

DRAFT TERMS OF REFERENCE

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

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 have become unemployed representing 20% of the labour force and bringing the total unemployment rate

^{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

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.

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

^{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)

^{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

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.
- (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.

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

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

- (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 objectives of the consultancy are as follows: 1) build on the Export Competitiveness Strategy developed in Component 1 and to improve the export capacity of 30 MSMEs in the manufacturing, agriculture/agro-processing tourism, internet-based business and the art and craft sectors; and 2) hosting a trade event.

3. SCOPE OF SERVICE

Phase 2¹⁶

3.01 In coordination with ABIA and the EDP, the consultancy firm will build on the Export Competitiveness Strategy that was developed in Phase 1 under a separate consultancy. This consultancy will further develop and facilitate an Export Competitive Programme among 30 MSMEs from various sectors. The programme will assist MSMEs to become competitive, while building their resilience towards product development and to expand their export potential. The consultant will engage with each of the 30 MSMEs to understand their business structure and export offer (goods and/or services) as well as any constraints hindering export development, including constraints and challenges that affect women and young entrepreneurs. The consultant will be required to use the information acquired during the preparation of the export competitiveness strategy and review all related documents, literature, and various studies made by different stakeholders in the sphere of product development for export, e-business readiness and digital competitiveness and be aware of strategies to overcome disruptions in trade and business caused by COVID-19. The consultant shall ensure that quality of the Export Competitive Programme for the 30 MSMEs is of the highest standard and provides special attention to women and youth, and mainstreaming gender issues.

¹⁶ This Phase is preceded by Phase 1 which sets the foundational work for this Consultancy by building on the Export Competitiveness Strategy. The work of phase one was delivered under the consultancy titled “Consultancy Services for The Development of an Export Competitiveness Strategy for Micro, Small and Medium-Sized Enterprises (MSMEs) In Antigua And Barbuda”

3.02 The tasks will include, but not be limited to:

- (a) Undertake export and e-business readiness and digital competitiveness assessments. In this component of the programme, the consultant will assess the level of e-business and digital competitiveness of each MSME and will work with each of them to move the business to the next level. A preliminary classification of the e-business readiness could be:
 - (i) Level 1 – Web presence: At this level, a location on the internet where the MSME will be represented will be established. Examples of a web presence can be a website, a blog, a profile page, a wiki page, or a social media point of presence. MSMEs will be coached to develop a capability statement to build brand awareness and support their web presence.
 - (ii) Level 2 – Web engagement: At this level, the MSME will leverage its web presence to promote its products and/or services. MSMEs will be coached on e-marketing strategies using social media engagement and tracking as well as search engine optimisation.
 - (iii) Level 3 – E-commerce: At this level, the MSME will be ready to launch its e-commerce strategy. MSMEs will be coached on how to create an e-commerce roadmap.
- (b) Document the e-business and digital competitiveness assessment actions taken to enhance readiness in the export roadmap of each MSME referred in section (c) below.
- (c) Develop and undertake training on product development for the export market. This component of the programme will teach the MSMEs how to research, identify, and develop their products (goods and/or services) based on demands in the target export market and how the advantages under the Economic Partnership Agreement enhance their opportunities in the target markets. This training will be designed based on the overall export readiness of the cohort of the 30 MSMEs. The consultant will use the information gathered in task (a) to effectively tailor the training to the needs of the cohort.
- (d) Provide individual export coaching to each of the 30 MSMEs. After the product development training, each MSME will be coached in the creation of its own (tailored) export roadmap for their product (goods and/or service) development to the target market(s) and how to capitalise on opportunities provided by the EPA. This one-on-one coaching support should prepare the MSMEs for the face-to-face trade event task in phase three (3).

Phase 3

- (a) Design a face-to-face trade event for MSMEs. In this component of the programme, the consultant will prepare a face-to-face trade event for MSMEs to showcase respective export offers in the target markets via Business to business (B2B) meetings with leads in target market(s). Target market information will be available to the MSMEs, plus coaching

on how to conduct B2B meetings. The consultant will be responsible for arranging a minimum of three B2B meetings with leads in the target market(s).

- (b) 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 assess the export readiness of firms and modes of engagement towards developing firms enhanced export potential through web and digital interfaces.
 - (ii) A detailed workplan for completion of the assignment.
 - (iii) Draft of the tracking documents outlining developments/documents to be traced.
- (b) Within three days of receipt of the Project Coordinator's comments on the Inception Report, submit the Report with adjusted and finalised subcomponents as described in 4.01(a) in this TOR.
- (c) Provide a report on the e-business and digital competitiveness assessment actions taken to enhance readiness in the export roadmap of each MSME firm part of this technical assistance intervention.
- (d) Once the product development training is completed, submit all learning material prepared for the MSMEs, including presentation slides, and recording of the training (if delivered online). The consultant shall also submit draft export road-maps prepared by firms and submit the list of participants that attended the training and update the tracking document accordingly.
- (e) Facilitate a validation workshop for the Export Competitiveness Strategy and implementation workplan for BSOs and MSMEs.
- (f) 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 164 person-days over a period of 12 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 and successfully completed areas of work related to capacity building of MSMEs to enter global markets.
- b) Demonstrate ability to service contracts to cater to computer application and e-business solutions targeted at assisting MSMEs in conducting business online.
- c) Identify at least three service contracts (completed or ongoing) to MSMEs aimed at planning and executing face-to-face and/or virtual trade events over the past five years.

The Consulting Firm should further 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) Knowledge of the business and trade environment (*through research or related policy development*) within CARIFORUM Member States or similar small island developing states will be an asset.
- (c) At least seven years' experience in delivering trade promotion services within a development agency, private or public sector organisation; hands-on experience in conducting or managing market research and export business development to support the implementation of the CARIFORUM-EU Economic Partnership Agreement.

Key Expert 2 – E-business Consultant

- (a) Postgraduate qualifications in business administration, marketing, economics, international trade, management, information technology or related fields.
- (b) At least five years of relevant professional experience in developing and/or provision of training on digital transformation for businesses, e-commerce, business digitalisation, or related areas.

Should be able to provide related examples of work undertaken to support MSMEs in digitizing their operations over the past five years.

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

- (f) 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.