# BAHAMAS

## Support for Economic Diversification in the Bahamas.
## Terms of Reference

## 1. Road Mapping and Strategy for Digital Economy

### I. ANTECEDENTES

1.1 The productive structure of the Bahamas is concentrated, mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of GDP; manufacturing generates 19.8% of GDP, and agriculture 1.9%.[1] The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons[2]. Since 77% of tourists arrive from the U.S' revenues from travel and tourism are largely dependent on the economic behavior of other countries, mainly the US[3]. In addition, the Bahamas has been losing market share in the Caribbean and the high operating costs combined with the absence of quality services affect the sector competitiveness[4]. Since 2012 economic growth has been stagnant, attributed partially to natural disasters and interruption in the completion of the mega resort Baha Mar.[5] Hurricane Mathew, which hit the Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also partially affected the Bahamas in September 2017, showing the countries' vulnerability to natural disasters and external shocks.

1.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center, as the offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards [6].

1.3 **Innovation and Productivity in Firms**. The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in Nassau and the larger islands, while the numerous Family Islands have lagging entrepreneurship and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries[7] while having very fragile ecosystems.

1.4 In addition to a highly concentrated economy, the Bahamian firms face challenges for being competitive and innovative. Only 19.73% are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and

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1 World Development Indicators, World Bank. Data corresponds to 2014.
2 World Travel & Tourism Council (WTTC),
3 Bahamas Ministry of Tourism
4 Private Sector Note 2017.
5 The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017
6 IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017
7 The Family Islands account for approximately 15% of total population. E Philippe Schneuwly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007)

12.7% of small firms export.[8] They also face low productivity (17% lower than the Caribbean average, low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), low innovation (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are *potentially* innovative )[9]. Firms in the Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that needs to be modernized[10]. Digital technology offers the opportunity to small Bahamian businesses worldwide to use digital platforms to connect with suppliers and customers in other countries and reach new markets' overcoming some of the natural constraints. Bahamian firms that incorporate digital technologies into their business strategy will be able to drive digital transformation and create new and innovative business models that lead to growth[11].

1.5 **Potential for diversification through the digital economy:** In 2003 the government established the long-term, broad-based objective of transforming the Bahamas into a digital economy as a means of generating opportunities for the local population to participate in the global economy. The Bahamas' strategy in this regard includes the use of the Internet to engage in activities such as e-commerce, e-learning, e-health and accessing government services. The government's initial commitment was to expand its wide-area network to connect all government agencies, and to accelerate the development of online processes to facilitate business. It also aims at positioning the areas of travel and tourism, financial and international business services, delivery and courier services and transshipment in a more competitive arena by introducing digital technologies. The GoB is committed to the transformation of the Bahamian economy to a digital one as a means of generating viable opportunities for Bahamians to participate in the global economy, by driving and incorporating digital transformation tools that lead to growth.[12]

1.6 However, the technological indicators in the Bahamas are still low, including subscription to broadband and cellular, publication of scientific paper, the granting of patents and expenditure in technology, while mobile and broadband price rates are the highest in the World (53rd and 56th respectively)[13].

1.7 Even though currently there is a small highly innovative information technology sector that already exists in the Bahamas, [14] the broadening of digital technologies will offer the opportunity to Bahamian businesses to use digital

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8 World Bank Group Enterprise Surveys: Bahamas (2010).

9 Bahamian firms state concerns about: (i) copyrights protection (44%); (ii) the relationship between remuneration and innovation (55%); (iii) difficulties in collaborating with other companies (39%); (iv) a perception that innovative products and services will not be successful in the market (48%); (v) time to market (42%); and (vi) funding (39%PROTEqIN Survey. Private Sector Competitiveness Note. 2017.

10 Private Sector Note 2017.

11 G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

12 Throughout the world, digital flows of data and information now exert a larger impact on GDP growth than traditional models based on trade in goods and services G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015, McKinsey. https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-globalization-the-new-era-of-global-flows?cid=other-eml-alt-mgi-mck-oth-1602

13 Bahamas CDC. 2016.

14 All firms in the information technology sector in The Bahamas innovate, meaning that they have introduced new products and/or services in the past 3 years (PROTEqIN 2014 survey).

platforms to connect with suppliers and customers in other countries and access new markets' overcoming some of the natural constraints[15]. With the objective to promote Bahamian firms to incorporate digital technologies into their business strategy and create new innovative business technology-based business models, the Government of Bahamas aims at developing a sector strategy that involves both public and private stakeholders.

1.8 As part of initial consultation with stakeholders, some potential pilot projects with the potential to be supported have been identified such as (i) Technological Hub, with tentative location in the Grand Bahamas, which would also serve as a center for innovation; (ii) Strategy to bring technological foreign investors by promoting relocation of technological firms and permits to foreign worker; (iii) Cryptocurrency and ICOs and the development of a regulatory sandbox and (iv) Expand or complement the current pilots (Smart Bahamas and Over the Hill Project)

## II. OBJECTIVE

2.1 The Objective of the Consultancy is to carry out a comprehensive diagnostic of the potential of the Digital Transformation for Business in the Bahamas and develop a road map of activities to promote the implementation and growth of digital-based businesses.

## III. ACTIVITIES

3.1 ***Diagnostic, Identification and Validation of pilot projects*** A diagnostic for the potential of the Digital Economy in the Bahamas with the objective of validating the initial activities that have been already identified by stakeholders, prioritizing one or two actionable and discrete actions to support with a focus on early implementation, considering the available budget, the economic impact and the possibility of scaling up. Expected results include a recommendation of the activities for each sector, with detailed, time bound action plan for each one of the activities, discussed and agreed with relevant stakeholders

3.2 ***Strategy for* Implementation of the Identified Activities*.*** Develop a sectoral strategy for the key activities prioritized including actions to promote value chains, develop a strategy and detailed road map including access to local and international markets and define the required interaction through a cluster and/or value chain strategy including strategic investments and club goods*.* This strategy will include a detailed Action Plan, with actions aimed at resolving bottlenecks, promoting dialogue, develop inclusive and participatory governance systems, policy actions. Technology transfer and adoption strategies, innovation opportunities for private actors, developing blue-economy related skills and human resources, among others. The action plan should clearly define, in line with the conclusion of the diagnostic, the policy actions that the government should implement (and its costs) and the investment the private sector should come up with

3.3 ***Data Creation for Informed Decision Making.*** Digital economy in small states also requires new forms of economic, environmental marine, oceanographic and other data. The consultant shall promote a strategy for producing data for informed decision making, including new and emerging technologies, as well as develop new skills and capacities to analyze and interpret date.

3.4 **Identification of specific business opportunities.** The consultant shall produce a sustainable business plan for the options identified that includes some

[15] G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

aspect of (i) digital innovation e.g. Blockchain technology, IoT, AI or otherwise and (ii) circular economy.

3.5 ***Government Policy for Supporting a Digital Platform.*** The consultant shall delineate the public platform, including the legal, regulatory and institutional frameworks required for fostering digital business such as guaranteeing privacy and data security, adequate and affordable supporting infrastructure, research and development, technological centers, skill promotions and promotion to emergent digital technologies such as adoption of Big Data, Internet of Things, regulatory framework, strategies to solve the digital gap including the family islands, among others. The consultant shall propose a Public-Private dialogue platform to reach consensus on solutions and key activities of the strategy.

## IV. DELIVERABLES

4.1 **Work Plan.** The consultant shall deliver a work plan one week after contract signature, including a methodological proposal...

4.2 **Road Mapping and Gap Analysis:** The consultant will deliver a road mapping and gap analysis two months after contract signature.

4.3 **Strategy for Fostering Digital Transformation in key Sectors.** To be delivered six months after contract signature.

4.4 **Data Creation for Informed Decision Making**. The consultant shall deliver the strategy for data collection 8 months after contract signature

## V. PAYMENTS

5.1 10% at submission and acceptance of Work Plan

5.2 20% upon submission and acceptance of Road Map and Analysis

5.3 30% upon delivery and acceptance of the strategy for Value Chains and Clusters.

5.4 40% upon delivery and acceptance of the Data Creation Strategy and Business Plans.

## VI. TYPE OF CONSULTANCY

6.1 **Type of Consultancy:** Products and External Consultancy.

6.2 **Duration:** The consultancy is expected to start June 2018 with a duration of four months.

6.3 **Place of Work:** Nassau, in the Bahamas. The consultant shall include the cost of any trips within the Bahamas and the Family Islands as part of the budget

6.4 **Qualifications of the Consultant:** The consultant must show relevant experience in:

a. Relevant experience in diagnostics and implementation of Digital Economy Strategies, with preference of experience in Small Island States
b. Deep knowledge of economic, environmental and private sector issues in the Bahamas
c. Relevant experience technological adoption in firms.. Experience in the Caribbean is preferred.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be individuals from any IDB member country and non-IDB member countries recognized by the Donors of the Compete Caribbean Partnership Facility as eligible.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity,

including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply

# BAHAMAS

## Support for Economic Diversification in the Bahamas.
## Terms of Reference

## 2. Road Mapping and Strategy for Blue Economy

### I. ANTECEDENTES

1.1 The productive structure of the Bahamas is concentrated, mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of GDP; manufacturing generates 19.8% of GDP, and agriculture 1.9%.[16,]The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons[17]. Since 77% of tourists arrive from the U.S' revenues from travel and tourism are largely dependent on the economic behavior of other countries, mainly the US[18]. In addition, the Bahamas has been losing market share in the Caribbean and the high operating costs combined with the absence of quality services affect the sector competitiveness[19]. Since 2012 economic growth has been stagnant, attributed partially to natural disasters and interruption in the completion of the mega resort Baha Mar.[20] Hurricane Mathew, which hit the Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also partially affected the Bahamas in September 2017, showing the countries' vulnerability to natural disasters and external shocks.

1.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center, as the offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards [21].

1.3 **Innovation and Productivity in Firms**. The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in Nassau and the larger islands, while the numerous Family Islands have lagging entrepreneurship and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries[22] while having very fragile ecosystems.

1.4 In addition to a highly concentrated economy, the Bahamian firms face challenges for being competitive and innovative. Only 19.73% are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and

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17 World Travel & Tourism Council (WTTC),
18 Bahamas Ministry of Tourism
19 Private Sector Note 2017.
20 The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017
21 IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017
22 The Family Islands account for approximately 15% of total population. E Philippe Schneuwly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007**)**

12.7% of small firms export.[23] They also face low productivity (17% lower than the Caribbean average, low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), low innovation (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are *potentially* innovative )[24]. Firms in the Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that needs to be modernized[25]. Digital technology offers the opportunity to small Bahamian businesses worldwide to use digital platforms to connect with suppliers and customers in other countries and reach new markets' overcoming some of the natural constraints. Bahamian firms that incorporate digital technologies into their business strategy will be able to drive digital transformation and create new and innovative business models that lead to growth[26].

1.5 **Potential for Diversification through Blue Economy.** The "Blue Economy" concept was first used during the 2012 United Nations Conference on Sustainable Development and is an evolving concept that recognizes the need to maximize the enormous economic potential presented by the ocean, while preserving it. In this regard, the Blue Economy can be broadly defined to include economic activity that directly or indirectly uses the sea as an input[27]. The concept of the Blue Economy, includes the simultaneous promoting of economic growth, environmental sustainability, social inclusion and strengthening of oceans ecosystems[28].. For small such as the Bahamas, although traditional industries and sectors — fisheries, maritime transport and coastal tourism — represent a large of economic activity, pursuing the blue economy also enables diversification into many other new and emerging ocean-based activities and sectors, including marine aquaculture, seabed mining, carbon sequestration, marine biotechnology, , , ocean renewable energy and deep-sea oil and gas production.

1.6 Every year, the Bahamas loses 1.99% of its GDP due to climate change shocks, particularly from extreme weather events that cause floods and sea surges. Its high dependency on imports such as oil and food, impact not only the competitiveness of traditional sectors, but also its security as a nation. Bahamas' sea zone (estimated to be 242,970 square miles[29]) represents a greater significant amount of development space in comparison to the country's limited land area, yet the potential of oceans as a sustainable and viable avenue for creating more value and long term economic growth has not been fully explored. The harmonization of ocean-based economic activities with the long-term capacity of ocean ecosystems to support such activities whilst remaining resilient

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23 World Bank Group Enterprise Surveys: Bahamas (2010).

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25 Private Sector Note 2017.

26 G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

27 Commonwealth Secretaria. The Blue Economy and Small States

28 UnCTAD. The Oceans Economy: Opportunities and Challenges for Small Island Developing States

29 Commonwealth Secretariat. 2015. "The Blue Economy Offers Rich Rewards to Countries that Seize the Moment". Available at http://thecommonwealth.org/media/news/blue-economy-offers-rich-rewards-countries-seize-moment

and healthy[30] could be the core of a Blue or sustainable ocean economy for the Bahamas[31].

1.7 The Bahamas has a big potential for Blue Economy activities, potential for the Bahamas with the significant amount of ocean space (242.790 square miles compared to 5.383 miles of land space), and the existence of unique marine biodiversity of marine fauna and flora and non-living natural resources. However, the opportunities to create more value out of existing and new resource-streams have not been exploited to their full potential both in traditional sectors and new sectors. The utilization of the ocean space requires an understanding of the resources available and an environmentally sustainable approach to their exploitation, as the need to conserve the fragile resources, even for the current economic maritime activities, is a crucial priority for this sector. The latter includes the need to have a detailed mapping of the marine territory and resources and the real economic value. This sector has been heavily impacted with climate change issues, and fishermen have experienced high losses in terms of gears and vessels because of the hurricanes of recent years. In addition, some of the species are in risk of being depleted due to overfishing (conch, lobster, grouper - restrictions are only in place for turtles and sharks.). New technological advances in the sector (Fisheries management system FISHMIS) can be used to further develop the sector. The potential activities identified include:

a. Aragonite economic assessment. Including analysis of the value chain, market value and analysis, policy and regulatory framework governance, analysis of the current business and royalties model.
b. Comprehensive eco-mapping of marine resources, and assessment of these resources.
c. Sustainable fisheries: Including sustainable farming practices and conservation practices of current products (conch, lobster, etc.) and new potential products (sea cucumbers, sea moss, seaweed, finfish pelagic and demersal species).
d. Potential for new technologies to trace and understand the ecosystem and to support supervision and enforcement of ocean regulation. The Bahamas is committed to expand its Marine Protected Areas from 10 to 20% in 2020, however enforcement needs to be strengthened using new technologies.
e. Develop the sport fishing sector and improve enforcement at the same time.
f. Managed aquaculture and mariculture of invertebrate species
g. Strengthening of the institutional capacity in climate change research within the marine environment to fully take advantage of the unique characteristics of the Bahamas vast ocean space.
h. Support for the implementation of the National Maritime Policy

1.8 Currently, the Bahamas is promoting the Blue Economy by developing and ocean economy road map and implementing an integrating marine policy framework with the aim to shift to an integrated ocean management approach. The present analysis will support the implementation of this policy by identifying the current gaps and priority actions to move forward.

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[30] Adapted from The Economist, 2015. The Blue economy: Growth, opportunity and a sustainable ocean economy. An Economist Intelligence Unit briefing paper for the World Ocean Summit 2015

[31] The concept of the Blue Economy encourages the integration of nature inspired innovations that are restorative and regenerative by design

## II. OBJECTIVE

2.1 The Objective of the Consultancy is to carry out a comprehensive diagnostic of the potential of the Blue Economy in the Bahamas, identify and validate one or two potential projects and develop a road map of activities to promote the operationalizing of the pilot projects.

## III. ACTIVITIES

3.1 A diagnostic for the potential of the Blue Economy in the Bahamas with the objective of validating the initial activities that have been already identified by stakeholders, prioritizing one or two actionable and discrete actions to support with a focus on early implementation, considering the available budget, the economic impact and the possibility of scaling up. Expected results include a recommendation of the activities for each sector, with detailed, time bound action plan for each one of the activities, discussed and agreed with relevant stakeholders

3.2 ***Strategy for* Implementation of the Identified Activities*.*** Develop a sectoral strategy for the key activities prioritize including actions to promote value chains, develop a strategy and detailed road map including access to local and international markets and define the required interaction through a cluster and/or value chain strategy including strategic investments and club goods*.* This strategy will include a detailed Action Plan, with actions aimed at resolving bottlenecks, promoting dialogue, develop inclusive and participatory governance systems, policy actions. Technology transfer and adoption strategies, innovation opportunities for private actors, developing blue-economy related skills and human resources, among others. The action plan should clearly define, in line with the conclusion of the diagnostic, the policy actions that the government should implement (and its costs) and the investment the private sector should come up with

3.3 ***Data Creation for Informed Decision Making.*** Blue economy in small states also requires new forms of economic, environmental marine, oceanographic and other data. The consultant shall promote a strategy for producing data for informed decision making, including new and emerging technologies, as well as develop new skills and capacities to analyze and interpret date.

3.4 **Identification of specific business opportunities.** The consultant shall produce a sustainable business plan for the options identified that includes some aspect of (i) digital innovation e.g. Block Chain technology, IoT, AI or otherwise and (ii) circular economy.

## IV. DELIVERABLES

4.1 **Work Plan.** The consultant shall deliver a work plan two weeks after contract signature, including a methodological proposal.

4.2 **Road Mapping and Gap Analysis:** The consultant will deliver a road mapping and gap analysis two months after contract signature.

4.3 **Strategy for Developing Value Chains and Clusters in Key sector:** The consultant will deliver the Strategy for Value Chains and Clusters six months after contract signature.

4.4 **Data Creation for Informed Decision Making**. The consultant shall deliver the strategy for data collection 8 months after contract signature

4.5 **Blue Economy business options**. The consultant shall deliver sustainable business plans for economic development.

## V. PAYMENTS

5.1 10% at submission and acceptance of Work Plan
5.2 20% upon submission and acceptance of Road Map and Analysis
5.3 30% upon delivery and acceptance of the strategy for Value Chains and Clusters.
5.4 40% upon delivery and acceptance of the Data Creation Strategy and Business Plans.

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6.3 **Place of Work:** Nassau, in the Bahamas. The consultant shall include the cost of any trips within the Bahamas and the Family Islands as part of the budget
6.4 **Qualifications of the Consultant:** The consultant must show relevant experience in:

a. Relevant experience in diagnostics and implementation of Blue Economy Strategies in Small Island States
b. Deep knowledge of economic, environmental and private sector issues in the Bahamas
c. Relevant experience in building value chains and clusters. Experience in the Caribbean is preferred.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply

# BAHAMAS

## Support for Economic Diversification in the Bahamas.
## Terms of Reference

## 3. Road Mapping and Strategy for Boutique Agriculture

### I. BACKGROUND

1.1 The productive structure of the Bahamas is concentrated, mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of GDP; manufacturing generates 19.8% of GDP, and agriculture 1.9%.[32,]The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons[33]. Since 77% of tourists arrive from the U.S' revenues from travel and tourism are largely dependent on the economic behavior of other countries, mainly the US[34]. In addition, the Bahamas has been losing market share in the Caribbean and the high operating costs combined with the absence of quality services affect the sector competitiveness[35]. Since 2012 economic growth has been stagnant, attributed partially to natural disasters and interruption in the completion of the mega resort Baha Mar.[36] Hurricane Mathew, which hit the Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also partially affected the Bahamas in September 2017, showing the countries' vulnerability to natural disasters and external shocks.

1.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center, as the offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards [37].

1.3 **Innovation and Productivity in Firms**. The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in Nassau and the larger islands, while the numerous Family Islands have lagging entrepreneurship and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries[38] while having very fragile ecosystems.

1.4 In addition to a highly concentrated economy, the Bahamian firms face challenges for being competitive and innovative. Only 19.73% are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and

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[33] World Travel & Tourism Council (WTTC),
[34] Bahamas Ministry of Tourism
[35] Private Sector Note 2017.
[36] The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017
[37] IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017
[38] The Family Islands account for approximately 15% of total population. E Philippe Schneuwly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007**)**

12.7% of small firms export.[39] They also face low productivity (17% lower than the Caribbean average, low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), low innovation (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are *potentially* innovative )[40]. Firms in the Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that needs to be modernized[41]. Digital technology offers the opportunity to small Bahamian businesses worldwide to use digital platforms to connect with suppliers and customers in other countries and reach new markets' overcoming some of the natural constraints. Bahamian firms that incorporate digital technologies into their business strategy will be able to drive digital transformation and create new and innovative business models that lead to growth[42].

1.5 **Potential for Diversification through Boutique Agribusiness Products** Small Island States such as the Bahamas, must boost their productivity activities by participating in international trade[43]**.** However, as they cannot achieve the necessary scale to compete in international markets, is necessary to establish market niches through the implementation of technological developments and innovation.

1.6 Thus, although agriculture and fisheries contribute only 1.9% to the GDP of the Bahamas and account for 3% of employment, they are an important source of potential diversification of the economy[44]. Approximately 17% of the total population live in rural areas and in some rural areas agriculture and fisheries are still the main employment opportunities. Most food (92%) is imported, however, whereas some specific fisheries and vegetables subsectors are export-oriented. The role of agriculture and fisheries in trade is more important than in production[45]. Agri-food products represent 15% of total merchandise export earnings (which is slightly lower than the average in LAC countries, 23%). Fish and crustaceans account for over 90% of agri-food exports and are exported to the EU, USA and Canada. The volumes and values of fish exports, however, have decreased in recent years[46].

1.7 Both agricultural and food production in The Bahamas increased significantly in the 2000s. Crops and livestock production, while remaining a small part of the economy, have been growing in the past 15 years. Crop farming mainly produces citrus, fruit and vegetables (tomatoes and onions, produced mainly for local consumption, but with a potential to expand for export) and the livestock sector

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39 World Bank Group Enterprise Surveys: Bahamas (2010).

40 Bahamian firms state concerns about: (i) copyrights protection (44%); (ii) the relationship between remuneration and innovation (55%); (iii) difficulties in collaborating with other companies (39%); (iv) a perception that innovative products and services will not be successful in the market (48%); (v) time to market (42%); and (vi) funding (39%PROTEqIN Survey. Private Sector Competitiveness Note. 2017.

41 Private Sector Note 2017.

42 G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

43 Obstacles to Economic Growth in Six Pacific Island Countries. Ron Duncan and Harou Nakagawa

44 Support to Agricultural Policy Analysis in the Caribbean: Agricultural Public Support Analysis Based on Producer Support Methodology: The Bahamas 2017. (Draft) Shick, Boyce and De Salvo.

45 Ibid.

46 According to the Bahamas Department of Marine Resources in 2013, domestic exports related to fisheries were valued at $91.7 million (25.2 %) of the $364.4 million total recorded domestic exports. Since 2000, teh contribution of the fisheries industry to total domestic exports have been falling—from 36.2% ($244.2 million) in 2000 to 25.2% ($91.7million) in 2013

almost entirely consists of poultry production[47]. The Bahamas used to export citrus, avocadoes and papaya, but exports ceased following pest incidents and extreme climate events. The key subsectors that present higher productivity and competitiveness and on which the country could rely on as a possible source of economic diversification are the following: citrus, avocados, mangoes [48] . Boutique Agriculture and small farming involves the incorporation of digital technologies into machinery, equipment and censors.. New technologies such as the internet of things and cloud computing are expected to advance this development, introducing more robots and artificial intelligence into farming as well as incorporating technologies to overcome challenges related to limited space and geographical dispersion and barriers.

1.8 In this context, the agricultural policy of The Bahamas is deeply integrated in the country's economic policy, as the Government is trying to reverse the trend of economic slowdown that continued into 2016 for the fourth year in a row. The Government of The Bahamas supports agriculture through a combination of value chain development measures, research and extension services, infrastructure development and border protection[49].

1.9 However, the agricultural sector in The Bahamas still faces several challenges, such as high trading costs across borders, high transport costs between islands, lack of human capital and land property rights, management of agrochemicals, lack of information, and exposure to climate change, among others. These challenges are more adverse in the Family Islands, as farming in the family islands is a logistical challenge and the climate change issues pose additional challenges (weather related phenomenon, change in rain and drought patterns, incidence of hurricanes, etc.). The current system of packing houses with guaranteed purchases provides the incorrect incentives for quality and niche production in the family islands, as well as a time management frame that hinders exports and promotes food waste. The land tenure system, in which the government leases Crown Land to the farmer is not compatible with the agricultural production cycle.

1.10 In this regard, several potential activities in the sector have been identified: (i) Promoting the coordination between the different actors, for example through the development and use of technological apps to improve the logistics and management of supply and demand from products from the Family Islands aimed at the Tourism Sector. Actions in the small scale, small communities can provide a big impact on the community(ii) Support to the development and implementation of the adaptation policy for the agriculture sector that is currently being prepared; (iii)Support for the development of a geographical designation for niche products that have unique characteristics in terms of flavor and that have already been identified: tomatoes, sweet peppers, cabbage, sweet potatoes, cassava, hot peppers, citrus and onions. Pineapples, micro greens and honey have also shown potential for development; and (iv) Reform of the packing house system in hand with technological advances to improve logistics and reduce waste.

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47 Shick, Boyce and De Salvo. 2017

48 As evidenced in the analysis carried out by the Bahamas PSE report 2017

49 Domestic policy support is provided mainly through BAMSI, and while its main mission is to provide education and extension services, BAMSI is also directly involved in agricultural production and marketing. Another government entity, BAIC, is also directly engaged in farming and agroprocessing

1.11 Further work on the selection and promotion of key boutique products that might be exported or integrated to the local value chains in tourism is required, in combination with the use of the latest technological advances

## II. OBJECTIVE

2.1 The Objective of the Consultancy is to carry out a comprehensive diagnostic of the potential of the Boutique Agriculture in the Bahamas, identify and validate one or two potential projects and develop a road map of activities to promote the operationalizing of the pilot projects.

## III. ACTIVITIES

3.1 A diagnostic for the potential of the Boutique Agriculture in the Bahamas with the objective of validating the initial activities that have been already identified by stakeholders, prioritizing one or two actionable and discrete actions to support with a focus on early implementation, considering the available budget, the economic impact and the possibility of scaling up. Expected results include a recommendation of the activities for each sector, with detailed, time bound action plan for each one of the activities, discussed and agreed with relevant stakeholders

3.2 ***Strategy for*** **Implementation of the Identified Activities*.*** Develop a sectoral strategy for the key activities prioritize including actions to promote value chains, develop a strategy and detailed road map including access to local and international markets and define the required interaction through a cluster and/or value chain strategy including strategic investments and club goods*.* This strategy will include a detailed Action Plan, with actions aimed at resolving bottlenecks, promoting dialogue, develop inclusive and participatory governance systems, policy actions. Technology transfer and adoption strategies, innovation opportunities for private actors, developing blue-economy related skills and human resources, among others. The action plan should clearly define, in line with the conclusion of the diagnostic, the policy actions that the government should implement (and its costs) and the investment the private sector should come up with

3.3 ***Data Creation for Informed Decision Making.*** As the implementation of an Boutique Agriculture and smart farming involves the intensive use of data to support decision making as well as the incorporation of digital technologies into machinery, equipment and censors that will also provide data for informed decision making. In this regard, consultant shall promote a strategy for producing data for informed decision making, including new and emerging technologies, as well as develop new skills and capacities to analyze and interpret date. In addition, the generation and use of big data for climate change resilience and adaptation within the sector and the product will be involved.

3.4 **Identification of specific business opportunities.** The consultant shall produce a sustainable business plan for the options identified that includes some aspect of (i) digital innovation e.g. Block Chain technology, IoT, AI or otherwise and (ii) circular economy.

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## IV. DELIVERABLES

4.1 **Work Plan.** The consultant shall deliver a work plan one week after contract signature, including a methodological proposal...

4.2 **Road Mapping and Gap Analysis:** The consultant will deliver a road mapping and gap analysis two months after contract signature.

4.3 **Strategy for Developing Value Chains and Clusters in Key sector:** The consultant will deliver the Strategy for Value Chains and Clusters six months after contract signature.

4.4 **Data Creation for Informed Decision Making**. The consultant shall deliver the strategy for data collection 8 months after contract signature

## V. PAYMENTS

5.1 10% at submission and acceptance of Work Plan

5.2 20% upon submission and acceptance of Road Map and Analysis

5.3 30% upon delivery and acceptance of the strategy for Value Chains and Clusters.

5.4 40% upon delivery and acceptance of the Data Creation Strategy and Business Plans.

## VI. TYPE OF CONSULTANCY

6.1 **Type of Consultancy:** Products and External Consultancy

6.2 **Duration:** The consultancy is expected to start on June 2018 with a duration of four months.

6.3 **Place of Work:** Nassau, in the Bahamas. The consultant shall include the cost of any trips within the Bahamas and the Family Islands as part of the budget

6.4 **Qualifications of the Consultant:** The consultant must show relevant experience in:

a. Relevant experience in diagnostics and implementation of Boutique Agriculture Strategies in Small Island States
b. Deep knowledge of economic, environmental and private sector issues in the Bahamas
c. Relevant experience in building value chains and clusters. Experience in the Caribbean is preferred.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply

# BAHAMAS

## Support for Economic Diversification in the Bahamas.
## Terms of Reference

## 4. Implementation of Strategic Actions Identified

### I. BACKGROUND

1.1 The productive structure of the Bahamas is concentrated, mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of GDP; manufacturing generates 19.8% of GDP, and agriculture 1.9%.[50,]The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons[51]. Since 77% of tourists arrive from the U.S' revenues from travel and tourism are largely dependent on the economic behavior of other countries, mainly the US[52]. In addition, the Bahamas has been losing market share in the Caribbean and the high operating costs combined with the absence of quality services affect the sector competitiveness[53]. Since 2012 economic growth has been stagnant, attributed partially to natural disasters and interruption in the completion of the mega resort Baha Mar.[54] Hurricane Mathew, which hit the Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also partially affected the Bahamas in September 2017, showing the countries' vulnerability to natural disasters and external shocks.

1.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center, as the offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards [55].

1.3 **Innovation and Productivity in Firms**. The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in Nassau and the larger islands, while the numerous Family Islands have lagging entrepreneurship and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries[56] while having very fragile ecosystems.

1.4 In addition to a highly concentrated economy, the Bahamian firms face challenges for being competitive and innovative. Only 19.73% are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and

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50 World Development Indicators, World Bank. Data corresponds to 2014.
51 World Travel & Tourism Council (WTTC),
52 Bahamas Ministry of Tourism
53 Private Sector Note 2017.
54 The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017
55 IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017
56 The Family Islands account for approximately 15% of total population. E Philippe Schneuwly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007**)**

12.7% of small firms export.[57] They also face low productivity (17% lower than the Caribbean average, low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), low innovation (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are *potentially* innovative )[58]. Firms in the Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that needs to be modernized[59]. Digital technology offers the opportunity to small Bahamian businesses worldwide to use digital platforms to connect with suppliers and customers in other countries and reach new markets' overcoming some of the natural constraints. Bahamian firms that incorporate digital technologies into their business strategy will be able to drive digital transformation and create new and innovative business models that lead to growth[60].

1.5 **Potential for Diversification through Boutique Agribusiness Products** Small Island States such as the Bahamas, must boost their productivity activities by participating in international trade[61]**.** However, as they cannot achieve the necessary scale to compete in international markets, is necessary to establish market niches through the implementation of technological developments and innovation.

1.6 Thus, although agriculture and fisheries contribute only 1.9% to the GDP of the Bahamas and account for 3% of employment, they are an important source of potential diversification of the economy[62]. Approximately 17% of the total population live in rural areas and in some rural areas agriculture and fisheries are still the main employment opportunities. Most food (92%) is imported, however, whereas some specific fisheries and vegetables subsectors are export-oriented. The role of agriculture and fisheries in trade is more important than in production[63]. Agri-food products represent 15% of total merchandise export earnings (which is slightly lower than the average in LAC countries, 23%). Fish and crustaceans account for over 90% of agri-food exports and are exported to the EU, USA and Canada. The volumes and values of fish exports, however, have decreased in recent years[64].

1.7 Both agricultural and food production in The Bahamas increased significantly in the 2000s. Crops and livestock production, while remaining a small part of the economy, have been growing in the past 15 years. Crop farming mainly produces citrus, fruit and vegetables (tomatoes and onions, produced mainly for local consumption, but with a potential to expand for export) and the livestock sector

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57 World Bank Group Enterprise Surveys: Bahamas (2010).

58 Bahamian firms state concerns about: (i) copyrights protection (44%); (ii) the relationship between remuneration and innovation (55%); (iii) difficulties in collaborating with other companies (39%); (iv) a perception that innovative products and services will not be successful in the market (48%); (v) time to market (42%); and (vi) funding (39%PROTEqIN Survey. Private Sector Competitiveness Note. 2017.

59 Private Sector Note 2017.

60 G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

61 Obstacles to Economic Growth in Six Pacific Island Countries. Ron Duncan and Harou Nakagawa

62 Support to Agricultural Policy Analysis in the Caribbean: Agricultural Public Support Analysis Based on Producer Support Methodology: The Bahamas 2017. (Draft) Shick, Boyce and De Salvo.

63 Ibid.

64 According to the Bahamas Department of Marine Resources in 2013, domestic exports related to fisheries were valued at $91.7 million (25.2 %) of the $364.4 million total recorded domestic exports. Since 2000, teh contribution of the fisheries industry to total domestic exports have been falling—from 36.2% ($244.2 million) in 2000 to 25.2% ($91.7million) in 2013

almost entirely consists of poultry production[65]. The Bahamas used to export citrus, avocadoes and papaya, but exports ceased following pest incidents and extreme climate events. The key subsectors that present higher productivity and competitiveness and on which the country could rely on as a possible source of economic diversification are the following: citrus, avocados, mangoes [66] . Boutique Agriculture and small farming involves the incorporation of digital technologies into machinery, equipment and censors.. New technologies such as the internet of things and cloud computing are expected to advance this development, introducing more robots and artificial intelligence into farming as well as incorporating technologies to overcome challenges related to limited space and geographical dispersion and barriers.

1.8 In this context, the agricultural policy of The Bahamas is deeply integrated in the country's economic policy, as the Government is trying to reverse the trend of economic slowdown that continued into 2016 for the fourth year in a row. The Government of The Bahamas supports agriculture through a combination of value chain development measures, research and extension services, infrastructure development and border protection[67].

1.9 However, the agricultural sector in The Bahamas still faces several challenges, such as high trading costs across borders, high transport costs between islands, lack of human capital and land property rights, management of agrochemicals, lack of information, and exposure to climate change, among others. These challenges are more adverse in the Family Islands, as farming in the family islands is a logistical challenge and the climate change issues pose additional challenges (weather related phenomenon, change in rain and drought patterns, incidence of hurricanes, etc.). The current system of packing houses with guaranteed purchases provides the incorrect incentives for quality and niche production in the family islands, as well as a time management frame that hinders exports and promotes food waste. The land tenure system, in which the government leases Crown Land to the farmer is not compatible with the agricultural production cycle.

1.10 In this regard, several potential activities in the sector have been identified: (i) Promoting the coordination between the different actors, for example through the development and use of technological apps to improve the logistics and management of supply and demand from products from the Family Islands aimed at the Tourism Sector. Actions in the small scale, small communities can provide a big impact on the community(ii) Support to the development and implementation of the adaptation policy for the agriculture sector that is currently being prepared; (iii)Support for the development of a geographical designation for niche products that have unique characteristics in terms of flavor and that have already been identified: tomatoes, sweet peppers, cabbage, sweet potatoes, cassava, hot peppers, citrus and onions. Pineapples, micro greens and honey have also shown potential for development; and (iv) Reform of the packing house system in hand with technological advances to improve logistics and reduce waste.

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65 Shick, Boyce and De Salvo. 2017

66 As evidenced in the analysis carried out by the Bahamas PSE report 2017

67 Domestic policy support is provided mainly through BAMSI, and while its main mission is to provide education and extension services, BAMSI is also directly involved in agricultural production and marketing. Another government entity, BAIC, is also directly engaged in farming and agroprocessing

1.11 Further work on the selection and promotion of key boutique products that might be exported or integrated to the local value chains in tourism is required, in combination with the use of the latest technological advances.

## II. Objective

2.1 The Objective of the Consultancy is to implement at least three strategic milestones for driving the implementation of the road-map and initiating momentum for taking immediate actions. Implementation of immediate actions will occur under three main sectors (i) digital technology (ii) blue economy products and (iii) boutique agribusiness products.

## III. Activities

3.1 **Implementation of the Identified Pilot Activities.** Review outputs of previous consultancies in order to design, organize, and utilize a participatory approach to execute at least three pilot activities which achieve the outcome of generating viable opportunities for Bahamians to participate in the global economy in the identified sectors. Specifically, the pilots should seek to support value chains and access to local and international markets; technology transfer and adoption strategies, innovation opportunities for private actors, developing sector specific skills and human resources, among others. The consultancy is expected to establish an organizational structure for driving the implementation of the road-map.

3.2 **Monitor Pilot Performance:** Develop key performance indicators for the pilots and design a monitoring system to monitor the performance of the identified pilots.

3.3 **Communication and Dissemination.** The contractual will document the outcomes and outputs of the pilots, such as lessons learned, in reader friendly formats and disseminate findings through social media and other dissemination avenues. The expectation is that communication will support promoting stakeholder ownership and commitment.

## IV. Deliverables

4.1 **Work Plan and Strategy.** The consultant shall deliver a work plan one week after contract signature, including a methodological proposal for development of the pilots.
4.2 **Pilot Design:** The consultant will deliver a report on the initial pilot designs.
4.3 **Successful Implementation of Three Milestone Activities (Pilots):** The consultant will organize and lead the execution of three pilots in partnership with the IDB and local counterpart.
4.4 **Communication and Dissemination Strategy.** Report which documents the dissemination avenues.

## V. Payments

5.1 10% at submission and acceptance of Work Plan
5.2 20% upon submission and acceptance of pilot design report.
5.3 40% upon delivery and acceptance of Deliverable 3

5.4 30% upon delivery and acceptance of the report indicating the successful execution of the three pilots

## VI. Type of Consultancy

6.1 **Type of Consultancy:** International Firm.

6.2 **Duration:** The consultancy is expected to start on October 2018 with a duration of eight months.

6.3 **Place of Work:** Nassau, in the Bahamas. The consultant shall include the cost of any trips within the Bahamas and the Family Islands as part of the budget

6.4 **Qualifications of the Firm:** The firm must show relevant experience in:

a. Relevant experience in diagnostics and implementation of Boutique Agriculture Strategies in Small Island States
b. Deep knowledge of economic, environmental and private sector issues in the Bahamas
c. Relevant experience in building value chains and clusters. Experience in the Caribbean is preferred.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply

# BAHAMAS

## Support for Economic Diversification in the Bahamas.
## Terms of Reference

## 5. Campaign Strategy

### I. BACKGROUND

1.1 The productive structure of the Bahamas is concentrated, mainly in tourism and financial sectors, including tourism-related construction. Services (including tourism and financial services), represent 78.3% of GDP; manufacturing generates 19.8% of GDP, and agriculture 1.9%.[68,]The contribution of tourism to GDP (including direct and indirect) accounts for approximately 45% of GDP and directly or indirectly employs half of the archipelago's labor force, approximately 102,500 persons[69]. Since 77% of tourists arrive from the U.S' revenues from travel and tourism are largely dependent on the economic behavior of other countries, mainly the US[70]. In addition, the Bahamas has been losing market share in the Caribbean and the high operating costs combined with the absence of quality services affect the sector competitiveness[71]. Since 2012 economic growth has been stagnant, attributed partially to natural disasters and interruption in the completion of the mega resort Baha Mar.[72] Hurricane Mathew, which hit the Bahamas in 2016, significantly impacted tourism activity, while Hurricanes Irma and Maria also partially affected the Bahamas in September 2017, showing the countries' vulnerability to natural disasters and external shocks.

1.2 Financial services constitute a relevant sector of the Bahamian economy due mainly to the offshore banking center, as the offshore sector represents around 20 per cent of the GDP. Financial system assets are concentrated in the offshore sector and face challenges due to the loss of correspondent banking relationships and the global efforts to strengthen global tax transparency standards [73].

1.3 **Innovation and Productivity in Firms**. The Bahamas is also characterized by a strong geographical concentration of economic activities, which results in very unequal income distribution. Production and services are concentrated in Nassau and the larger islands, while the numerous Family Islands have lagging entrepreneurship and are far from achieving a satisfactory level of agricultural production and exploiting the opportunities offered by the tourism and services industries[74] while having very fragile ecosystems.

1.4 In addition to a highly concentrated economy, the Bahamian firms face challenges for being competitive and innovative. Only 19.73% are large (over 100 employees), and only 6.7% of large firms, 16% of medium-sized firms and

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68 World Development Indicators, World Bank. Data corresponds to 2014.
69 World Travel & Tourism Council (WTTC),
70 Bahamas Ministry of Tourism
71 Private Sector Note 2017.
72 The opening of the Baha Mar resort in April 2017 is expected to have a significant impact on investment and employment. Economist Intelligence Unit 2017. IMF Article IV Report 2017
73 IMF Article IV. The Structure and Trends in the Bahamas offshore Sector IMF. 2017
74 The Family Islands account for approximately 15% of total population. E Philippe Schneuwly BAHAMAS: A Road Map for Improving the Business Climate for SMEs Report (2007**)**

12.7% of small firms export.[75] They also face low productivity (17% lower than the Caribbean average, low complexity (existing industries are not closely connected and face challenges in upgrading goods or moving to other industries), low innovation (only 22% of the firms innovate and innovation is more prevalent in the manufacturing sector while 56% of Bahamian firms are *potentially* innovative )[76]. Firms in the Bahamas face high energy costs, low infrastructure availability, high crime, and financial limitations, as well as a business and innovation climate that needs to be modernized[77]. Digital technology offers the opportunity to small Bahamian businesses worldwide to use digital platforms to connect with suppliers and customers in other countries and reach new markets' overcoming some of the natural constraints. Bahamian firms that incorporate digital technologies into their business strategy will be able to drive digital transformation and create new and innovative business models that lead to growth[78].

1.5 **Potential for Diversification through Boutique Agribusiness Products** Small Island States such as the Bahamas, must boost their productivity activities by participating in international trade[79]**.** However, as they cannot achieve the necessary scale to compete in international markets, is necessary to establish market niches through the implementation of technological developments and innovation.

1.6 Thus, although agriculture and fisheries contribute only 1.9% to the GDP of the Bahamas and account for 3% of employment, they are an important source of potential diversification of the economy[80]. Approximately 17% of the total population live in rural areas and in some rural areas agriculture and fisheries are still the main employment opportunities. Most food (92%) is imported, however, whereas some specific fisheries and vegetables subsectors are export-oriented. The role of agriculture and fisheries in trade is more important than in production[81]. Agri-food products represent 15% of total merchandise export earnings (which is slightly lower than the average in LAC countries, 23%). Fish and crustaceans account for over 90% of agri-food exports and are exported to the EU, USA and Canada. The volumes and values of fish exports, however, have decreased in recent years[82].

1.7 Both agricultural and food production in The Bahamas increased significantly in the 2000s. Crops and livestock production, while remaining a small part of the economy, have been growing in the past 15 years. Crop farming mainly produces citrus, fruit and vegetables (tomatoes and onions, produced mainly for local consumption, but with a potential to expand for export) and the livestock sector

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75 World Bank Group Enterprise Surveys: Bahamas (2010).

76 Bahamian firms state concerns about: (i) copyrights protection (44%); (ii) the relationship between remuneration and innovation (55%); (iii) difficulties in collaborating with other companies (39%); (iv) a perception that innovative products and services will not be successful in the market (48%); (v) time to market (42%); and (vi) funding (39%PROTEqIN Survey. Private Sector Competitiveness Note. 2017.

77 Private Sector Note 2017.

78 G. C. Kane, D. Palmer, A. N. Phillips, D. Kiron and N. Buckley, "Strategy, Not Technology, Drives Digital Transformation" MIT Sloan Management Review and Deloitte University Press, July 2015.

79 Obstacles to Economic Growth in Six Pacific Island Countries. Ron Duncan and Harou Nakagawa

80 Support to Agricultural Policy Analysis in the Caribbean: Agricultural Public Support Analysis Based on Producer Support Methodology: The Bahamas 2017. (Draft) Shick, Boyce and De Salvo.

81 Ibid.

82 According to the Bahamas Department of Marine Resources in 2013, domestic exports related to fisheries were valued at $91.7 million (25.2 %) of the $364.4 million total recorded domestic exports. Since 2000, teh contribution of the fisheries industry to total domestic exports have been falling—from 36.2% ($244.2 million) in 2000 to 25.2% ($91.7million) in 2013

almost entirely consists of poultry production[83]. The Bahamas used to export citrus, avocadoes and papaya, but exports ceased following pest incidents and extreme climate events. The key subsectors that present higher productivity and competitiveness and on which the country could rely on as a possible source of economic diversification are the following: citrus, avocados, mangoes [84] . Boutique Agriculture and small farming involves the incorporation of digital technologies into machinery, equipment and censors.. New technologies such as the internet of things and cloud computing are expected to advance this development, introducing more robots and artificial intelligence into farming as well as incorporating technologies to overcome challenges related to limited space and geographical dispersion and barriers.

1.8 In this context, the agricultural policy of The Bahamas is deeply integrated in the country's economic policy, as the Government is trying to reverse the trend of economic slowdown that continued into 2016 for the fourth year in a row. The Government of The Bahamas supports agriculture through a combination of value chain development measures, research and extension services, infrastructure development and border protection[85].

1.9 However, the agricultural sector in The Bahamas still faces several challenges, such as high trading costs across borders, high transport costs between islands, lack of human capital and land property rights, management of agrochemicals, lack of information, and exposure to climate change, among others. These challenges are more adverse in the Family Islands, as farming in the family islands is a logistical challenge and the climate change issues pose additional challenges (weather related phenomenon, change in rain and drought patterns, incidence of hurricanes, etc.). The current system of packing houses with guaranteed purchases provides the incorrect incentives for quality and niche production in the family islands, as well as a time management frame that hinders exports and promotes food waste. The land tenure system, in which the government leases Crown Land to the farmer is not compatible with the agricultural production cycle.

1.10 In this regard, several potential activities in the sector have been identified: (i) Promoting the coordination between the different actors, for example through the development and use of technological apps to improve the logistics and management of supply and demand from products from the Family Islands aimed at the Tourism Sector. Actions in the small scale, small communities can provide a big impact on the community(ii) Support to the development and implementation of the adaptation policy for the agriculture sector that is currently being prepared; (iii)Support for the development of a geographical designation for niche products that have unique characteristics in terms of flavor and that have already been identified: tomatoes, sweet peppers, cabbage, sweet potatoes, cassava, hot peppers, citrus and onions. Pineapples, micro greens and honey have also shown potential for development; and (iv) Reform of the packing house system in hand with technological advances to improve logistics and reduce waste.

1.11 Further work on the selection and promotion of key boutique products that might be exported or integrated to the local value chains in tourism is required, in combination with the use of the latest technological advances.

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[83] Shick, Boyce and De Salvo. 2017

[84] As evidenced in the analysis carried out by the Bahamas PSE report 2017

[85] Domestic policy support is provided mainly through BAMSI, and while its main mission is to provide education and extension services, BAMSI is also directly involved in agricultural production and marketing. Another government entity, BAIC, is also directly engaged in farming and agroprocessing

## II. Objective

2.1 The consultant is expected to support the technical cooperation project with the preparation of a Campaign Strategy that raises awareness of the positive benefits of the project's efforts and promotes advocacy and support across a wide audience.

## III. Activities

3.1 Conduct a desk review of relevant project documents. Hold consultative meetings and interviews with key stakeholders to understand priorities, needs, and concerns relating to the project.

3.2 Devise a campaign strategy covering six months that includes the following elements:

- Clear objectives of the strategy
- Audience matrix which identifies key stakeholders with an interest in the project, strategies for targeting the audience, and indicators of success. Messages and approaches will need to be tailored for different stakeholders and through different dissemination mechanisms. It is expected that the campaign addresses the different needs of women and men owned firms.
- Pre-crafted messages and approaches for identified stakeholders
- Identification of actions required to identify and illustrate how the proposed strategy will impact marginalized segments of the economy, including women and the poor.
- Two infographic designs each accompanied by an article/blog
- Organization and execution of stakeholder events

## IV. Deliverables

4.1 **Work Plan.** The consultant shall deliver a work plan one week after contract signature, including a methodological proposal.

4.2 **Draft Campaign Strategy.** A draft strategy and action plan within 20 calendar days after approval of the draft work plan;

4.3 **Implementation of Final Campaign Strategy.** A final strategy and action plan, after approval of the draft report;

## V. Payments

5.1 10% at submission and acceptance of Work Plan
5.2 40% upon submission and acceptance of Campaign Strategy
5.3 50% upon delivery and acceptance of the implementation report on the Campaign Strategy.

## VI. Type of Consultancy

6.1 **Type of Consultancy:** International Firm.
6.2 **Duration:** Four months
6.3 **Place of Work:** Nassau, in the Bahamas. The consultant shall include the cost of any trips within the Bahamas and the Family Islands as part of the budget

6.4 **Qualifications of the Firm:** The firm must show relevant experience in:

a. Relevant experience in diagnostics and implementation of Boutique Agriculture Strategies in Small Island States
b. Deep knowledge of economic, environmental and private sector issues in the Bahamas
c. Relevant experience in building value chains and clusters. Experience in the Caribbean is preferred.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. In addition, candidates must be citizens of an IDB member country.

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the Bank as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, religion, and HIV/AIDs status. We encourage women, Afro-descendants and persons of indigenous origins to apply