIFORUM private sector

2. OBJECTIVE, PURPOSE AND EXPECTED RESULTS

2.1. Overall Objectives

The overall objective of this grant programme is to stimulate private sector investments in the Caribbean, with a focus on digital transformation, adoption of appropriate technologies, and enhancing digital infrastructure. By fostering these investments, the programme aims to support the region's transition towards a more digitally connected economy.

By mapping the types of digital transformation grant funding initiatives, as well as establishing transparent and effective procedures, the consultancy will help to directly improve the digital transformation landscape of the Caribbean private sector.

2.2. Specific Objectives

The main objective of this consultancy is to undertake comprehensive research of the digital transformation support landscape in the Caribbean and in similar regions, that will inform Caribbean Export's development of a grant support initiative to achieve the following:

- Increase adoption of new technologies within Caribbean businesses
- Increase overall digital maturity of Caribbean businesses
- Increase Caribbean businesses competitiveness through digital transformation

3. ASSUMPTIONS AND RISKS AND MITIGATION

3.1. Assumptions

- The success of this analysis assumes a functioning enabling environment and active participation from all relevant stakeholders, including governments, private sector actors, civil society organizations, and international bodies.
- There is an assumption that the necessary technology for digital transformation is accessible and adaptable for the Caribbean private sector.

3.2. Risks

- Preventative or restrictive legislation on implementing certain digital transformation technologies.
- Some stakeholders, mainly private sector entities, may resist changes brought about by digital transformation technologies, especially if they perceive short-term losses.
- Increased digital adoption exposes businesses to greater cybersecurity risks, which could deter participation or lead to significant disruptions if not adequately addressed.
- A shortage of skills related to digital tools and technologies could slow down adoption, limiting the effectiveness of the programme.
- Lack of adequate digital infrastructure such as internet access which hinders the implementation of digital transformation technologies.

3.3. Mitigation

- Conduct thorough assessments of current policies and propose necessary adjustments or new regulations that encourage and facilitate digital investments and sustainability initiatives.
- Engage stakeholders early through consultations and workshops to foster buy-in, address concerns, and communicate the long-term benefits of the digital transition for economic resilience.
- Emphasize building technical capacity, fostering partnerships with countries that have successfully implemented digital technologies, and creating incentives for technology providers to enter the Caribbean market.

4. SCOPE OF WORK

4.1. Specific Activities

The consultant will be responsible for but not limited to the following activities:

Research International Best Practice

Research the global best-practice in grant funding programs focused on digital transformation in the private sector. This will involve examining successful grant models from different regions inclusive of SIDS, developing and developed nations. The analysis of the strategies used by the grants to incentivize and promote digital transformation across the global private sector should inform the adaptation or development of those strategies for deployment in the Caribbean context. This research will form the foundation for the drafting and presentation of grant administrative and management procedures and will include, as part of its report, the following:

Phase 1: Research & Data Collection

Identification and assessment of various grant funding facilities in similar economies to the Caribbean, with priority focus on digital transformation grant funding programs. Key elements of this first phase are:

Implementation Agency – the research should comprehensively identify the type of implementing organization executing the grants (public/ private partnership, governmental agencies, multilateral agencies etc.).

Governance Framework – the research should analyze the governance framework of the identified grant funding programs paying special attention to

- (1) Eligibility and Selection Criteria

- (2) Objectives and Size of grants
- (3) Approval Processes
- (4) Fund Disbursement Guidelines
- (5) Monitoring & Evaluation Frameworks and Guidelines
- (6) Reporting Guidelines and post-grant support
- (7) Risk Assessment & Mitigation.

Projects Funded – the research should categorize and provide an analysis of the type of digital transformation projects (inclusive of specific activities) funded, especially in, but not limited to the areas of : (1) Digital Infrastructure Upgrade (2) Process Automation (3) Data Analytics & Business Intelligence (4) Customer Experience Enhancement (5) E-Commerce (6) AI & Machine Learning Integration (7) Cybersecurity & Data Privacy (8) Digital Upskilling (9) Supply Chain Digitization and (10) Innovation.

The consultant should also provide a breakdown of the profiles of the types of companies that accessed these grants and the overall sectors they belong to. Insights into the impact that these grants would have had at the firm level should also be included.

Implementation & Successes - Review of successes of various grant funding programs for digital transformation, particularly in the Caribbean and the typical implementation period given to beneficiaries to complete their projects. The consultant should also identify important lessons learnt to avoid pitfalls during implementation.

Phase 2: Adaptation to a Caribbean Context

Analyzing how successful regional and international grant funding programs can be tailored to meet the specific digital transformation needs of the Caribbean private sector. The Consultant will be required to develop a draft governance, administrative and management framework based on the research on best-practice for Caribbean Export’s digital transformation grant funding program. This draft governance framework should include, but not be limited to, the following:

- Draft eligibility criteria
- Draft approval process
- Draft monitoring & evaluation framework
- Draft reporting framework
- Identify and rank areas of digital transformation that have the greatest potential economic impact for the Caribbean private sector

- Identify the specific activities and estimated cost of implementation for the areas of digital transformation that have the greatest potential economic impact for the Caribbean private sector
- Recommended costs/ expenses that should be considered for funding
- Create detailed criteria for evaluating the proposals received during the grants process, i.e. an evaluation matrix
- A mapping of critical digital transformation gaps in the Caribbean and sector specific interventions.

5. PROJECT MANAGEMENT AND REPORTING

5.1 Responsible Body

Caribbean Export Development Agency.

5.2 Management Structure

The Executive Director will retain overall responsibility for the overall project. Day-to-day supervision of this specific programme is the responsibility of the Manager- Technical Programmes, who will communicate progress to the Executive Director.

6. LOGISTICS AND TIMING

6.1 Commencement date and period of implementation of tasks.

The expected start date for the consultancy is **February 1, 2025 and conclude April 15, 2025.**

7. PAYMENT TERMS

All services must be completed to the satisfaction of the Agency and payments will be contingent on submission and approval of the progress report and appropriate invoice. Payments will be made in accordance with the terms and conditions outlined in the contract between the contracting authority and the consultant.

The following payment terms are proposed:

- Upon presentation and acceptance of Report 1, 20% of the total cost will be paid.
- Upon presentation and acceptance of Report 2, 30% of the total cost will be paid.
- Upon presentation and acceptance of Report 3, 30% of the total cost will be paid.
- Upon presentation and acceptance of Report 4, 20% of the total cost will be paid.

8. REQUIREMENTS

8.1 Qualification and Experience

The consultant should possess the following qualifications:

- Master's degree in Business, Management Studies, Economics, Finance, Analytics or a related field.
- Proven experience in administering/ analysing grant programmes, particularly in the fields of digital transformation and transition.
- Strong understanding of sustainability principles and digital technologies.
- Excellent project management and organisational skills.
- Demonstrated ability to work collaboratively with diverse stakeholders.
- Strong analytical and excellent oral and report writing skills.
- Good understanding of the CARIFORUM private sector and knowledge of the business climate in the region.

8.2 Required Documentation

Interested candidates should submit the following:

- A detailed CV highlighting relevant experience.
- A technical proposal outlining the approach and methodology for the consultancy.
- A financial proposal detailing the consultancy fees, in EURO.
- Contact information for at least two professional references.
- Signed Application Declaration in paragraph 14.

All applications must be submitted by email to digp@carib-export.com and copied to Mr. Wayne Elliott, Manager – Technical Programmes at welliott@carib-export.com, **no later than 4:00pm AST January 3rd, 2025.**

8.3 Office Accommodation

N/A

8.4 Facilities to be provided by the Consultant

N/A

8.5 Equipment

The consultant is expected to utilise their own resources to ensure the adequate fulfilment of the scope of services.

8.6 Travel

Travel is not anticipated for this assignment.

9. REPORTS

9.1. Reporting requirements

- **Report 1: Inception Report and Virtual Presentation**

The selected consultant is required to submit to Caribbean Export, an Inception Report, detailing the proposed project design, work plan, and timelines, should be submitted **within 10 working days from the start of the consultancy**. This report will outline the consultant's approach and methodology, providing a comprehensive plan for research and analysis, timelines for each phase, and any anticipated challenges or considerations. Additionally, the report will ensure alignment between the consultant and Caribbean Export on the project's objectives and deliverables.

- **Report 2 and Virtual Presentation: Research & Data Collection**

This report will comprise a detailed analysis of global and regional grant funding programs focused on digital transformation in the private sector. Elements such as, but not limited to, implementation agency, governance framework, projects funded, and success are to be comprehensively analyzed. The report should also contain a list of agencies/ institutions that support digital transformation in the Caribbean region through grant funding, and details of their funding programme such as funding limits and eligible funding activities.

- **Report 3 and Virtual Presentation: Adaptation and Recommendation**

This report should include a draft framework of a grant funding program for digital transformation, specifically for the Caribbean. It should include, but not limit itself to, recommended areas for support, areas of high potential for digital transformation support and an analysis of the main sectors in the Caribbean that require digital transformation support. This report should also identify the shortcomings and challenges faced by other grant funding programmes with recommendations on how Caribbean Export can avoid those.

- **Report 4 and Virtual Presentation: Final Report**

This report must be presented as a comprehensive report including full recommendations for Caribbean Export's grant programme, including the breakdown of relevant expenses per project area.

9.2 Submission and Approval of Reports

The reports referred to in 9.1 above must be submitted to the Manager Technical Programmes at welliott@carib-export.com and copied to digg@carib-export.com. All reports must be submitted in English and in electronic format. The Manager Technical Programmes is responsible for approving all reports.

10. EXCLUSION CRITERIA

Candidates will be excluded from participation in the bidding process if they:

- a) are bankrupt, insolvent, filing for insolvency or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) are the subject of proceedings for fraud, corruption, a declaration of bankruptcy, for winding-up, for administration by the courts, for an arrangement with creditors or for any similar procedure provided for in national legislation or regulations;
- c) have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata*;
- d) are guilty of grave professional misconduct proven by any means which Caribbean Export can justify;
- e) are guilty of serious misrepresentation in supplying the information required by the contracting authorities as a condition of participation in the procurement process; they have been declared to be in serious breach of contract for failure to comply with obligations in connection with another contract with the same Contracting Authority or another contract financed with Caribbean Export's funds;
- f) are in breach of payment of taxes or social security contributions;
- g) have been convicted or are the subject of proceedings for money laundering, terrorist offences or activities, child labour, human trafficking, being a criminal enterprise in the production of goods and services, or any other irregularity;
- h) are established as or operating as a shell company.

Any entity operating in public interest such as public health or environmental protection are also subject to the above clauses.

11. 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 5. 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.

12. SPECIAL REQUIREMENTS

N/A

13. 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-protectionpolicy/).(https://content.carib-export.com/download/personal-data-protectionpolicy/). Derogation from publication of this information may be granted if it could endanger the Contractor/Participant or harm his/her commercial interests.

14. 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/>.

All queries relating to this activity should be directed to digp@carib-export.com.