

DRAFT TERMS OF REFERENCE

CONSULTANCY SERVICES FOR THE DEVELOPMENT OF AN EXPORT COMPETITIVENESS STRATEGY FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES (MSMEs) IN ANTIGUA AND BARBUDA

1. BACKGROUND

1.01 Antigua and Barbuda is a services-based economy located in the Eastern Caribbean with a population of approximately 99,534 persons in 2021^{1/}. Over the period 2015 to 2019, the country registered an average economic growth rate of 5%^{2/}, and as a result of the COVID-19^{3/} pandemic, the economy contracted by 17.3% in 2020^{4/}.

1.02 In 2018, unemployment stood at an average of 8.7% representing 9.9% for males and 7.3% for females and reflecting an average decline of 13.7% from the year 2015; a year in which unemployment among males and females reached 12.9% and 14.5%, respectively. In 2018, the labour force participation rate was 72.1%, with the participation rate for males (76.1%) being higher than that for females (68.9%), while in 2015, the labour force participation rate was 70.9%, with male participation registered at 73.9% compared to 68.5% for females^{5/}. Both surveys, therefore, revealed that men were more likely to participate in the labour force and women were more likely to be unemployed. Males also earned a higher income compared to females and a higher proportion of men worked in the top income brackets while a greater proportion of women were represented in the lower income brackets. Unemployment among youth^{6/} was persistently high at 33.9% in 2015 and 25.7% in 2018. This represents three to four times the rate for adults.

1.03 Given the economic fallout from the pandemic in 2020 and 2021, it is highly anticipated that women, young people, and those in the informal sector are likely to be among those who are disproportionately affected. By the end of 2020, the active employment level was estimated to have declined by 20.7%^{7/} which is consistent with the steep fall in economic activity. During the first half of the year, in which the effects of the pandemic had its initial toll, the largest changes in labour market conditions were observed in the hospitality industry which recorded a 47.9% decline in employment. This was followed by a 42% decline among self-employed persons. Altogether, more than 10,000 additional persons

^{1/} Statistics Division, Min of Finance and Corporate Governance (2021)

^{2/} <https://www.caribank.org/publications-and-resources/resource-library/economic-reviews/country-economic-review-2019-antigua-and-barbuda>

^{3/} Coronavirus disease (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus

^{4/} Caribbean Development Bank, [Antigua and Barbuda Country Economic Review 2020](#)

^{5/} Labour Force Surveys 2015 and 2018, Statistics Division Ministry of Finance and Corporate Governance <https://statistics.gov.ag/>

^{6/} Youth unemployment is the situation of young people who are looking for a job, but cannot find a job, with the age range being that defined by the United Nations as 15–24 years old

^{7/} This calculation was derived at the time of writing utilising Antigua and Barbuda Statistics Division labour force estimates

have become unemployed representing 20% of the labour force and bringing the total unemployment rate to approximately 30%^{8/}.

1.04 For the most part, the significant falloff in employment between the tourism sector and the self-employed sector is highly correlated given the structure of the economy. Tourism-related services account for approximately 54.5% of total Gross Domestic Product (GDP) and about 48.8% of total employment^{9/}; this high concentration in economic activity, *inter alia*, contributed to the trickle-down effects across the various ancillary sectors directly and indirectly connected to the tourism industry. A major portion of the ancillary services comprise of workers operating in the MSME sector including but not limited to travel agencies, taxi operators, health and beauty spas, retail, gift and craft shops, tour and water sport operators, as well as luxury, leisure and pleasure craft services and small agriculture farms and agro-processors. Due to the seasonal nature of the tourism-based activities, employment in these areas is often casual or temporary.

1.05 Prior to the pandemic, it was estimated that approximately 95% of the country's enterprises represented the MSME sector with a significant portion of such businesses located in the informal economy^{10/}. Given the precarious nature of employment in the informal sector and the low income-earning capacity, it is anticipated that severe poverty conditions will increase with the prolonged effects of the pandemic. Available results from the labour force survey assessment suggests that 29% of the population are either poor or at constant risk of falling into poverty. The country in particular has the highest Gini coefficient in the Caribbean which is made evident by the fact that the poorest 20% enjoyed just about 4.5% of expenditures while the richest 20% enjoyed 56.3% of expenditures. The data therefore suggests that without strategic intervention to preserve livelihoods, poverty levels may worsen. This is particularly true for all Caribbean tourism-dependent economies as they are expected to be the last to economically recover due to the slow resumption in tourism^{11/}.

1.06 The Government of Antigua and Barbuda (GOAB) is cognisant of the importance of MSMEs in creating employment, generating wealth, enhancing revenue streams, and alleviating poverty conditions. Restructuring the economy to ensure growth of the MSME sector in particular, is critical to realising inclusive economic development since many are located in sectors dominated by female and youth employment such as the hospitality sector, agriculture/agro-processing, the art and craft sectors as well as internet-based business.

^{8/} <https://caribbean.unwomen.org/en/materials/publications/2020/12/antigua-and-barbuda-covid19-macroeconomic-and-human-impact-assessment-data>

^{9/} OCHA Antigua and Barbados Country Profile as of July 2021

^{10/} Project Document December 17, 2012, Enhancing Private Sector Competitiveness through the Implementation of the CARIFORUM-EU EPA

^{11/} IMF Regional Economic Outlook Western Hemisphere (2021)

1.07 As part of the country's development thrust for MSMEs, the GOAB has established the Entrepreneurial Development Programme (EDP),^{12/} a business support organisation (BSO) with the primary goal of providing low-cost financing and business training for start-ups. Since the programme was launched in 2019 it has approved over XCD14 million in loan funding across various sectors including agriculture, manufacturing, retail, bed and breakfast accommodation, and long-term rental of properties^{13/}. In addition to this programme, the Small Business Development Unit within the Antigua and Barbuda Investment Authority (ABIA) supports the development of the MSMEs through the provision of business support measures, inclusive of business development planning and capacity-building activities. It also provides small business incentives as prescribed by the Small Business Development Act. The work of these agencies complements the policy framework executed through the Ministry of Trade, Industry and Commerce and is essential in enabling MSMEs to adapt to the new modes of doing business particularly in the COVID-19 operational environment which has seen an exponential increase in the use of digital technologies, thus requiring entrepreneurs to acquire new e-business skills in order to be competitive regionally and internationally.

1.08 Recent studies evaluating the impact of the pandemic on the MSME sector confirm the need to restructure and upskill workers in this sector given the prevalence of challenges which are now amplified in this pandemic-driven recession. Some of the challenges faced by the sector include but are not limited to the following:

- (a) Limited financial resources and borrowing capacity. A prolonged pandemic will make it more difficult to raise funds from formal financial institutions or even to save income derived from livelihoods in an effort to survive the crisis and its aftermath. According to CDB's recent publication on the MSME sector^{14/}, access to finance and electricity were the two most cited obstacles, with micro and small businesses listing access to finance as their biggest obstacle.
- (b) Low productivity among MSME operators. The issue of MSME productivity is important because low levels of productivity result in lower cash flows. This impedes the capacity of MSME borrowers to repay and to access new loans from the financial system to purchase new equipment. New equipment helps improve productivity by increasing output per hours worked. However, the pandemic has exacerbated this challenge. Creative intervention would be required to break the vicious cycle of low productivity, low revenue flows and the inability to access funding.

^{12/} GOAB Entrepreneurial Development Programme (EDP): <https://antiguabarbudaedp.com>

^{13/} Report of the Economic Recovery Committee. Reposting Antigua and Barbuda for Dynamic Sustainable, and Resilient Growth. August 2020

^{14/} Micro, Small and Medium Enterprise Development in the Caribbean: Towards A New Frontier

- (c) The inability to consistently deliver on product quality, keep up with supply conditions and the general lack of technological awareness and knowhow^{15/}. This in turn affects MSME's ability to partake in the formal economy and engage in export trade in a meaningful way.
- (d) Lack of marketing skills especially among the crop production sectors. In Antigua and Barbuda, the majority (69%) of extension officers reported issues with marketing agricultural products (crop, livestock, fisheries) and 38% reported that the farmers and fishers were able to find alternative marketing channels. The most affected agricultural sector members are rainfed farmers. Thirty-seven percent of the farmer and fisher respondents indicated lower levels of sales compared with the same period of the previous year and 66% reported unusual difficulties with selling their crop/livestock/fish production. These difficulties include lower demand than usual (21%), constrained access to market (19%), and the usual traders not coming to buy their produce (14%). The majority (69%) of the farmer and fisher respondents also had to give away or destroy a part of their production due to lack of marketing and storage capacity.
- (e) Inability to effectively establish supply chain linkages between large businesses and MSMEs domestically and throughout the Region. It would be imperative to assist MSMEs to integrate into the regional value chain through backward linkages to the MSME sector. This will force smaller firms to improve their productivity so that they may become and remain viable suppliers to larger firms.
- (f) Loss of market share given supply constraints from key source markets and the inability to respond to market demands subsequent to the reopening of the economy from the lockdown restrictions.

1.09 The most urgent recovery support for the MSME sector therefore is assistance geared towards its survival and ability to remain competitive and regain market share in export and domestic markets. In particular, the assistance offered in this Project will enable GOAB and other BSOs to adapt strategic approaches to the operational dynamics of the new market structure influenced by the COVID-19 pandemic. It will also assist in retooling both BSOs and MSMEs to strengthen their capacity to contribute towards enhanced integration into the regional and international value chain through the use of modern technological applications.

2. OBJECTIVE

2.01 The objective of this consultancy is to provide institutional strengthening to the Ministry of Trade, Industry and Commerce, ABIA, EDP and local BSOs to support MSMEs' export capacity readiness by developing an Export Competitiveness Strategy for MSMEs that responds to new global trade trends resulting from the impact of COVID-19. More specifically, the strategy will include an e-business readiness

^{15/} Second Meeting of The Steering Committee Enhancing Private Sector Competitiveness Through the Implementation of the CARIFORUM-EU EPA

component that will expedite the digitalisation among the MSMEs.

3. SCOPE OF SERVICE

Phase 1¹⁶

3.01 This consultancy represents phase one of two phases and the work to be undertaken in phase two will build on the work undertaken in phase one. Within the first phase of the intervention, the consultancy firm will work with the Ministry of Trade, Industry and Commerce, ABIA, the EDP and other local BSOs staff to design an Export Competitiveness Strategy for MSMEs, to develop effective export capacity building training that respond to the needs of Antigua and Barbuda MSMEs and the new global trade trends resulting from the impact of COVID-19. This consultancy will increase the level of awareness of the BSOs staff to promote and facilitate technical support, mobilise resources, and specially recommend strategic options for scaling up and ensuring sustainability of MSMEs. The consultant will engage with designated staff of Ministry of Trade, Industry and Commerce, ABIA, the EDP and local BSOs to understand the binding constraints hindering export development for MSMEs, including constraints and challenges that affect women and young entrepreneurs.

3.02 It will further engage with a representative sample of MSMEs to carry out an export readiness assessment, validate findings and devise the appropriate mechanisms and strategy to control and/or eliminate those constraints as well as take advantage of available export opportunities for the MSME sector to create jobs, increase incomes and improve livelihoods, and ultimately promote social and economic development. The consultant will be required to use information collected from other consultancies and review existing documents, literature, and various studies made by different stakeholders in the sphere of export development and e-business readiness and be aware of other initiatives supporting MSMEs to overcome disruptions in trade and business caused by COVID-19. The consultant shall ensure that quality of the Export Competitive Strategy for MSMEs is of the highest standard and provides special attention to women and youth, and mainstreaming gender and social issues.

3.03 The tasks of the consultancy firm will include, but will not be limited to:

- (a) Analyse the programmes, services, and support that the Ministry of Trade, Industry and Commerce, ABIA, the EDP and local BSOs provided to MSMEs.
- (b) Through consultation (onsite or virtually) with staff and a sample of local BSOs and MSMEs, assess the export readiness of MSMEs, identify the constraints and challenges that affect entrepreneurs, particularly women entrepreneurs, review existing policies, procedures, and strategies for the development of the MSME sector, and develop a sound Export Competitive Strategy that includes a three-year operational plan to promote effective and successful implementation.
- (c) Develop a monitoring and evaluation framework to evaluate the progress of the 3-year operational plan of the Export competitive Strategy.

^{16/} This consultancy will be followed by a second consultancy titled “Consultancy Services for The Implementation of an Export Competitiveness Programme for Micro, Small and Medium-Sized Enterprises (MSMEs) In Antigua And Barbuda And Facilitation of The Design and Launch of A Trade Event For MSMEs.

- (d) Define the e-business readiness and digital competitiveness components that will expedite the digitalisation among the MSMEs to carry on export development activities following trends dictated by the COVID-19 pandemic. Include a list of relevant training programmes and export promotion activities such as virtual trade events and online marketplaces where the BSOs' staff and MSMEs can direct their export development endeavours.
- (e) Work with designated staff members (onsite or virtually) to define strategic roles in the execution of the Export Competitiveness Strategy for MSMEs and assess the content of the capacity building plan for the BSOs staff.
- (f) Identify risks and mitigation strategies, including gender risk, to successfully implement the Export Competitiveness Strategy for MSMEs.
- (g) Align the overall strategy with other programmes and support provided by the Ministry of Trade, Industry and Commerce, ABIA and the EDP.
- (h) Ensure the quality Export Competitiveness Strategy for MSMEs is of the highest standard and includes a three-year implementation plan along with a monitoring and evaluation strategy.
- (i) Prepare and submit an export readiness assessment of MSMEs.
- (j) Prepare and submit a draft of the Export Competitive Strategy for MSMEs to the Project Coordinator. The draft will include an appendix of the results from the export readiness assessment.
- (k) Organise a validation workshop to present the Export Competitiveness Strategy for MSMEs. The workshop could be facilitated onsite or virtually.
- (l) Develop a capacity building plan (learning plan) to support the upskill of BSOs' staff to support the Export Competitiveness strategy. The learning plan should include training in:
 - (i) Gender equality
 - (ii) E-business readiness
 - (iii) MSMEs digitalisation
 - (iv) Virtual trade events
 - (v) Online marketplaces
 - (vi) Coaching MSMEs
 - (vii) Export development for MSMEs

- (viii) Market Intelligence and Research
- (m) The capacity building plan (learning plan) will be used to assess and engage training for BSOs staff throughout the implementation of the Export Competitive Strategy for MSMEs.
- (n) Prepare and submit reports according to specifications detailed in Section 4.

4. DELIVERABLES AND REPORTING REQUIREMENTS

4.01 The consultant will report to the designated Project Coordinator and will be required to submit the following for review and approval:

- (a) Within two weeks of commencing the assignment, submit the Inception Report. This report will include:
 - (i) The approach to carry out the data collection and consultation onsite or virtually.
 - (ii) A detailed workplan for completion of the assignment.
 - (iii) An outline on the content of the Export Competitiveness Strategy for MSMEs.
 - (iv) An outline on the content of product development training and approach for the facilitation of (onsite or virtual) training workshops.
 - (v) Draft of the tracking documents outlining information to be traced.
- (b) Within three days of receipt of the Project Coordinator's comments on the Inception Report, submit the report with finalised training outline, data collection and consultation plan, updated workplan, outline of the Export Competitive Strategy for MSMEs and the format of the tracking document.
- (c) Once the data collection, consultation, and overall research are concluded, submit a Draft of the Export Readiness Assessment and Export Competitiveness Strategy for MSMEs that includes a dedicated section for the learning plan for BSOs and a three-year implementation plan.
- (d) Based on the Project Coordinator's feedback, finalise and submit the Export Competitive Strategy for MSMEs.
- (e) Within a month of completion of all tasks, submit the final report summarising all findings and tasks completed during the assignment.

5. DURATION

5.01 It is estimated that this consultancy will require 90 person-days over a period of 6 calendar months.

6. QUALIFYING CREDENTIALS

6.01 General Consulting Firm requirements

The firm should be able to:

- a) Identify at least three contracts within the past 5 years in which it has undertaken (completed or ongoing) areas of work related to MSME and export competitiveness.
- b) Demonstrate by way of past or ongoing contracts
- c) At least 7 years' experience in global marketing of goods and services; a successful track record of assisting goods and service enterprises to enter the target market(s) and familiarity with the marketing and distribution systems and players in the targeted markets will be an asset.

The Consulting Firm should demonstrate a pool of resources to provide the service including key staff having the following qualifications and expertise:

Key Expert 1 – Export Development Consultant

- (a) Postgraduate qualifications in international trade, international marketing, international economics, or a related field.
- (b) At least 7 years of experience in providing support to company clusters in developing export strategies inclusive of preparing marketing tools for MSMEs across various sectors. Experience with an emphasis on streamlining gender responsive programmes within CARIFORUM Members states or similar Small Island Developing States will be an asset.
- (c) Experience in streamlining gender responsive programmes within strategic frameworks in the CARIFORUM region or similar Small Island Developing States will be an asset. Please provide examples of previous experience of at least three relevant assignments within the last five years.
- (d) At least 7 years' experience assisting MSMEs and building the capacity of firms to enter global markets.

Additional knowledge, skills and abilities that will be required of successful candidates include:

- a) Excellent oral, written and presentation skills in English.
- b) Ability to work independently with minimum supervision.
- c) Excellent computer skills, and

- d) An understanding of procedures of development agencies is desirable.

Other Experts, Support Staff & Backstopping

- a) CVs for experts other than the key expert should not be submitted in the tender but the tenderer will have to demonstrate in their offer that they have access to experts with the required profiles. The Contractor shall select and hire other experts as required according to the needs. The selection procedures used by the Contractor to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience. The costs for backstopping and support staff, as needed, are included in the tenderer's financial offer.