

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BARBADOS/CCB - Caribbean Group
▪ TC Name:	Support to the Digital Transformation of the National Insurance System
▪ TC Number:	BA-T1099
▪ Team Leader/Members:	DIAS ALVARENGA BAPTISTA, DULCE BENIGNA (SCL/LMK) Team Leader; KAPLAN, DAVID SCOTT (SCL/LMK) Alternate Team Leader; CASCO, MARIO A. (ITE/IPS) Alternate Team Leader; HEEWAN NOH (SCL/LMK); JUAN MANUEL SANDOVAL AYALA (SCL/LMK); GASTON FERRIN (SCL/LMK); LIBERTAD SICCHA (SCL/LMK); GONZALEZ HERRERA, BEATRIZ MARIA (SCL/LMK); GRECO, MARIA SOFIA (LEG/SGO); RIVERA HERRERA, SERGIO ANDRES (SCL/LMK)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	27 Feb 2023
▪ Beneficiary:	National Insurance Scheme (NIS)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/LMK - Labor Markets
▪ Unit of Disbursement Responsibility:	SCL/LMK - Labor Markets
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The objective of this TC (Technical Cooperation) is to support operational and strategic management efficiency of the social security system in Barbados and to encourage the exchange of international best practices on the acceleration of digital transformation and the strengthening of the performance management system.
- 2.2 The social security system in Barbados faces challenges in terms of coverage, sufficiency, and sustainability. Limitations on operational and strategic management capacity makes it difficult to address these problems effectively (Lifeworks, 2022; IDB, 2021). This problem is especially relevant to countries that are in the process of social security reform. The National Insurance Scheme (NIS) recently initiated dialogues with various stakeholders to reach an agreement on regulatory changes to improve the social security system. While the NIS has made important advances such as adopting a world-class Enterprise Resource Planning (ERP) system, improving the management and execution capabilities of the Information Technology (IT) department, and maintaining a good level of benefit adequacy and income protection for most workers and pensioners, important challenges remain regarding digital transformation and performance management.

III. Description of Activities and Outputs

- 3.1 **Component I: Support for operational and strategic management efficiency through the digital transformation of the NIS.** This component seeks to improve the knowledge to strengthen the operational and strategic management of the NIS. It will finance (i) the design of a digital transformation roadmap; (ii) assessment of the Insurance Administration IT System; (iii) a strategy for strengthening the performance management system; and (iv) a guideline for improving the operational and strategic management of NIS.
- 3.2 **Component II: Support for the exchange of knowledge and best practices for the strengthening of operational and strategic management of the NIS.** This component will finance: (i) An event to generate debate and exchange experiences with the participation of public servants and national and international experts of recognized prestige in the field of social security; and (ii) a technical note that contributes to the elaboration of inputs for the drafting of the proposal for the improvements for the social security system. The technical note will include guidelines for strengthening the operational and strategic management of the NIS.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Component I: Support for operational and strategic management efficiency through the digital transformation of the NIS.	US\$120,000.00	US\$120,000.00
Component II: Support for the exchange of knowledge and best practices for the strengthening of operational and strategic management of the NIS.	US\$30,000.00	US\$30,000.00
Total	US\$150,000.00	US\$150,000.00

V. Executing Agency and Execution Structure

- 5.1 The Executing Agency will be the Inter-American Development Bank (IDB), as requested by the National Insurance Scheme of Barbados, through the Division of Labor Markets and Social Security (SCL/LMK), in accordance with the guidelines and requirements established in the Technical Cooperation Policy (GN-2470-2) and in the TC Operational Guides (GN-2629-1).
- 5.2 This execution is justified by the Bank's experience in the development of the operational and technical instruments proposed for this type of operation, advantages in terms of technical and institutional capacity required to execute the activities proposed under this operation, and by the orientation of the TC towards supporting the development of policy measures promoted by other operations in the field of SCL/LMK pensions.

VI. Project Risks and Issues

- 6.1 Due to the institutional limitations of the beneficiary entity of this operation described above, as well as political factors that affect the feasibility of implementing regulatory adjustments to social security systems, there is a risk that the policy options that arise as recommendations of the activities of the TC will not be implemented. As a result, the impact of this operation would be reduced. Political factors have relevance in the

context of this TC, since there is a multitude of stakeholders that may be affected by regulatory and institutional changes in the field of social security, including citizens, companies, civil society organizations, and the staff of the same pension administrators, among others.

This risk will be mitigated by SCL/LMK's experience in implementing similar operations aimed at advising governments in Latin America and the Caribbean on the modernization of social security systems. The risk will also be mitigated by engaging in ongoing dialogues with decision-makers at higher levels of government to ensure that the importance and lessons learned from this TC are internalized by the officials in charge of implementing the proposed changes. To support this initiative, the Bank was invited by the Ministry of Labour, Social Security, and the Third Sector as a member of the Working Group for the Revitalization of the NIS in 2022. These dialogues between SCL/LMK staff and the relevant authorities are already particularly mature in the case of the TC beneficiary country and will be an important factor in ensuring the sustainability of this operation.

VII. Environmental and Social Classification

- 7.1 This TC is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).