

CAYMAN ISLANDS SMALL BUSINESS POLICY – RESEARCH AND DEVELOPMENT PROJECT

TERMS OF REFERENCE

RESEARCH AND POLICY DEVELOPMENT CONSULTANT

1. BACKGROUND

1.01 Micro, small, and medium enterprises (MSMEs) are recognised globally as vital engines for economic growth, job creation, and poverty reduction, particularly empowering women and youth. In the Cayman Islands, while the MSME sector is understood to significantly contribute to income generation, the nation faces unique challenges as a Small Island Developing State (SIDS) including limited natural resources, climate change vulnerability, and heavy reliance on tourism and financial services. Economic diversification is therefore crucial for enhancing resilience and achieving sustainable development, with the growth of the MSME sector presenting a primary opportunity for the Cayman Islands to broaden its economic base beyond its two main pillars and foster long-term prosperity, aligning with the government's strategic goal to enhance the entrepreneurial environment.

1.02 Despite their importance, a significant challenge in supporting Cayman's MSMEs is the lack of comprehensive data regarding which registered businesses are actively operating and their specific contributions to employment, revenue, and overall economic and social development. This data gap hinders the development of targeted, effective policies. Furthermore, MSMEs face distinct obstacles including potentially counterproductive regulatory impacts stemming from the unique labour force composition (a large expatriate population alongside policies favouring locals), limited access to finance (especially for disaster risk reduction), insufficient digital infrastructure, and low adoption of risk management practices.

1.03 Against this background, the Caribbean Development Bank (CDB) is providing a grant to the Cayman Islands Government, to carry out a project to improve the current business and governmental ecosystem for MSMEs, leading to their innovation, growth, development, competitiveness and sustainability. The specific outcomes of the project are expected to be:

- (a) Outcome 1: Improved policies that facilitate investments and related business activities;
- (b) Outcome 2: Enhanced delivery of services by business support organisations;
- (c) Outcome 3: Improved investors' (domestic and foreign) confidence in the small business sector;
- (d) Outcome 4: Improved access to and utilisation of financial resources and credit facilities by small businesses; and
- (e) Outcome 5: Increased participation among businesses from traditionally underrepresented groups, promoting broader social inclusivity.

1.04 The project execution will require the Research and Policy Development Consultant to:

- (a) to gather data on the contribution of MSMEs to Cayman Islands economy, including challenges, gaps and growth opportunities in the sector to inform the development of a draft small business policy and strategy document; and
- (b) Ensure the drafted small business policy and strategy document is customised to the needs of the Cayman Islands small business sector.

2. **KEY RESPONSIBILITIES**

2.01 The Research and Policy Development Consultant will oversee the following components of the project however, all decisions shall be reviewed and endorsed by the Client and/or designated authority:

Component I:

- (a) **Sectoral Analysis (Research, Interviews, Data Compilation and Analysis):** The methodology will employ qualitative and quantitative methods, such as surveys, interviews, and data analysis, to:
 - (i) Conduct a comprehensive assessment of the MSME landscape, including demographics, industry composition including but not limited to cottage industries, and their economic contribution. This involves analysing GDP contribution, employment generation, and revenue generation to quantify the sector's economic significance.
 - (ii) Identify challenges and gaps and barriers hindering MSME growth, such as access to finance, regulatory burdens, and skills shortages.
 - (iii) Explore avenues for MSME expansion, including export potential, innovation, and market diversification. Successful business models and best practices to be examined to derive actionable insights.
 - (iv) Identify gender inequalities, gaps and barriers within the MSME sector and ways to counteract them, to provide for a more equal and inclusive environment.
- (b) **Review of Legislative framework:** Using information gleaned from the research, evaluate the current definitions of the micro and small business sector as contained in Review of the Trade and Business Licensing Act (2021 Revision) and other legislation addressing MSMEs and make recommendations for revisions, if necessary. Provide guidance, based on research for the provision of a definition for the medium enterprises sector in the Trade and Business Licensing Act (2021 Revision)

Component II:

- (a) **Policy Document Formulation:** A draft Small Business policy document geared specifically to provide support that will empower MSMEs as drivers of economic growth, will be formulated in association with the Cayman Islands Centre for Business Development (CICBD). The document development will include but not be limited to:
 - (i) A review of all relevant materials
 - (ii) An analysis of the economic environment
 - (iii) Interviewing of stakeholders
 - (iv) Initial draft policy and strategy document development
 - (v) Discussions with key stakeholders, revisions, completion and presentation of policy and strategy document

3. **REPORTING AND DELIVERABLES**

3.01 The Consultant will be required to submit an electronic copy to CICBD of the following reports:

- (a) **Inception Report:** Within two (2) weeks of signing the contract, the consultant will submit an Inception Report. The report should outline:
 - (i) The proposed methodology for the consultancy (Sectoral Analysis data collection and stakeholder consultation plan and review, legislative framework review and strategy outline and policy development outline).
 - (ii) Work breakdown structure, including times for the deliverables and risks; risk mitigation matrix.
 - (iii) Summary of inception meeting with project steering committee on the project.
 - (iv) Scope of works outline, including initial findings.

Comments to be provided by CICBD within one (1) week of submission.

- (b) **Finalised Inception Report:** Within three (3) days of receipt of CICBD's comments on the Inception Report, the consultant will submit the finalised Inception Report with the finalised sectoral analysis data collection and consultation plan, legislative framework review and strategy outline and policy development outline included. The report should include deliverables for all items listed under Section 2.01, Component 1 of this TOR. Comments to be provided by CICBD within one (1) week of submission.
- (c) **Draft Sectoral Analysis and Legislative Review Report:** Within twelve (12) weeks of signing the contract, the consultant will submit for feedback and approval by the project steering committee (PSC) with CICBD, the draft Sectoral analysis and legislative review report including all data collection documents and legislative review strategy documents in accordance with Section 2.01, Component 1 from of this TOR. This report should also include any proposed changes to Trade and Business Licensing Act (2021 Revision) and other legislation addressing MSMEs. Comments to be provided by CICBD within two (2) weeks of submission.
- (d) **Draft Small Business Policy Report:** Within seventeen (17) weeks of signing the contract, the consultant will submit for approval a Small Business policy report in accordance with Section 2.01, Component 2 of this TOR. Comments to be provided by CICBD within one (1) week of submission.
- (e) **Final Report:** Within twenty (20) weeks of signing the contract, the consultant will submit a final report, including the final version of all documents produced in accordance with Section 2.01 of this TOR. Comments to be provided by CICBD within two (2) weeks of submission.

4. **QUALIFICATIONS AND EXPERIENCE**

4.01 The ideal candidate for the position of Research and Policy Development Consultant should possess the following qualifications and skills:

- (a) Graduate or post graduate degree or equivalent in Statistics, Economics, Business, Trade or Science. Priority will be given to post graduate degree holders.
- (b) At least five (5) years of experience in preparing comprehensive data reports and presentations. Experience in policy analysis, formulation and implementation and previous work experience in the Caribbean required.
- (c) Knowledge of statistical methods, techniques, and quantitative analysis; proficiency in data analysis software such as SPSS, R or Python; experience in database management and manipulation.
- (d) Experience in interpreting complex datasets for meaningful insights and conducting qualitative analysis, including best practices in interview techniques, questioning strategies and gathering qualitative data. Understanding of government processes and regulatory frameworks; and familiarity with small business challenges, opportunities, relevant laws, regulations and support mechanisms.
- (e) Excellent communication and interpersonal skills, with the ability to present findings clearly, concise, accurate reports and other project-related materials. Skilled in consulting with a range of stakeholders, such as government officials and small business representatives. With the capacity to incorporate feedback and ensure policy alignment with stakeholder needs.
- (f) Proficiency in English is essential.

5. DURATION

5.01 The level of effort for this assignment is expected to be period of five (5) months (20 consecutive working weeks).