Entrepreneurship & Innovation Policy for Blue Economy MSMEs in The Bahamas

1. Vision

A thriving Blue Economy (BE) in The Bahamas that serves as a global model for sustainability, innovation, and inclusivity. By 2035, The Bahamas will be recognized as a regional leader in leveraging its marine resources responsibly, driving economic diversification, and enhancing the well-being of its people while preserving its natural heritage for future generations.

2. Mission

Promote a sustainable and inclusive Blue Economy in The Bahamas by strengthening micro, small, and medium enterprises (MSMEs), creating a resilient framework that balances economic growth with environmental stewardship, ensuring equitable opportunities and benefits for all Bahamians while conserving marine ecosystems and fostering innovation.

3. Policy Objectives

3.1. Main Objective

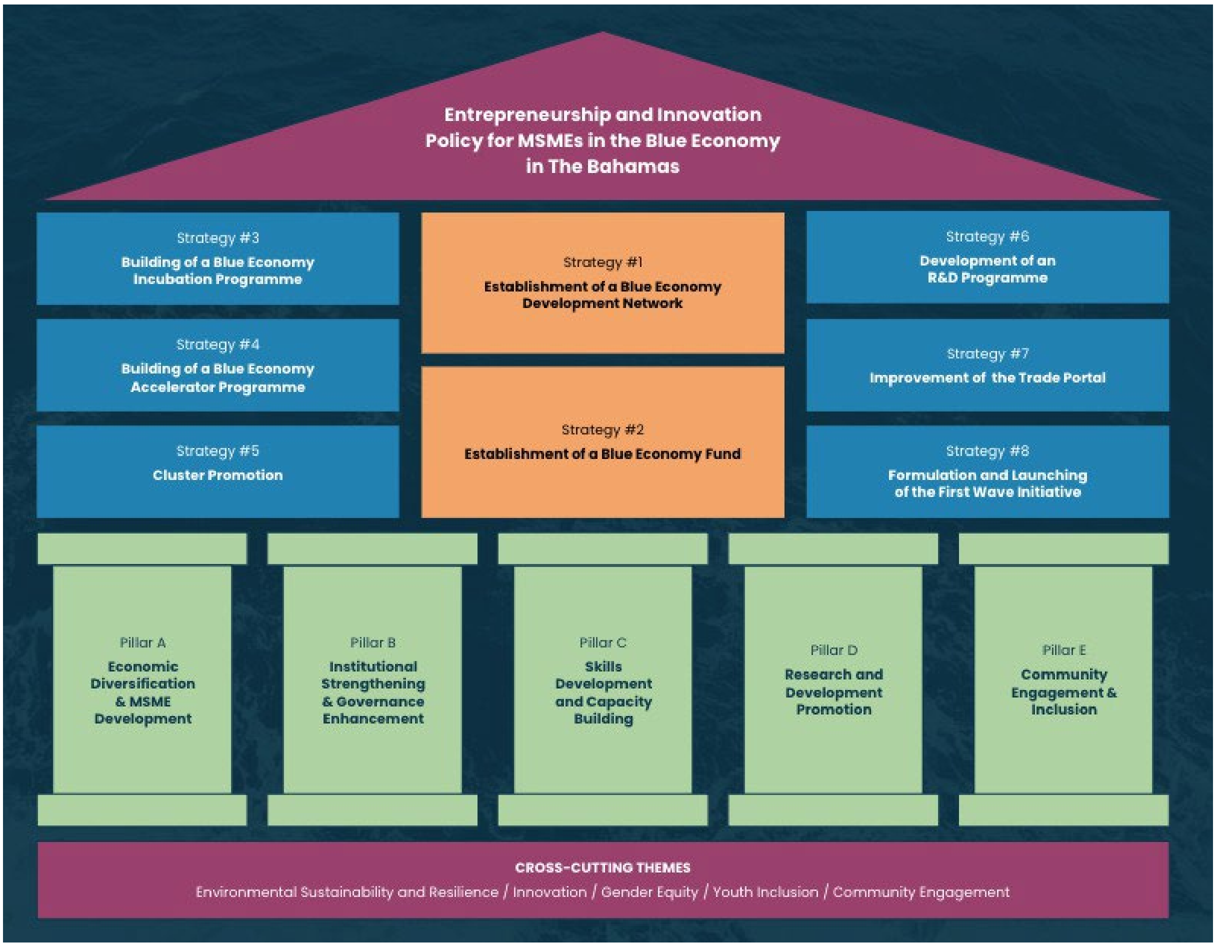
Through this policy document, the Small Business Development Center (SBDC), in collaboration with the Compete Caribbean Partnership Facility (CCPF), presents an Entrepreneurship and Innovation Policy for MSMEs in the blue economy in The Bahamas (hereafter referred to as "the Policy"). The Policy aims to enhance MSME competitiveness, promote sustainable resource management, strengthen institutional capacity, drive economic diversification, and foster innovation while aligning with global standards and leveraging The Bahamas' marine resources.

3.2. Specific Objectives

The specific objectives of this Policy are the following:

i. Strengthen institutional frameworks and inter-agency coordination for Blue Economy governance.
ii. Promote MSME development through access to finance, capacity-building programs, and market opportunities.
iii. Support environmental conservation and sustainable management of marine resources.
iv. Enhance economic diversification by developing emerging sectors such as aquaculture, marine biotechnology, and eco-tourism.
v. Foster community engagement and inclusivity, ensuring equitable benefits for all demographic groups.

Figure 1: Graphic representation of Entrepreneurship and Innovation Policy for MSMEs in the Blue Economy in The Bahamas



4. Strategies

Strategy 1: Creation of a Blue Economy Development Network (BEDN)

The Blue Economy Development Network (BEDN) is one of the key strategies of the Policy, as it would function as the main core of knowledge on the Blue Economy in The Bahamas and will serve as a key figure when it comes to coordinating and implementing the rest of the strategies. The idea is that the network is formed by the largest number of actors who have some type of relationship with the Blue Economy, namely public agencies, business finance institutions, environmental institutions, educational institutions, entrepreneurs, and the overall private sector This will ensure representation among the different sectors and groups and would help address all possible risks associated with the Policy in the different sectors of the blue economy.

The objective of this network is to unite different sources within the Bahamas of specialized agencies with sufficient capacity for action and relevant expertise to carry out the strategy in a comprehensive manner, ensuring good inter-institutional coordination and efficient and effective implementation. One of the main challenges this network will have to overcome is the lack of a clear and unified understanding of the concept of the Blue Economy and what it entails, not only in society but also among policy makers and economic planners. It is strongly recommended that this body provides a blueprint for an integrated approach to the Blue Economy.

Actions

1. Establish the BEDN, firstly as a union between different blue economy institutions. It is recommended to formalize this networking with a contact of participation. Also, it is highly encouraged to institutionalize the BEDN. through an act of Cabinet, clearly defining its mandate, scope, powers, and responsibilities. Create an organization chart following the proposed subsequent structure:

Directive Board	Appointed by vote. Functions: (a) leading the Commission and overseeing all branches; (b) representing the Commission to the government, private sector, civil society, and international organizations; (c) hiring and coordinating the necessary staff for the various areas; (d) ensuring coherence and alignment of policies with national and international objectives.
Policy and Strategy	Employees from the public sector, with expertise in strategic planning, and policy analysis. The unit should include academics with expertise in marine economy and sustainable development, entrepreneurs from key sectors, and civil society representatives with interests in marine conservation.
Blue Governance	Employees from the public sector with expertise in regulatory matters, and environmental lawyers. Other members should be academics in international and marine law and NGO leaders.
Investment and Finance	Economists, financial analysts, and specialists in investment attraction. It should also include representatives from the banking sector and investment funds, and entrepreneurs.
Innovation and Technology	Specialists in technology transfer. Researchers and academics in marine technology and digitalization. Entrepreneurs in ocean-related technologies. Social innovators developing solutions for coastal communities.
Education and Capacity Building	Public sector employees with expertise in national education plans. It should also include academics in sustainability and marine science, representatives from companies with corporate social responsibility programs in education and from relevant BE sectors.

2. Coordinate Blue Economy initiatives across government agencies and financial institutions, ensuring a cohesive and integrated approach.
3. Mapping of existing blue economy resources and infrastructure
4. Develop and implement species management plans to ensure the sustainable use of marine resources
5. Elaboration of a communication and Stakeholder Engagement Plan
6. Coordination/Management of Blue Economy Clusters and Encourage Cluster-to-Cluster Learning
7. Represent The Bahamas in international Forums concerning the Blue Economy

Strategy 2: Establishment of a Blue Economy Fund

The Blue Economy Fund (BE Fund) is envisioned as a transformative financing mechanism to drive sustainable development in The Bahamas by unlocking capital for MSMEs and innovation processes within the Blue Economy sectors. This initiative aims to engage the private sector as a pivotal partner in fostering economic diversification, environmental stewardship, and social inclusivity.

This Fund will leverage its finance through the introduction of a levy (suggestion: of 0.3%) on gross sales of BE registered Blue Economy companies and fundraising through other donors. The BE Fund seeks to establish a sustainable source of funding dedicated to advancing marine-related industries while preserving the country's invaluable natural resources.

This Fund should be administered by the Ministry of Economic Affairs, and advised by the Ministry of the Marine resources with advisory support from the Ministry of Marine Resources, the BE Fund will catalyze private sector investment and international funding to empower MSMEs to participate meaningfully in the Blue Economy and help to carry out R&D initiatives. This fund represents a significant step toward building a resilient and equitable economy that aligns with global standards of sustainability and governance. Drawing inspiration from successful models such as Green Found Levy of Trinidad and Tobago. The purpose of the fund is to financially assist organizations and community groups that are engaged in activities related to the remediation, reforestation, environmental education and public awareness of environmental issues and conservation of the environment.

To create a comprehensive BE Fund framework for the levy it is important to create a tiered structure for taxing based on the direct charges on businesses that benefit the most from marine resources and based on environmental impact, size and revenue levels.

The objective is to charge industries that derive direct economic benefits from marine resources to support conservation and sustainable resource use and to ensure that businesses contributing to environmental degradation and resource use pay their fair share, proportionate to their revenue and impact. The tax should be applied to all registered businesses with revenue exceeding a defined threshold (e.g., annual revenue over $500.000 dollars). Also, a rate structure should be taken into account according to the size of the business. For example: Small & Medium Businesses (MSMEs): Exempt or reduced rate (e.g., 0.1%) and large Businesses a higher rate (e.g., 0.3% - 0.5%) based on revenue brackets and environmental footprint.

The targeted businesses for the levy are the ones that belong to the different sectors of the blue economy, mostly: Hotels and resorts profiting from ocean-based tourism, luxury yacht charters and cruise lines, large-scale industrial seafood processors, fisheries, offshore energy and seabed mining companies, marine infrastructure & shipbuilding firms and Maritime transport and cargo operators.

Regarding with the allocation of these funds, some of the suggested areas based on the need identified are:

- Sustainable marine resource management (fisheries monitoring, conservation programs, pollution control).
- Blue Economy MSME support for grants, financing mechanism
- Sustainable infrastructure (coastal protection, sustainable port facilities, housing)
- Research and Development (ecosystem restoration, climate resilience

projects and new sectors like aquaculture, marine biotechnology and feasibility studies of species)

- Capacity-building for MSMEs and workforce

To support small and emerging businesses, the levy may be tiered or include exemptions, such as:

- Micro and small BE enterprises below a certain revenue threshold.
- Sustainability-certified businesses that demonstrate strong environmental conservation practices.
- Non-profit organizations engaged in marine conservation, research, and community-based projects.

Lastly, to enhance the financial sustainability of the Blue Economy Fund, it can leverage international donor contributions alongside the levy. This approach ensures a diverse and resilient funding pool, reducing reliance on domestic taxation while attracting external resources for long-term Blue Economy development.

Actions

To establish and implement this Fund, the expected actions to be taken are:

1. Assess the existing legal and policy framework to identify gaps and synergies for introducing the BE Fund. Conduct a detailed financial analysis of the proposed levy, including projected revenues, economic impacts, and fund sustainability.
2. Secure endorsements from critical ministries, such as the Ministry of Finance, Ministry of Economic Affairs, and Ministry of Marine Resources, to champion the initiative.
3. Draft the necessary legislation to establish the Fund, detailing the levy structure, governance mechanisms, fund allocation criteria, and accountability measures. Ensure the legislative framework incorporates considerations for gender equity, youth inclusion, and climate resilience to align with national development priorities. The briefing package should include the legislative draft, financial analysis, stakeholder feedback, and implementation plan.
4. Present a clear and compelling case for the Fund to Cabinet members, emphasizing its economic, environmental, and social benefits for The Bahamas.
5. Foster inter-agency collaboration to streamline efforts and build a unified approach to advancing the BE Fund.
6. Launch a public awareness campaign to educate stakeholders, businesses, and the general public about the Fund's purpose and value. Include a tax calculator to facilitate the implementation (see an example)
7. Address potential concerns from the private sector regarding the proposed levy, ensuring transparency in how the funds will be managed and utilized.
8. Develop tiered financial products derived from the Fund to target diverse sectors and stakeholders effectively.
9. Establish a robust monitoring and evaluation framework to assess the Fund's effectiveness, ensuring alignment with national priorities and global standards.

10. Following Cabinet approval, roll out the Fund in a phased manner, starting with the pilot launch, before full national implementation.

Strategy 3: Cluster promotion

The strategy aims to leverage the proven success of the Andros Community-Based Tourist Cluster to stimulate broader development across other Family Islands and sectors within the Bahamian Blue Economy. The Andros cluster has demonstrated the power of a collaborative, community-driven model to enhance economic activity, preserve cultural heritage, and promote sustainable practices.

Clusters in the Bahamas have the potential to act as engines for regional economic development, fostering innovation, improving productivity, and creating synergies among businesses, local communities, and public agencies. Moreover, they could be pivotal in driving diversification and reducing economic disparities between islands. Further promoting the Andros cluster and developing other clusters across the other BE sectors are essential in this regard.

The role of the BEDN is critical in this strategy. The BEDN can systematically identify the key sectors with the highest potential impact for each region based on local resources, skills, and market opportunities. Its coordination ensures that cluster development is both strategic and interconnected. An interconnected network of clusters fosters cross-island collaboration and knowledge-sharing, maximizing the impact of investments and creating a cohesive national approach to Blue Economy development.

Actions

To carry out this strategy, the recommended actions are the following:

1. Elaborate a schedule for promotion activities of the Andros' Community Based Tourism Cluster to the rest of the FI and New Providence
2. Create clusters per the main sectors identified by de BEDC. These Clusters should be transversal to all of the Bahamas.
3. Dissemination of clusters and engage the entrepreneurs related to each sector
4. Map of the needs of the entrepreneurs
5. Establish peer-learning activities, mentorship, and training opportunities based on the need mapping
6. Carry out regular meetings to encourage active participation

Strategy 4: Building of a Blue Economy Incubation Program

This strategy seeks to cultivate a robust ecosystem for innovation, entrepreneurship, and sustainable economic growth in the Bahamian BE. The program will serve as a dynamic platform to nurture emerging BE businesses in key sectors with innovative ideas, and drive diversification within the country's marine and coastal sectors.

The incubation program delivered by SBDC jointly with their partners will focus on supporting startups and small enterprises by providing essential resources, prioritizing sectors with high growth potential, to provide tailored support and ensure that businesses are well-equipped to overcome challenges, scale effectively, and contribute meaningfully to the national economy.

The Program is particularly relevant to address the problems identified in relation to the lack of economic diversification and MSME development. It is therefore important that this incubation Program is specifically designed to address the lack of economic diversification and seeks to promote business incubation in innovative industries, increase the country's productive capacity and promote export-intensive products, improve access to finance, and provide opportunities to overcome the high operating costs faced by MSMEs, among other things. Therefore, the main themes to be addressed in the program are:

1. Business model and basic skills development
2. Market entry preparation
3. Legal and regulatory guidance
4. Environmental sustainability practices
5. Networking

Ultimately, this strategy will position the Bahamas as a hub for Blue Economy innovation in the Caribbean, driving job creation, sustainable development, and international competitiveness. It represents a forward-looking investment in the country’s economic resilience and ecological stewardship.

Actions

In order to successfully create and manage the Incubation Program, the recommended actions are the following:

1. Formulate the curricula of the Incubator taking into account:
    - **Defining the Blue Economy:** The program should start with a clear definition of the Blue Economy, encompassing its scope, principles, and relevance to The Bahamas.
    - **Sectors and Opportunities:** It should provide a comprehensive overview of the existing and emerging Blue Economy sectors in The Bahamas, highlighting the specific opportunities, challenges, and trends in each sector.
    - **Policy and Regulatory Environment:** Participants need a thorough understanding of the laws, regulations, and policies that govern Blue Economy activities in The Bahamas. This includes understanding licensing requirements, environmental regulations, and any incentives or support programs available.
    - **Environmental Sustainability:** The program must emphasize the importance of sustainable practices in all Blue Economy activities.
    - **Conservation and Biodiversity:** This would involve training on best practices to minimize environmental impact, conserve marine biodiversity, and ensure the long-term health of marine ecosystems.

- **Climate Change Adaptation and Mitigation:** Participants should be equipped with the knowledge and tools to assess climate change risks and incorporate adaptation and mitigation strategies into their business.
- **Emerging Technologies in the Blue Economy:** This could cover topics such as marine robotics, remote sensing, biotechnology applications, and data analytics for resource management.
- **Innovation for Sustainable Solutions:** The program should encourage entrepreneurs to develop innovative solutions to challenges like waste management, pollution reduction, and climate change adaptation.
- **Financing Options:** Guiding securing funding for Blue Economy ventures, including traditional loans, grants, venture capital, and innovative financing mechanisms like blue bonds.
- **Mentorship and Networking**: Connecting entrepreneurs with experienced mentors in the Blue Economy field and facilitating networking opportunities with potential investors, industry partners, and government agencies.
- **Market Access:** Supporting entrepreneurs in identifying and accessing domestic and international markets for their products and services.
- **High Operational Costs:** The program should help entrepreneurs develop strategies to manage costs, such as exploring renewable energy options, optimizing supply chains, and collaborating to leverage shared resources.
- **Limited Access to Skilled Labour:** Participants should be made aware of training opportunities and resources to address skills gaps within their businesses. The incubator program could also facilitate partnerships with educational institutions or the Apprenticeship program to develop tailored training programs for the Blue Economy sector.
- **Examples and Case Studies and lectures** from successful Blue Economy initiatives and Entrepreneurs in The Bahamas and internationally would enhance the learning experience.

2. Carry out calls for applications for the Incubator program
3. Implement the first Cohort of the Incubator program
4. Follow up of the graduates and their development
5. Implement an evaluation of the performance of the first cohort
6. Implement the lessons learned for the second cohort

Strategy 5: Building of a Blue Economy Accelerator Program

In order to also aid companies that are already established but present high-potential to scale, the strategy of creating a Blue Economy Accelerator Program is also recommended. An Acceleration Program would offer the possibility of speeding a process that, if carried out individually by each MSME without support, would take much longer or could even lead to failure.

The accelerator, delivered by SBDC and TNC jointly with their partners, seeks to respond to the needs of MSMEs that are already in more advanced stages of their businesses or have already gone through an incubation process. Ideally, this strategy will be built up in the efforts already made by SBDC and TNC. This strategy should be executed after the first cohort of the Incubation program to ensure a line of continuity for the businesses.

The accelerator program will focus on addressing critical needs for scaling, including access to investment capital, advanced mentorship, market-entry strategies, and partnerships with regional and international stakeholders. The support will be targeted to the most relevant industries, and the objective will be to help participants expand their operations, improve competitiveness, and contribute to the Bahamas' sustainable economic transformation.

This strategy underscores the importance of empowering businesses that can deliver high-value, sustainable solutions for the country's economy. It aligns with national goals for economic diversification, ecological preservation, and community well-being, while also enhancing the Bahamas' global reputation as a leader in Blue Economy innovation.

Actions

To create and implement the Blue Economy Accelerator Program, the following actions are recommended:

1. Conduct Needs Assessment Define Program Objectives and Scope
2. Establish Partnerships and Resource Mobilization (private sector engagement and educational Institutions and NGOs)
3. Create Tailored Accelerator Curriculum: Sector-Specific Training, Innovation and Technology Adoption and Business Development Support
4. Launch Targeted Calls for Applications
5. Implement Mentorship and Networking Opportunities
6. Provide Access to Funding and Market Entry Support
7. First Cohort Implementation
8. Monitoring and Evaluation: Replicate Successes

Strategy 6: Development of an R&D Program in Strategic Sectors of the Blue Economy

This strategy seeks to address critical barriers to innovation and technological advancement by fostering research and development initiatives that align with the Bahamas' BE priorities, favoring the processes of technology transfer, patenting and growth of exportable products derived from scientific work. The strategy is aimed to offer different types of incentives to support projects that demonstrate clear potential for economic, environmental, and social impact.

This initiative directly addresses several systemic challenges and knowledge gaps hindering R&D in the Blue Economy, including insufficient research infrastructure, bureaucratic bottlenecks that delay projects, limited collaboration between academia and industry, and a shortage of skilled scientists and researchers. By targeting these issues, the program will create an enabling environment for innovation and strengthen the Bahamas' capacity to generate and commercialize new technologies.

Ultimately, this strategy is expected to position the Bahamas as a leader in Blue Economy innovation, equipping the nation to tackle global challenges such as climate change, marine biodiversity loss, and sustainable resource management. It underscores the importance of R&D as a driver of economic resilience and long-term sustainability.

Actions

To develop this strategy, the following actions are foreseen:

1. Conduct Needs Assessments: to understand the specific R&D requirements of each strategic sector. These assessments should involve key stakeholders, including:
2. Researchers and scientists to identify knowledge gaps and research priorities.
3. Businesses and entrepreneurs to understand industry challenges and innovation needs.
4. Government agencies to align the program with national policies and regulatory frameworks.
5. Financing institutions to explore potential funding mechanisms.
6. Design a range of incentive mechanisms tailored to the specific requirements of each sector
7. Research grants and subsidies: Provide funding to support research projects aligned with the strategic priorities of the Blue Economy.
8. Matching funds: Encourage private sector investment in R&D by providing matching funds for eligible projects.
9. Awards and prizes: Recognise and reward outstanding research and innovation achievements.
10. Foster collaboration between researchers, businesses, government agencies, and financing institutions.
11. Facilitate knowledge exchange through workshops, conferences, and networking events.
12. Encourage the dissemination of research findings and best practices to ensure the widespread adoption of innovations.
13. The program should be flexible and adaptable to respond to emerging trends, changing needs, and unforeseen challenges.

Strategy 7: Knowledge Hub

As has been established in previous reports, BE-related MSMEs do not have sufficient information or resources regarding bureaucratic processes and other elements to take into account when exporting their products. Although there are products with exportable capacity, many of them do not reach this stage due to a lack of knowledge or economic difficulties in meeting the costs involved.

On the other hand, it has been detected that the Bahamas Trade Information Portal, which depends on the Ministry of Financial Services and the Bahamas Chamber of Commerce, presents very little information and could be much more user-friendly for citizens. It is therefore necessary to consider the possibility of improving this trade Hub to reduce this knowledge and access gap for BE MSMEs.

By establishing a Knowledge hub, it would expand access to critical information, enhance capacity-building, and foster collaboration beyond just trade-related data. While improving the trade Hub would focus primarily on export procedures, regulations, and market access, a Knowledge Hub would serve as a centralized digital platform that consolidates not only trade-related data but also best practices, training resources, funding opportunities, and sectoral insights. This One-Stop Resources for Blue Economy MSMEs will provide access to business intelligence, facilitate capacity building, connect entrepreneurs and investors and offer digital tools and templates. Also, institutions within the blue economy and business support will be encouraged to share their reports and updates on demand trends, sustainable practices and trade policies.

Actions

1. Conduct a thorough assessment of the portal's existing elements, identifying any broken links, outdated information, or technical glitches.
2. Conduct a needs assessment of specific themes that MSMEs will find useful to conduct
3. Evaluate the current content's relevance to the needs of Bahamian businesses, particularly Blue Economy MSMEs. Identify areas where information is missing or insufficiently detailed.
4. Gather feedback from current users to understand their experiences, challenges, and suggestions for improvement.
5. Addressing Existing Exporter Tools Kit. Functionality and gaps in sections like Tariff Calculator, and market analysis tools need to be revised and completed with useful information
6. Creation of a Dedicated Blue Economy MSME Section, this should include:
    - **Domestic and International Trade:** Develop a dedicated section catering specifically to the needs of Blue Economy MSMEs, covering both domestic and international trade aspects.
    - **Market Data Directory:** Include a directory of market data relevant to Blue Economy sectors. This should feature data from reputable sources like the World Bank, IMF, and global trade organizations.
    - BE-MSME Directory: Create a directory of Blue Economy MSMEs operating in the Bahamas. This would facilitate networking, collaboration, and business opportunities within the sector and the clusters
    - Capacity Building: Create a list of online courses, workshops, webinars, and certification programs available
    - Tools and templates: Include business plan guides, export documentation templates, and sustainability frameworks.
7. Design a targeted awareness campaign to educate Bahamian businesses, especially Blue Economy MSMEs, about the hub's features and benefits.
8. Develop a directory of Relevant Organisations that support businesses, particularly those relevant to the Blue Economy and the services that they offer. The Hub can map public and private initiatives that support businesses at various stages of technological development.

9. Include filtering options to help users find specific types of support. E.g: funding type: grants, loans, equity investments; targeted sectors: fisheries, tourism, aquaculture, etc; geographic focus: new providence, family islands; specific needs: business planning, marketing, export support, etc.

Strategy 8: Formulation and Launching of the First Wave Initiative

One of the most pressing issues highlighted in the interviews, focus groups and surveys conducted during this consultancy is the lack of experienced professionals in the various Blue Economy sectors that have potential for development in The Bahamas. At the same time, there is the problem of many young people not being able to get their first job and not seeing the blue economy as a sector of opportunity.

To address both problems at the same time, it is proposed that a "First Wave Initiative" be created to be that first wave that gets young people moving and allows them to enter the job market, while at the same time promoting the Blue Economy in particular and employment in the sector.

The objective of this program is to work in a combined manner between the public and private sectors, identifying sectors of interest, mapping companies that could be partners in this program and working together to offer employment opportunities in their companies, industries, laboratories and ventures.

Ultimately, such a program has the potential to generate advanced human capital that can be essential to the growth of the sector and to encourage young people to stay in the country rather than seek opportunities in foreign countries.

Actions

To implement the First Wave Initiative, the recommended actions are:

1. Develop an Operational Framework: Create a structured plan that details program phases (e.g., application, selection, mentoring, follow-up, funding).
2. Define the Objectives and Scope of the first Wave program for youth
3. Target Audience Identification (employers and employees)
4. Build Partnerships: Collaborate with key stakeholders, including government agencies, private sector businesses, academic institutions, NGOs, and international organizations.
5. Community Involvement: Engage local communities to ensure the program addresses their specific needs and garners grassroots support.
6. Secure funding through public budgets, private sector investments, grants, and partnerships with international organizations.
7. Human Resources: Recruit a dedicated team to manage and execute the initiative, including program managers, mentors, trainers, and evaluators.
8. Launch a targeted campaign to raise awareness about the initiative through social media, local media outlets, and community events.
9. Develop a user-friendly web page for the application process with clear guidelines and deadlines

10. Pilot Phase: Roll out a pilot program with a smaller group of participants to test the initiative’s processes and make necessary adjustments.
11. Create a reporting framework to track progress and ensure accountability.
12. Incorporate participant and stakeholder feedback to continuously improve the program and launch the first call