



Barbados Competitiveness Programme (BA-L1007 / 2278/OC-BA)

Project Completion Report (PCR)

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1. [Development Effectiveness Matrix \(DEM\)](#)
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3. [PCR Checklist](#)

Optional Electronic Links

1. [QRR Results and Procedures Report](#)

Acronyms and Abbreviations

AOP	Annual Operating Plan
ASYCUDA	Automated SYstem for CUsoms DAta
BAT	Barbados Action Team
BCP	Barbados Competitiveness Programme
BCS	Barbados Country Strategy
BDS	Business Development Services
BPI	Barbados Port Inc.
BRA	Barbados Revenue Authority
BSP	Barbados Social Partnership
CARICOM	Caribbean Community and Common Market
CDB	Caribbean Development Bank
CED	Customs and Excise Department
CEF	Cargo Examination Facility
CoC	Commission on Competitiveness
CTUSAB	Congress of Trade Unions and Staff Associations of Barbados
EA	Executing Agency
EAD	Economic Affairs Division
ECLAC	Economic Commission for Latin America
ESW	Electronic Single Window
GCE	Computable General Equilibrium
GCI	Global Competitive Index
GCR	Global Competitiveness Report
GDP	Gross Domestic Product
GMEI	Goods Market Efficiency Index
GoB	Government of Barbados
HS	Harmonized System
IDB	Inter-American Development Bank
IMF	International Monetary Fund
I-O matrix	Input-Output (I-O) matrix
LPCOs	Licenses, Permits, Certificates and other Documents
METIC	Ministry of Economic Affairs, Empowerment, Innovation, Trade, Industry and Commerce
MFEA	Ministry of Finance and Economic Affairs
M&E	Monitoring and Evaluation
NCS	National Competitiveness Strategy
NCS&AP	National Competitiveness Strategy and Action Plan
OVE	Office of Evaluation and Oversight
PCR	Project Completion
PEU	Project Executing Unit
PMR	Project Monitoring Report
PPP	Public-Private Partnership
PS	Permanent Secretary
PSC	Program Steering Committee
PTC	Program Technical Committee

R&D	Research and Development
SUT	Supply and Use Table
TC	Technical Cooperation
TCDPO	Town and Country Planning Development Office
TFA	Trade Facilitation Agreement
TOR	Terms of Reference
TU	Technical Unit
US\$	United States Dollar
VAT	Value Added Tax
WEF	World Economic Forum
WTO	World Trade Organization

BASIC INFORMATION (US\$ AMOUNT)

PROJECT NUMBER (S): BA-L1007
 TITLE: BARBADOS COMPETITIVENESS PROGRAMME
 LENDING INSTRUMENT: INVESTMENT LOAN
 COUNTRY: BARBADOS
 BORROWER: MINISTRY OF FINANCE AND ECONOMIC AFFAIRS
 LOAN (S): 2278/OC-BA
 SECTOR/SUBSECTOR: PRIVATE FIRMS AND SME DEVELOPMENT/BUSINESS CLIMATE AND COMPETITIVENESS

DATE OF BOARD APPROVAL: DECEMBER 15, 2009
 DATE OF LOAN CONTRACT EFFECTIVENESS: MARCH 21, 2010
 DATE OF ELIGIBILITY FOR FIRST DISBURSEMENT: SEPTEMBER 27, 2010

LOAN AMOUNT (S)
 ORIGINAL AMOUNT: US\$10,000,000
 CURRENT AMOUNT: US\$8,561,707
 PARI PASSU: US\$1,800,000
 TOTAL PROJECT COST: US\$10,361,707

MONTHS IN EXECUTION
 FROM APPROVAL: 84
 FROM CONTRACT EFFECTIVENESS: 81

DISBURSEMENTS PERIODS
 ORIGINAL DATE OF FINAL DISBURSEMENT: MARCH 21, 2014
 CURRENT DATE OF FINAL DISBURSEMENT: DECEMBER 21, 2016
 CUMULATIVE EXTENSION (MONTHS): 33
 SPECIAL EXTENSIONS (MONTHS): 18

DISBURSEMENTS
 TOTAL AMOUNT OF DISBURSEMENTS TO DATE: US\$8,561,707

REDIRECTIONING. HAS THIS PROJECT?:
 RECEIVED FUNDS FROM ANOTHER PROJECT [No]
 SENT FUNDS TO ANOTHER PROJECT [No]

EX POST ECONOMIC ANALYSIS METHODOLOGY: N/A
 EX POST EVALUATION METHODOLOGY: INDEPENDENT EXTERNAL EVALUATION

DEVELOPMENT EFFECTIVENESS CLASSIFICATION: [PARTLY UNSUCCESSFUL]

STATEMENT OF THE DEVELOPMENT OBJECTIVES OF THE PROJECT/PROGRAM:

The overall program's objective was to improve Barbados' competitiveness by addressing the key bottlenecks that affect the efficiency of merchandise movement; support other trade-related activities to promote export development; and promote private investment.

The specific objectives of the BCP were to (i) rationalize the incentive system and regulations to ensure a coherent framework to support business development; (ii) rationalize the institutional architecture of Business Development Services and introduce a framework for clustering initiatives; (iii) improve logistics and trade facilitation, lowering the cost of the movement of goods and people; (iv) enhance access to infrastructure through Public Private Partnerships, among other modalities; and (v) strengthen public-private dialogue to develop and implement a competitiveness strategy.

I. EXECUTIVE SUMMARY

This document presents the project completion report of the “Barbados Competitiveness Programme” (BCP) that closed in December 2016. The project dates back to the year 2008, when the Inter-American Development Bank (IDB) and the Government of Barbados (GoB) started discussions around designing a project that would contribute to increasing the competitiveness of Barbados.

Private sector development in Barbados is conditioned by the country’s special circumstances of being a small, open island economy facing new challenges derived from the regional integration process, eroding trade preferences, increasing global trade liberalization, and a fragile macroeconomic stability. After decades of considerable economic and social progress, at the time of project preparation Barbados was suffering the effects of the 2008 global financial crisis, mostly due to a sharp decline in international tourism, pressuring the country to build and strengthen the necessary structures to achieve sustained economic growth. The overall objective of the BCP was to support the country in this quest and improve Barbados’ competitiveness by addressing the key bottlenecks that affect the efficiency of merchandise movement; support other trade-related activities to promote export development; and promote private investment.

The project was to be executed over 4 years at a cost of US\$11.8 million, of which US\$10 million were to be covered by the Bank and US\$1.8 million by counterpart funds. It was approved in December 2009, reached effectiveness in March 2010 and, accordingly, its original disbursement expiration date was March 21, 2014. Due to several delays in execution, the country requested three extensions resulting in a total of 33 additional months of project implementation, ultimately moving the final disbursement date to December 21, 2016. The delays lead to project modifications as well as the reallocation and cancellation of funds and although the project delivered a considerable number of the expected products, it did so in a much more extended period of time than originally planned and fell short of achieving most of the envisioned and overly optimistic outcomes.

The reasons for the challenges encountered during project execution are multifaceted and will be discussed in detail in this report. A very complex and ambitious project design that required strong collaboration among too many agencies, paired with limited empowerment of a project execution unit that had very little previous project management experience are two of the main factors that can be directly attributed to the project. In addition, the BCP also suffered from lengthy in-country processes for the procurement of services and government approval of the project’s studies and their recommendations. Changes in political leadership and government institutional structures further negatively impacted the timely implementation of activities and translation of the generated knowledge and action plans into concrete actions.

Despite this somewhat challenging context, the project did achieve a great number of results that have been repeatedly celebrated by stakeholders across the private and the public sector as important milestones in improving Barbados’ competitiveness. These are, among others, the conceptual design for a Cargo Examination Facility (CEF), the development of a Computable General Equilibrium (CGE) model, and the development of a National Competitiveness Strategy (NCS) and Action Plan. In addition, the project has developed a new institutional framework that is contributing to create a consensus among the private and the public sectors around major reforms and policy actions. And one of the biggest achievements of the project is, without doubt, the launch of the Electronic Single Window making Barbados only the second country in the English-speaking Caribbean to have an operational Single Window for international trade.

II. INTRODUCTION

2.1 Project summary

This document presents the project completion report of the “Barbados Competitiveness Programme” (BCP). The project was first discussed between the Inter-American Development Bank (IDB) and the Government of Barbados (GoB) in the year 2008 with the objective of identifying relevant interventions to increase the country’s competitiveness. On March 21, 2010, both parties entered into loan contract No. 2278/OC-BA, and after some initial discussions it was agreed that the project would be coordinated by what was then denominated the Ministry of Economic Affairs, Empowerment, Innovation, Trade, Industry and Commerce (METIC) and later the Ministry of Finance and Economic Affairs (MFEA). The instrument used was an investment loan consisting mainly of technical assistance activities and an investment sub-component in the trade logistics area. In terms of IDB institutional arrangements, the team leader of this operation was based in the Competitiveness, Technology and Innovation Department (CTI) and the alternate team leader in the Integration and Trade Sector (INT).

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It can, however, already be stated upfront that the delays in implementation were not due to a disconnect between the project design and the broad strategic vision promoted by the GoB. The national development plan, prepared only a few years before the project launch, was the *Barbados National Strategic Plan 2006-2025*, to be discussed in further detail in section III. The latter outlined six broad strategic goals out of which one is “Enhancing Barbados’ Prosperity and Competitiveness” which explicitly “seeks to enhance Barbados’ prosperity and competitiveness in the world economy.” (p.2). The overall objective of the BCP was therefore fully aligned with this strategic vision.

2.2 Background

Barbados is a small state in the Caribbean that, at the time of the project approval in 2009, had a population of approximately 274,470 and a GNI per capita of US\$15,810 according to World Bank data¹. The country is a founding member of the Caribbean Community and Common Market (CARICOM), and participates in the CARICOM Single Market and Economy. Through CARICOM, Barbados has non-reciprocal bilateral trade agreements with Colombia, Cuba, Costa Rica, the Dominican Republic, and Venezuela.

As other small states, Barbados’ economy is determined by its size and location. Barbados has a relatively undiversified production and export base and depends on imports to supply most of the goods and services that are required for production. A combination of a narrow economic base mostly concentrated on tourism and related services, an open economy with chronic trade imbalance, a persistent negative fiscal position, high fixed costs for government provision of services, and an open financial sector, leave the country vulnerable to external shocks. In

¹ <https://data.worldbank.org/country/barbados>

addition, with the Barbados Dollar pegged to the United States Dollar (US\$), no automatic stabilizer allows for macroeconomic adjustment.

The 2008 international downturn dramatically exposed these structural weaknesses that suppressed growth, challenged macroeconomic stability, and confirmed the need to enhance competitiveness and create a more resilient environment to negative exogenous factors. The country went through a sharp contraction of gross domestic product (GDP) (-5.5 percent) in 2009, mainly due to the decline in tourism and the fact that very few of the traditional merchandise exports remain, with sugar harvest suffering a striking reduction to the lowest levels in history.

Therefore, although in 2009 Barbados ranked 47th in the World Economic Forum's (WEF) latest Global Competitive Index (GCI)² and several development indicators highlight the country's progressiveness relative to other Caribbean countries, it was obvious that the country still faced many competitive challenges. The WEF defines competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country". The level of productivity, in turn, sets the level of prosperity that can be reached by an economy and determines the rates of return obtained by investments in an economy, which are the fundamental drivers of its growth rates. As Noble laureate in economics Paul Krugman put it: "Productivity isn't everything, but in the long run, it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." (Krugman, 1991)

It was against this background that, during one of the first orientation missions in 2008, the IDB project team confirmed with members of the Barbados Social Partnership (BSP), consisting of government, the private sector, and labor unions, that implementing reforms to enhance the country's competitiveness and productivity was a priority for all.³ To move this agenda further, it was agreed to design a project that would cover the three main pillars for microeconomic competitiveness of the new GCI framework: (i) quality of the microeconomic business climate, (ii) degree of cluster development, and (iii) the sophistication of company operations and strategy. Building on prior sector analysis⁴, the project team undertook additional diagnostic work and identified several impediments to competitiveness in the country that built the basis for the details of the project design.

In the end, the project counted on the following four components and sub-components to be discussed in more detail in the discussion of achieved results (pp. 12ff.)

Table 1: Components and Sub-Components of the BCP

Component	Sub-Components
Component 1: Ensuring a coherent framework for business development: incentives and regulations	1.1 Taxes and incentives 1.2 Business Climate Reform
Component 2: Strengthening productive sectors through firm-level intervention	2.1 Cluster promotion 2.2 Business Development Services
Component 3: Improving trade logistics and trade facilitation and enhancing access to infrastructure	3.1 Trade agreement implementation 3.2 Trade logistics and trade facilitation 3.3 Transportation Policy and Master Plan

² [Global Competitiveness Report 2008-2009](#), WEF

³ [Back to Office Report – Orientation Mission October 19-15, 2008](#).

⁴ [Barbados: Strategic Guidelines for Private Sector Development](#) (BA-P1012) approved in 2007 by the Bank's Private Sector Committee.

Component	Sub-Components
	3.4 Enhanced access to infrastructure through Public Private Partnerships (PPP)
Component 4: Strengthening Public-Private Dialogue on Competitiveness	4.1 Design and Strengthening of the Commission on Competitiveness and Establishment of its Technical Unit 4.2 National Competitiveness Strategy & Action Plan

The involvement of the Bank in these types of interventions had a long track record, both at the regional level and the Barbados country-level. Previous country-specific projects and technical assistance, and knowledge work included, among others: (i) *Strategy to Strengthen Trade Logistics and Trade Facilitation* ([BA-T1004](#)) approved in 2007 and which delivered report on the efficiency and effectiveness of trade logistics and trade facilitation practices, (ii) *Strengthening of Business Facilitation Services* ([BA-T1002](#)) approved in 2005 focused on the businesses processes in companies and the services at their disposal, (iii) *Modernization of the Barbados National Standards System* ([BA-L1006](#)) aimed at improving the country's capacity in the application and administration of national standards to better meet the challenges posed by the sub-regional integration and the increasing challenges from globalization; and (iii) *Supporting the private sector take advantage of regional and global integration* ([BA-M1007](#)) approved in 2009 focused on strengthening capacities and knowledge around the strategic positioning in a context of regional integration and free trade agreements.

III. CORE CRITERIA. PROJECT PERFORMANCE

3.1 Relevance

a. Alignment with country development needs

The long-term development policy framework for Barbados has historically been underpinned by policy documents known as development plans. These plans outline the long-term vision for the country and the policy framework to achieve these objectives. The most recent, the *Barbados Growth and Development Strategy 2013-2020*⁵, builds on the country's long-term goal which is to become "A Fully Developed and People-Centred Society, through New Development Pathways". Productivity, efficiency, and competitiveness are repeatedly mentioned throughout the whole document as key drivers for the country's economic growth and development.

However, an evaluation of the consistency of the objectives of the loan with the beneficiaries' needs and the country's development priorities needs to start with an assessment of its relevance in light of the context during which the operation was designed. As discussed in some of the prior sections, this loan was prepared in the midst of the international financial crisis that erupted in 2008. Being a country highly dependent on tourism, the crisis adversely affected the Barbados economy in 2009, with real GDP contracting by 4.1 percent. Overall, it had an impact on all the country's main economic activities that, besides tourism, are mostly financial services, real estate, and construction. Therefore, designing a loan that was aimed at increasing the competitiveness of business in the country and looking at issues such as tax reform, investment in economic infrastructure and trade facilitation was extremely timely and relevant.

It was also fully aligned with the *Barbados National Strategic Plan 2006-2025*⁶, which lists as one of its six broad strategic goals "Enhancing Barbados' Prosperity and Competitiveness" and explicitly "seeks to enhance Barbados' prosperity and competitiveness in the world economy"

⁵ <http://www.economicaffairs.gov.bb/archive-detail.php?id=327>

⁶ <http://www.sice.oas.org/cty/index/BRB/Plan2005-2025.pdf>

(p.2). Three of the objectives presented as part of this goal particularly show how relevant the overall BCP design was for the country. These are to (i) Boost Productivity and Competitiveness, (ii) Increase the Export of Services and Products, and (iii) Integrate Barbados into the Global Economy (p. 86). In the section on industrial relations, the document also highlights the priority to “Strengthen and enhance the Social Partnership as an instrument for civic engagement, productivity improvements and for building social cohesion.” (p. 56). As discussed in the section on effectiveness, component 4.1 was specifically designed to strengthen this consultative body by designing and implementing its own Commission on Competitiveness and the TU which would provide institutional support out of the MFEA.

The project was also aligned with the main objectives highlighted in the *Barbados Strategic Plan for the International Business Sector (2007-2012)*⁷. This document, prepared by the Joint Policy Working Group in collaboration with the International Business Unit and the Development Division of the Ministry of Economic Affairs and Development, highlighted as its first goal the need to “address the main economic factors that are necessary to make the international business sector the key driver of sustainable economic growth and development in Barbados.”

While these were all major priorities at the time of project preparation in 2009, the same areas are still fully in line with the country’s priorities of today, as can be confirmed, among others, in the *Barbados Medium-Term Growth and Development Strategy 2013-2020*⁸. As per its own preamble, this strategic document was a joint effort between all major stakeholders in the country. Having been prepared by the EAD of the MFEA, it also counted on the collaboration from its own Finance Division and the Central Bank of Barbados, and was built on consultations with the Private Sector Associations and labor representatives.

Alluding to the importance of continued reform, recovery, and sustainability, some of the objectives that confirm the relevance of the BCP are the following: (i) Reduce the cost of doing business and the cost of living; (ii) Increase the exports of services and goods; (iii) Enhance international competitiveness, national productivity, efficiency, and service excellence; (iv) Enhance business facilitation; (v) Expand and accelerate public and private investments; (vi) Reform the productive sectors and increase supply capacity; (vii) Ensure more modern and efficient public and private sector institutions.

b. Vertical logic

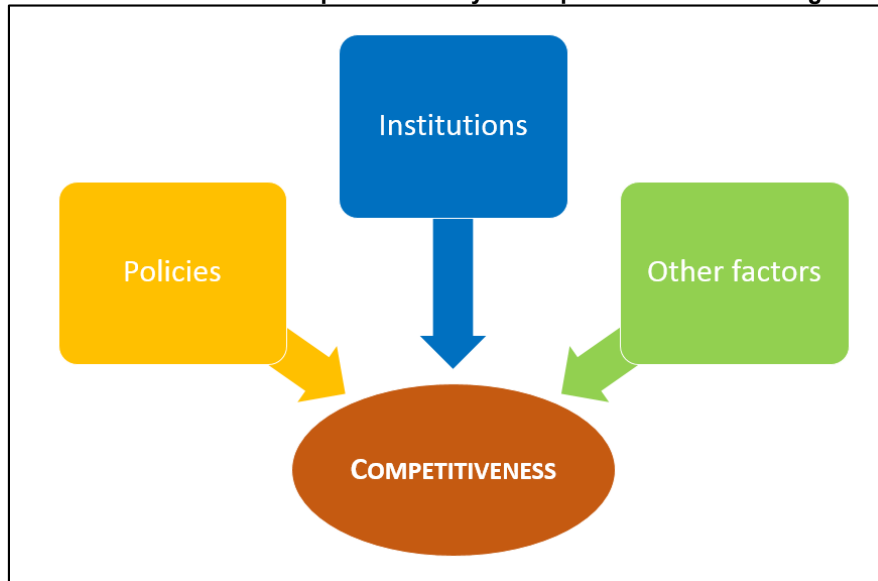
Together, the components aimed at promoting the setting up of an institutional framework conducive to implement a long-term competitiveness strategy, based on public-private dialogue (component 4), enhancing private sector investment (components 1 and 2), and improving trade competitiveness (component 3). The rationale was that, to support the stronger private sector capacity, a strengthened public sector would contribute to the long-term strategy by reducing transaction costs, and sharpening its interventions and the public policy design.

In line with the definition of the WEF mentioned above, the vertical logic of the project is shown in the following *Graphic 1*, which describes the low competitiveness of Barbados as well as the resulting deficits in productivity as a consequence of three factors: policies, institutions, and other factors.

⁷ https://www.blp.org.bb/wp-content/uploads/2017/07/bb_Strategic_Plan_International_Business_Sector-2007-2012.pdf

⁸ www.economicaffairs.gov.bb/download.php?id=327

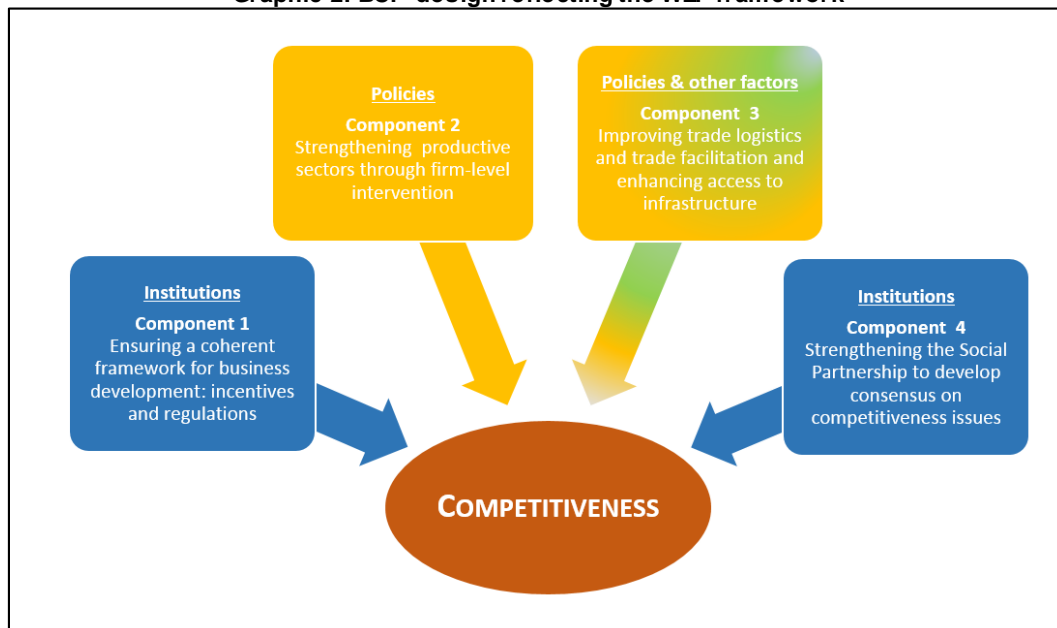
Graphic 1: Three factors that impact a country's competitiveness according to the WEF



Source: Own elaboration based on WEF definition.

In the following *Graphic 2*, each of the components is given the label of one or more factors. Delineation is not always clear-cut, since the components included a mix of activities for greater impact, and is therefore determined based on its predominant focus. The figure shows that each of the three factors described in the definition of competitiveness used in this report are an integral part of the BCP's vertical logic.

Graphic 2: BCP design reflecting the WEF framework



Source: Own elaboration based on WEF definition.

3.2 Effectiveness

a. Statement of project development objectives.

The specific objectives of the BCP were to (i) rationalize the incentive system and regulations to ensure a coherent framework to support business development; (ii) rationalize the institutional architecture of Business Development Services and introduce a framework for clustering initiatives; (iii) improve logistics and trade facilitation, lowering the cost of the movement of goods and people; (iv) enhance access to infrastructure through Public Private Partnerships, among other modalities; and (v) strengthen public-private dialogue to develop and implement a competitiveness strategy.

b. Results Achieved

As mentioned above, during execution, the BCP faced a number of challenges which led to delays in the implementation of activities and forced project modifications as well as the reallocation and cancellation of funds. The reasons for the delays will be discussed in detail for each of the components.

Table 2 starts with an overview of the changes introduced during project execution and the respective impact on the original results matrix. The following *Table 3* summarizes the progress of the various impact, outcome, and output indicators in line with the final results matrix and the sections closes with an assessment of BCP results.

Table 2
Changes to the Results' Matrix

Section of the Results Matrix where change took place	Name of the change	Type of change	Baseline Target	Original Target	Reasons for change	Date of change	Date of change agreed with Executing Agency
Output	Tax expenditure report approved	Output deleted	0	1	As per a request from GoB in November 2012, the Tax Expenditure Study was to be financed under BA-T1021	PMR Jan - June 2013, 2014	November 23, 2012
	Action plan for rationalization of Development Funds agreed and initially implemented	Output deleted			Related activities deleted due to limited progress and to make for a simplification of the project design and reallocation of funds to component 3. This measure aimed at ensuring a less complex implementation process moving forward and a successful completion of activities related to the ESW	PMR July – Dec, 2014	July 23, 2014
	Lead agency responsible for Business Development Services (BDS) certified as fully functional in new role	Output deleted	0	1	Idem	PMR July – Dec, 2014	July 23, 2014
	Cluster Competitiveness Improvement Plan agreed	Output deleted	0	1	Idem	PMR July – Dec, 2014	July 23, 2014
	Cluster Competitiveness Improvement Plan implemented according to agreed schedule	Output deleted	0	1	Idem	PMR July – Dec, 2014	July 23, 2014
	Firms supported by cluster program	Output deleted	0	30	Idem	PMR July – Dec, 2014	July 23, 2014
	Updated transport sector strategy developed	Output deleted	0	1	Idem In addition, GoB had secured a US\$2.42 million loan from the Caribbean Development Bank (CDB) to improve Barbados' road and bridge infrastructure and to finance technical studies in these two areas. While still a priority, this activity seemed to be	PMR July – Dec, 2014	July 23, 2014

Section of the Results Matrix where change took place	Name of the change	Type of change	Baseline Target	Original Target	Reasons for change	Date of change	Date of change agreed with Executing Agency
					sufficiently covered by those funds.		

Table 3
Results Achieved Matrix

Results Achieved Matrix							
Impact/Indicator	Unit of Measure	Baseline value	Baseline year	Means of verification	Targets and Actual Achievement		% achieved
Impact #1: Contribute to increasing the competitiveness of businesses in Barbados							
Indicator #1: Goods Market Efficiency Index (Global Competitiveness Report)	Percentile	54	2010	Rank of Barbados as compared to all countries evaluated in the WEF/GCR as of the program end year	Original Target value	45	
					Revised target value	-	
					Actual amount achieved	74	
Outcome #1: Tax reform proposals based on tax policy analytical models prepared							
Indicator #1: Number of tax proposals (draft bills and or regulations) that incorporate analysis derived from the tax policy tools (Computable General Equilibrium (CGE) Model and/or Tax Expenditure Report) developed by the program	Number	0	1995	Certification by consultants responsible for CGE and tax expenditure report models that tax reform proposals have incorporated analysis based on these models	Original Target value	2	
					Revised target value	-	
					Actual amount achieved	0	
Outcome #2: Business decision making with respect to the key considerations of land use planning and development banking services facilitated							
Indicator #1: Time required for processing complex applications at Town and Country Planning Development Office (TCPDO)	Months	36	2010	TCDPO records	Original Target value	32	
					Revised target value	-	
					Actual amount achieved	0	
Outcome #3: Time required by private sector to comply with trade data requirements reduced; volume of total customs declarations increased							
Indicator #1: Service Based Plan for the CEF	Certificate	0	2010	Certification of implementation of the Service Based Plan based on audit of agencies participating in the CEF verifying compliance with provisions of Service Based Plan	Original Target value	1	
					Revised target value	-	
					Actual amount achieved	0	
Indicator #2: Dwell time (time required for goods to clear Customs)	Days	15	2010	Records of the Customs Office and participating agencies	Original Target value	5	
					Revised target value	-	

Outcome/Indicator	Unit of Measure	Baseline value	Baseline year	Means of verification	Targets and Actual Achievement		% achieved
					Actual amount achieved	0	
Indicator #3: Total volume of customs declarations processed per year	Index	100	2010	Records of the Customs Office and participating agencies	Original Target value	115	
					Revised target value	-	
					Actual amount achieved	0	
Outcome #4: Investment in economic infrastructure through a selected Public Private Partnership (PPP) project increased							
Indicator #1: PPP methodology developed	Project	0	2010	Review of bidding documents assuring that the selected project complies with PPP procurement methodology best practice standards	Original Target value	1	
					Revised target value	-	
					Actual amount achieved	0	
Outcome #5: Effective Public - Private Dialogue (PPD) on competitiveness issues carried out							
Indicator #1: Substantive meetings of Commission on Competitiveness held at which important policy issues are discussed and resolved	Meetings	0	2010	Evaluation of CC minutes of meetings to verify substance of discussions and consensus on conclusions reached at meetings	Original Target value	4	
					Revised target value	-	
					Actual amount achieved	0	
Indicator #2: Technical Unit (TU) established and producing reports used in Commission on Competitiveness deliberations	Reports	0	2010	Evaluation of CC minutes to determine extent to which TU reports were influential in decisions reached by the Commission	Original Target value	5	
					Revised target value	-	
					Actual amount achieved	0	
Outcome #6: Action Plan of National Competitiveness Strategy (NCS) partially implemented							
Indicator #1: Implementation of discrete components of NCS Action Plan	Certificate	0	2010	Evaluation of CC minutes of meetings to verify substance of discussions and consensus on conclusions reached at meetings	Original Target value	1	
					Revised target value	-	
					Actual amount achieved	0	
Component #1: Ensuring a coherent framework for business development: incentives and regulations							
Output #1: Fully operational tax policy model elaborated	Model	0	2010		Original Target value	1	100%
					Revised target value	-	

Outcome/Indicator	Unit of Measure	Baseline value	Baseline year	Means of verification	Targets and Actual Achievement		% achieved
					Actual amount achieved	1	
Output #3: Town and Country Development Planning Office systems /procedures upgrade implemented and certified	Certificate	0	2010		Original Target value	1	100%
					Revised target value	-	
					Actual amount achieved	1	
Component #3: Improving trade logistics and trade facilitation and enhancing access to infrastructure							
Output #1: Comprehensive plan for Cargo Examination Facility (CEF) and logistical support systems fully elaborated	Plan	0	2010		Original Target value	1	100%
					Revised target value	-	
					Actual amount achieved	1	
Output #2: Electronic Single Window (ESW) fully implemented and functioning	System	0	2010		Original Target value	1	100%
					Revised target value	-	
					Actual amount achieved	1	
Output #4: Public Private Partnership methodology developed	Progress report	0	2010		Original Target value	1	100%
					Revised target value	-	
					Actual amount achieved	1	
Component #4: Strengthening Public-Private Dialogue on competitiveness							
Output #1: Institutional structure of Commission on Competitiveness (including the Technical Unit) redesigned and in operation	Certificate	0	2010		Original Target value	1	100%
					Revised target value	-	
					Actual amount achieved	1	
	Plan	0	2010		Original Target value	1	

Outcome/Indicator	Unit of Measure	Baseline value	Baseline year	Means of verification	Targets and Actual Achievement		% achieved
Output #2: A National Competitiveness Strategy (NCS) and action plan approved					Revised target value	-	
					Actual amount achieved	0	
Output #3: NCS Action Plan implemented according to schedule	Certificate	0	2010		Original Target value	6	
					Revised target value	-	
					Actual amount achieved	0	

Impact indicator

The impact indicator set by the BCP was the Goods Market Efficiency Index (GMEI), one of the pillars of the WEF composite Global Competitiveness Index (GCI). The base line was the GMEI of 2010, ranking Barbados at 54 (out of 139 countries) with a score of 4.3 (out of 7). The target for the end of the project was an improvement of Barbados' rank in this index to position 45. However, the last WEF report (2016/2017)⁹ ranked Barbados 86 (out of now 138 countries) in the GMEI, with a score of 4.2, and an overall GCI rank of 72.

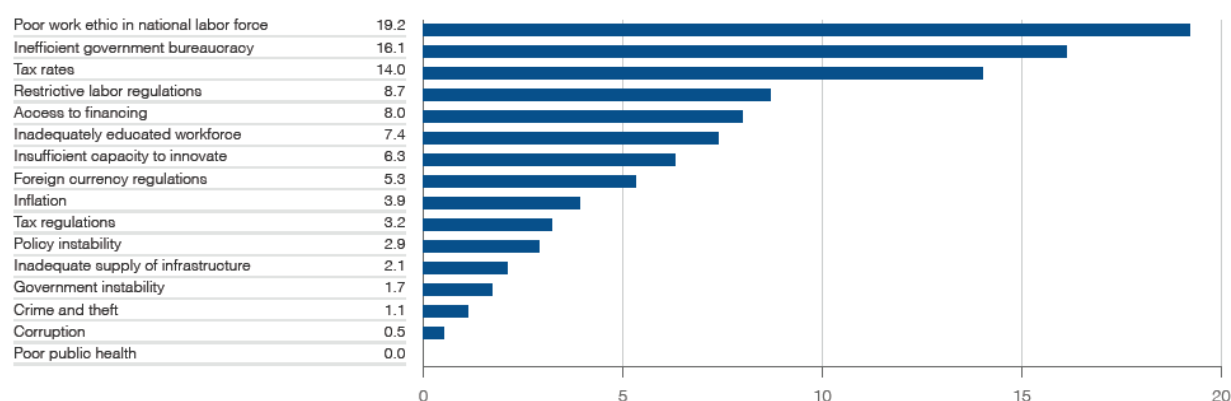
These numbers clearly show that the BCP target in terms of overall impact was not met. In fact, Barbados ranks worse in terms of competitiveness now than it did in 2010. However, what is important to note here is that these rankings show a country's position relative to others. Therefore, only looking at the ranking can be misleading, since it does not automatically mean that a country has performed a lot worse, but it can simply mean that others have done much better over the same period of time. The fact that Barbados achieved almost the same score as in 2010 gives an indication that the latter may actually be the case. In addition, the report also shows that the country is still the leader in the region, outranking all other Caribbean States whose performance is assessed as part of this data compilation effort.

Nonetheless, the report also highlights that Barbados needs to prioritize issues related to competitiveness in its public agenda and improve its institutional capacity. Graphic 3 shows that this holds particularly true in regard to labor force work ethic, government bureaucracy, and tax rates.

Graphic 3: Most problematic factors for doing business in Barbados, WEF report 2016/2017

Most problematic factors for doing business

Source: World Economic Forum, Executive Opinion Survey 2016



Source: WEF Global Competitiveness Report (2016/2017)

To achieve the envisioned impact, the program included specific actions organized, as mentioned above, into four components, each of which was divided into sub-components. What follows is a discussion of the components' rationale, scope, objectives, and results.

Component 1: Ensuring a coherent framework for business development: incentives and regulations (US\$1.15 million). Research shows that long-term sustainable growth depends on the quality of a country's institutions and that markets function most effectively when transaction costs are low. In the context of the current GCI and following the definition of the WEF, institutions are defined by two characteristics that reflect core features put forward by economic literature.

⁹ http://www.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf

*“First, institutions set formal, legally binding constraints—such as rules, laws, and constitutions—along with their associated enforcement mechanisms. Second, institutions include informal constraints such as norms of behaviour, conventions, and self-imposed codes of conduct such as business ethics, and can be thought to include norms of corporate governance as well.”*¹⁰

Institutions pervade every aspect of the way businesses are organized, the way they deal with each other, and their interactions with government. This component focussed on an assessment of and recommendations on incentives and regulations that build the framework for business establishment and development in Barbados.

Sub-component 1.1: Taxes and incentives (US\$525,000).

Among other factors, the deterioration of the fiscal situation in Barbados during the global financial crisis (2008-2010) was attributed to an erosion of tax revenues due to an excessive amount of tax expenditures. For GoB to assess the revenue and economic impact of potential reforms, a quantitative assessment tool was needed to identify concrete advantages and trade-offs between different policy options.

Therefore, the objective of this sub-component was the development of a Computable General Equilibrium (CGE) model to enable the MFEA, the Central Bank and other tax policy analysts to assess the direct and indirect impact of alternative tax regimes on economic activity and government revenues. Such models had previously been useful in similar cases (Jamaica 2004, 2007, Colombia 2002, 2004) to generate political consensus and to dispel a biased political rhetoric from the decision-making process.

As part of the activities to be delivered under this sub-component, it was foreseen for the Barbados Statistical Service (BSS) and other agencies to receive support to update the country's Input-Output (I-O) matrix as well as its Supply and Use Table (SUT) to be sufficiently robust to support the CGE model. This was necessary since, in 2009, a review of the BSS National Accounts found significant room for improvement to estimate GDP, and to assess production and value added for key sectors related to tourism, finance and business services, transportation, and distribution, and manufacturing. The review also mentioned that, while the national accounts should be equal when measured by consumption or expenditure methods, in the case of Barbados they rarely were which called for a revision of the SUT.

The I-O matrix was delivered, which allows for payments related to the selling or purchase of goods and services to be represented concisely by using a social accounting framework. The information on those transactions was then a key input for the tax policy analysis model itself. The latter, called the “Barbados Tax Policy Model”, was also developed under this project covering 44 production sectors and 89 goods and services. As planned, the same consultant who developed the CGE model provided practical training to a total of 15 staff of the BSS as well as the Economic Affairs Division (EAD) of the MFEA, covering both the use of the model as well as knowledge-transfer in the development of statistical tools. Therefore, *Output #1: Fully operational tax policy model elaborated* has been achieved.

However, at present, the CGE model is not being used which, according to stakeholder interviews, seems to be mainly linked to insufficient capacity and training of its envisioned users and the relative complexity of the design of the model requiring a vast amount of data that is either not available or not sufficiently reliable. In the same conversations, the Project Executing Unit (PEU) mentioned that a full-time in-house consultant would be required for up to a year in order to train the staff on how to feed data and how to run the program. This is one of the main reasons why the *Outcome Indicator #1: Number of tax proposals (draft bills and or regulations) that incorporate analysis derived from the tax policy tools (Computable General Equilibrium (CGE) Model and/or*

¹⁰ <http://reports.weforum.org/global-competitiveness-report-2015-2016/institutions/>

Tax Expenditure Report) developed by the program was not achieved during the lifetime of the program.

Further strengthening of BSS capacity is required to develop such proposals and make use of the resulting big data advantages. At the same time, a more comprehensive statistical plan would allow for better data collection and informed policy interventions. In addition, GoB would need to define which entity is best equipped to host, maintain, and operate the CGE model. Based on that decision, additional training and a clear implementation plan would be needed to identify the way forward and evaluate different options for a successful implementation of the model, based on the respective capacities and needs.

Sub-component 1.2: Business climate reforms (US\$625,000) [partially cancelled].

Generally speaking, business climate refers to the overall economic environment of a given community that is relevant to the operation of a business; usually including issues such as taxation regimes, attitudes of government toward business, and financial and lending conditions.

For Barbados, the numbers published in the World Bank's Doing Business Report repeatedly highlight the need for further consolidation in key areas such as property registration, trading across borders and enforcement of contracts. Improving these conditions is key to support the expansion of private sector participation in the economy and to increase government effectiveness and efficiency in overcoming or preventing market failures, by reducing burdensome transaction costs, and providing a sound environment for private sector development.

In its original design, the BCP envisioned to provide support to improve the approval process for domestic and international investments as well as access to credit. Activities related to the latter, the rationalization of development funds, were however cancelled as part of the reallocation of resources in 2014.

1.2.1 Physical investment permits

According to data collected by the Doing Business Report, dealing with construction permits in Barbados requires a total of 442 days. Information for this indicator on global rankings only exists for the years 2016 and 2017, where Barbados stands at 158 and 161 respectively out of a total of 190 economies and puts the country well below the regional average for Latin America and the Caribbean.

Institutionally, the Town and Country Development Planning Office (TCDPO) is the government department responsible for managing all applications for development and one of the tools used in assessing applications is the Physical Development Plan. This plan zones the island into specific areas in which certain types of development may be permitted and other types prohibited.

Town planning law, on the other hand, is regulated by the Town and Country Planning Act and its related rules.¹¹ This Act defines development as: (i) carrying out building, engineering, mining, or other operations in, on over or under any land; (ii) making any material change in the use of any buildings or land, or (iii) subdivision of any land. Development can legally occur either by a specific grant of permission from the chief town planner or the minister responsible for planning; or through pre-approved "permitted development" as recognized under the town planning rules. Most applications to the TCDPO require a comment from other government departments and therefore permissions are rarely issued within the two-month period prescribed by the Act.

As agreed during project preparation, this sub-component was to finance staff training, documentation simplification and process re-engineering to achieve systemic improvements in the operations and all collaborating agencies and assure a more expeditious and equitable

¹¹ <http://www.townplanning.gov.bb/>

processing of investment applications. These activities were to be based on a study commissioned through another joint project between GoB and the Bank's Modernization of the State Division, expected to provide a number of recommendations to help improve the effectiveness and efficiency of the TCDPO.

However, the draft report went through numerous iterations so that the analysis of requirements for TCPDO institutional strengthening was not approved at the early stages of the BCP project implementation, which meant that the subsequent activities to be financed under the BCP could not start, as planned. After several discussions between the PEU, the Bank and TCDPO it was agreed in 2014 that, in order for the BCP project to move forward with this sub-component's activities, the work would focus exclusively on those institutional strengthening recommendations that were explicitly supported by the TCDPO.

As per one of the recommendations, the supporting software and hardware upgrades were installed and certified, providing desktop computers for technical staff of the TCDPO, who were previously sharing one machine among three people. This sub-component also financed the design and development of an upgraded system which aimed at centralizing the registry functions within the TCDPO. As can be seen in the results framework, these activities were completed in late 2015 and the *Output #3: Town and Country Development Planning Office systems/procedures upgrade implemented and certified* was achieved. However, given the delay described above, instead of delivering training on the new software to 30 TCPDO and collaborating agency staff new systems and procedures, as initially planned, only 3 staff members received the full training.

This sub-component also had the following outcome indicator linked to it: *Outcome #2: Business decision making with respect to the key considerations of land use planning and development banking services facilitated* measured in a reduction of time required for the processing of complex TCDPO applications. The pre-condition for this indicator to be achieved was at least threefold. On the one hand, it required the timely approval of the Cabinet Paper, on the other, recommendations had to be implemented by staff trained in the use of the new software and new processes, and lastly, an M&E expert would have needed to determine the specifics of the indicator, such as the definition of "complex applications".

The independent external evaluation commissioned by the Bank at the end of the BCP implementation phase highlighted that the TCDPO is now at a stage where further process improvements are dependent on other agencies converging to its technical capacity. In addition, while TCDPO the new internal approval procedures were designed, they are yet to approved by Cabinet and, therefore, the application of the new procedures is still outstanding at the time of the writing of this report.

Component 3: Improving trade logistics and trade facilitation and enhancing access to infrastructure (US\$5.87 million). The modern era of international trade is one of increasingly complex interactions between people, firms, and organizations. Supply chains can span various countries and regions and good performance in trade requires connectivity not only in terms of roads, rail, air, and sea, but also in areas such as telecommunications and information-processing. Having inefficient or inadequate systems of transportation, logistics, and trade-related infrastructure can severely impede a country's ability to compete on a global scale. This component aimed at working on some of the major challenges Barbados is facing in the area of trade facilitation and logistics, with a focus on modernizing trade processes and fostering public-private collaboration. Overcoming existing bottlenecks is key to achieve workflow optimization and cost reduction and a critical part of the country's vision to become a regional logistics hub. As per the results matrix, the successful implementation of this component was measured through *Outcome #3: Time required by private sector to comply with trade data requirements reduced;*

volume of total customs declarations increased. The latter was divided into three indicators linked to sub-component 3.1 that will be discussed in further detail below.

Sub-component 3.1: Trade logistics and trade facilitation (US\$4.725 million).

3.1.1 Cargo Examination Facility (CEF).

CEFs are examination facilities housing equipment that enables rapid physical check-up of selected consignments. This type of infrastructure is key to assist customs departments and other government agencies involved in import and export to detect prohibited goods, including illicit drugs, illegal firearms, and other harmful goods such as contaminated plant or animal material, and allow for an efficient and centralized verification of compliance with existing requirements. By reducing the time consignments remain under customs control, CEFs provide the exporters and importers with faster clearance rates, while also enhancing compliance with increasingly stringent international demands for secure trade, without a major impact on legitimate container traffic flow.

The Seaport at Bridgetown, managed by Barbados Port Inc. (BPI), is one of the most modern ports in the Caribbean with a deep-water harbour and a shallow draught facility. According to official figures, port traffic is about 1 million tonnes and authorities report 22 unloaded containers per hour. To improve efficiency of import and export activities, in the early 2000s, GoB had started the design of a CEF to be constructed in the port and modelled after the one in use at that time in Trinidad and Tobago. However, it was never fully completed. Later, the 2008 report “*Strategy to Strengthen Trade Logistics and Trade Facilitation*” financed by the IDB, revived the discussion and reinforced the importance of providing a single examination point to facilitate trade. Following this recommendation, it was agreed to include this sub-component which was to finance the overall design of the facility. While BPI operates as the Border Inspection Post, these activities required very close collaboration with all the agencies involved in the examination of goods, such as the Customs and Excise Department (CED) as well as plant quarantine, veterinary quarantine, commerce and port health, customs brokers, and trade operators.

In 2015, the study was successfully completed and included (i) the operational design of the CEF; (ii) the layout to maximize movement of containers and minimize idle times; (iii) the definition of specific equipment/ facility requirements to satisfy all of the agencies pre-requisites for inspection; (iv) the definition of operational procedures and security measures; (v) a detailed cost analysis; (vi) recommendations on the most appropriate economic utilization system taking into account financial viability and competitiveness; and (vii) a draft set of protocols to govern the operation of all regulatory agencies and management of the facility. With this feasibility study and conceptual design and the training to CED officials already delivered, the next step will be to move into construction. In terms of the results foreseen under the project, *Output #1: Comprehensive plan for Cargo Examination Facility (CEF) and logistical support systems fully elaborated was achieved* and GoB indicated that the physical location has already been identified and that discussions regarding the identification of necessary funding are underway.

While these results are fully in line with the consultancy’s objective and received very positive feedback from a great number of stakeholders, the *Outcome Indicator #1: Service Based Plan for the CEF* linked to this sub-component required a confirmation on the certification of the Service Based Plan based on audits of the agencies participating in the CEF. This outcome, however, was never foreseen in the original results framework approved by the Board as part of the overall loan proposal. That document only refers to the conceptual design of the CEF and the training for staff. The new Outcome indicator was introduced later on as part of the revision of reporting mechanisms of the Bank but activities financed under the project were never expanded to support the dissemination of the plan and enforce its implementation. In addition, the provisions of the plan are designed for a context in which the actual CEF infrastructure is in place, so having

participating agencies adopt the provisions prior to that would have brought about additional challenges.

3.1.2 Electronic Single Window (ESW)

For a small country dependent on imports, with several agencies involved in the trade process, and the need to mobilize resources, a single window approach to border transactions is a policy considered best practice. An ESW allows parties involved in international trade and transport to file electronically standardized information and documents at a single-entry point in order to fulfill all import, export, and transit-related regulatory requirements. A simplified process based on a paperless platform improves revenues and reduces public costs, a win-win for both public and private agents. Several countries, including Trinidad and Tobago, have developed such one-stop shops for trade, investment, and other government-intensive processes.

Under the system in use at the time of project preparation, traders were faced with a confusing set of redundant reporting requirements, forms, systems, data sets, data models, and messages. This added enormous costs for all parties concerned, both in terms of fiscal resources as well as timeliness and accuracy of data. The ability to handle data efficiently and swiftly has, in fact, become a key element in international competitiveness, especially in international supply chains. ESWs provide the best way of balancing the often-opposing forces of compliance management and trade facilitation.

Developing an ESW was therefore declared a strategic objective for Barbados, as it constitutes a critical part of the country's vision to be a regional logistics hub. Following international good practices, the BCP project included the design and development of an ESW. With a budget (after relocations) of nearly US\$7.9 million (almost 70 percent of the total budget), the Barbados Electronic Single Window was the centrepiece of the BCP.

The program included: (i) the preparation of technical tender documents, the evaluation for the selection of a firm to develop the ESW, as well as a separate tender for the acquisition of an agency-wide Trade Document Management System; (ii) the procurement of all the necessary software and hardware so that all agencies would be capable of fully integrating into the ESW and fully converting into paperless electronic format; (iii) the procurement of the ESW facility; (iv) the necessary training for both the public and private sector; and (v) the necessary upgrades of the Automated SYstem for CUstoms DAta (ASYCUDA ++) system into ASYCUDA WORLD for the CED and the management information system at BPI.

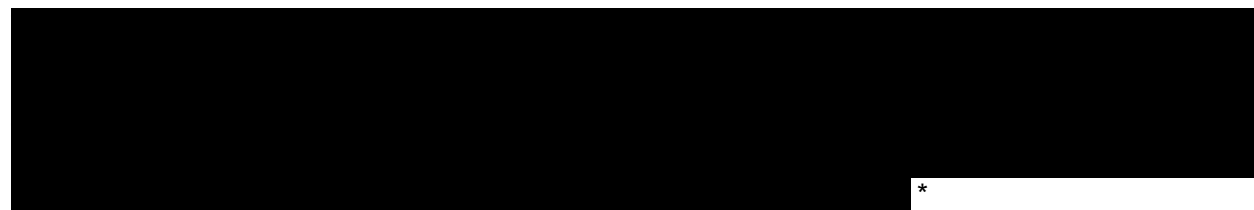
Despite a number of challenges in implementation that will be discussed below, the ESW was formally launched in February 2017, making Barbados the second country in the English-speaking Caribbean to have a state-of-the-art operational Single Window for international trade. The country now has a central web portal where private sector users will be able to obtain regulatory information affecting their imported, exported or in-transit goods and will also be able to obtain the requisite forms, file the necessary permits and licenses, and initiate the clearance of goods seamlessly from a single location.

As part of the effort, the project also financed the development of a Trade Document Management System (TDMS) as an integral input for the ESW since it allows for the conversion of the paper-based forms currently used in the processes related to the approval or issuing of licenses, permits, certificates and other documents (LPCOs) into electronic forms. In total, 89 paper-based LPCOs were converted into electronic forms which enables ESW users to process documents such as import license requests online. The project also delivered a user-friendly harmonized system (HS) classification tool that defines a code for every type of good and is used as the principal means of identifying those commodities that are subject to regulatory controls and measures for all agencies. The tool enables immediate and accurate HS classification (in the case of goods which

have not yet been classified) and HS code verification (in the case of goods which have already been classified) to provide a clear path to the appropriate processing.

Despite all these important achievements, there are several issues that negatively impacted the timely implementation of activities under this sub-component. Some issues were due to the complex project design and challenges that also impacted other components, such as the lack of appropriate local skills and cumbersome procurement processes. A great number of issues was, however, beyond the project scope and the control of the PEU.

One issue that stands out, according to the findings of the independent evaluator, was the shortfall of institutional clarity and perceived lack of senior management support. One major event with direct impact on these activities of the project was the creation of the Barbados Revenue Authority (BRA) in April 2014, a super-agency merging several existing agencies and departments grouping the functions of the CED, Inland Revenue Department, Licensing Authority, VAT Office, and Land Tax Department. While institutional arrangements were long unclear, it was finally announced in 2016 that the CED was to be housed under BRA and that the latter was to be the host for the ESW operation. Scheduled to complete transition into the new agency by April 2016, Customs entered a period of uncertainty and resisted the transition. At the writing of this report, CED remains separated from BRA which had enormous implications for all activities related to the ESW.



These are some of the reasons for why, even if the ESW was launched in February, as of today there are still no formal transactions in the platform. While participating government agencies are starting to sign-in into the system, the positive effects on import, export, and transit-related efficiency gains will require time and, in parallel, further work is required to ensure full automation and synchronization between systems. This is also why both indicators linked to this sub-component (*Indicator #2: Dwell time (time required for goods to clear Customs)* and *Indicator #3: Total volume of customs declarations processed per year*) were not achieved.

**In accordance with the disclosure exception "country-specific information" referred to in paragraph 4.1 i of the Access to Information Policy of the Bank and at the request of the borrowing country, the information contained in the preceding paragraphs will not be disclosed.*

Sub-component 3.3: Enhanced access to infrastructure through Public Private Partnerships (PPPs) (US\$745,000).

Barbados faces a number of challenges to secure crucial investment in public services and infrastructure. Mainly, these are linked to limited fiscal and institutional capacity, which constrains GoB's ability to ensure not only the selection of the most sustainable and affordable projects, but also to execute these in the most cost-efficient manner. The involvement of the private sector through Public-Private Partnerships (PPPs) provides a potential solution to the dilemma of having to reduce deficits while at the same time providing the necessary infrastructure and related services to boost the economy.

The PPP model has demonstrated its viability, particularly in terms of a "value for money" criterion. This is especially true in areas such as health or education, which, being free at the point of sale to the tax payer, rely totally or principally on payments received from the public sector in return for services provided by the private sector. In most of these cases, the scope of services covered by the PPP agreement relates to a combination of assets and services essential to the provision, by the public sector, of its obligations with regard to health or education.

However, the identification, evaluation, development, procurement and subsequent contract management of a PPP represents a significant challenge to any government. Unlike Jamaica or Trinidad and Tobago, Barbados had yet to take concerted steps at an institutional or policy level to formally adopt PPPs as a procurement option. Nevertheless, the importance of exploring the potential of PPPs in Barbados is highlighted, among others, by the following issue as highlighted in a 2001 report commissioned by the Economic Commission for Latin America (ECLAC) "*The Public Sector is characterized by over-centralization and over-dependence on rigid regulations. The Barbados Public Sector is operating within the same modalities as it has for over the last 30 years, while the economy has grown significantly and society has become infinitely more complex. In addition, this has contributed to general tardiness in the implementation processes.*" (p. 10).¹²

In line with the above, the overall objective of this sub-component was to develop a tailored PPP framework for Barbados that would provide a methodology to be used as a basis for future Government decisions regarding the identification and prioritization of PPPs and a monitoring and evaluation mechanism for project identification and prioritization. The framework document was delivered (*Output #4: Public Private Partnership methodology developed*), as planned, and a number of activities detailed below were completed in the context of this component. Having said that, as can be seen in the results matrix, the outcome linked to this component was not achieved (*Outcome #4: Investment in economic infrastructure through a selected Public Private Partnership (PPP) project increased*). The latter had determined that success was to be measured against the implementation of a concrete PPP project investing in economic infrastructure and compliant with PPP procurement methodology developed in the report. However, as part of the reallocation of funds in 2014, the products to be financed by this sub-component were reduced to the delivery of the framework report which was lagging way behind the original implementation schedule. Instead of attempting to push for the selection of a PPP project within the limited lifetime of the project, the remaining funds were allocated to the ESW sub-component 3.1.2 described above.

What follows is a brief discussion of each of the interventions that were financed under this sub-component, both in terms of rationale and achievements.

3.3.1 Evaluation of a series of candidate projects to be carried out as PPPs

In an economy the size of Barbados, the number of projects falling into the PPP and concession categories would inevitably be limited and the component financed an evaluation applying the concepts of "value for money" and PPP comparator methodology to select d potential investment

¹² <http://archivo.cepal.org/pdfs/2009/S2009724.pdf>

projects. The objective was to compare costs and benefits of carrying out such projects using either the PPP modality or the conventional modality in sectors such as health, social housing, tourism, and coastal management. As a result, two specific areas were identified which could significantly benefit from a PPP. These were the replacement or refurbishment of the Queen Elisabeth Hospital and the road sector. A respective recommendation was made to the Cabinet Committee on Infrastructure.

3.3.2 Legal and regulatory framework for PPPs

The PPP methodology is mostly focused on a radical improvement in the procurement process. Its ability to attract private investors, generate improved value for money for the public sector, and improved services to consumers derives, above all, from the discipline and rigour with which the PPP project has been prepared prior to and during tendering, as well as from the quality of the project management during the contract period. The assessment found that there are no legal impediments to project construction using the PPP procurement modality. However, it also highlighted that, at present, there is little comprehensive procurement legislation in Barbados addressing the full range of issues associated with a complex procurement process by the public sector. In this light, the recommendation made was to develop additional provisions to guide the process and provide transparency for investors and stakeholders.

3.3.3 Technical support through the project cycle, training and establishment of coordination mechanisms

The objective of this sub-component was to deliver “hands on training” to the staff of those agencies involved in the selection and implementation of the PPP project as identified by the Cabinet Committee on Infrastructure. However, as mentioned above, the delivery of the report and approval of the methodology by Cabinet was affected by a number of delays, which made it impossible to follow through with the project as planned due to time constraints. Accordingly, no technical assistance was delivered.

3.3.4 Fiscal and accounting treatment of PPP liabilities

The fiscal impact of traditional procurement is relatively easy to calculate, since expenditure comes up front at the time of construction of the asset. PPPs, on the other hand, create long-term fiscal commitments, some of which may be difficult to evaluate, being additionally contingent. Such liabilities may stem from demand, technology change, or macroeconomic changes (e.g. exchange rates). It is therefore important for the public sector to ensure that, throughout the whole process, it maintains adequate control over the direct and contingent fiscal liabilities which PPP projects inevitably entail. To tackle these issues, the consultancy developed a methodology for evaluating and accounting for the commitments made when utilizing the PPP procurement methodology which would be implemented as part of the project execution.

3.3.5 Monitoring, evaluation, and dissemination

The monitoring function relating to a PPP can be broken down into two main stages: (i) the construction phase, where this involves the provision of an asset, being the platform on which the contracted services will be delivered, and (ii) the service delivery stage, which extends out to the end of the contractual period. The consultancy developed a PPP monitoring and evaluation plan that covers the two stages and also provides the opportunity to foresee potential defaults and other adverse events. This, in turn, allows the government to take measures as needed to avoid or smooth the impact of potential failures of the project, such as early termination of contract amendments. One issue that remained unattended upon project closure was the dissemination strategy of the findings and recommendations of the report.

Component 4: Strengthening public-private dialogue on competitiveness (US\$830,000)

Building trade capacity is not just about making sure that the necessary physical infrastructure is in place, but it is also about the institutional environment within which the private and public sectors operate, and the relationship between the two. Issues such as cumbersome regulatory arrangements, lack of access to capital, and a disjointed private sector can all drastically inhibit a country's ability to grow – and trade.

Generally speaking, these types of competitiveness partnerships between both sectors can come in a wide range of forms, from broad-based statutory consultation involving business associations and labor unions to small and rather informal groups where a number of businessmen meet with top government ministers behind closed doors. In the end, it is the political and economic context of a country that determines what kind of partnership is feasible and likely to succeed.

In the case of Barbados, the *2014 Barbados Private Sector Assessment Report*¹³, commissioned by the Bank and financed by Compete Caribbean, concluded that the Barbados Social Partnership (BSP) between the private sector, government and trade unions was the best institutional arrangement to foster this public-private dialogue and address the key hurdles to private-sector development. The report's priority action plan urged that the relevant actors take steps to address public-sector productivity, stimulate R&D activity by the private sector, promote finance for start-ups, simplify taxation and reduce labor market rigidity (pp. 25ff.).

These were all topics that were in some way or the other covered under this component which aimed at promoting the setting up of an institutional framework conducive to implement a long-term competitiveness strategy and reach consensus on the way forward. In the case of this component, outcomes detailed in the results matrix are linked to the sub-components and will therefore be discussed in the sections below.

Sub-component 4.1: Design and strengthening of the Commission on Competitiveness and establishment of its Technical Unit (US\$500,000).

As described above, the institutional framework for the conduct of public-private sector dialogue in Barbados includes the BSP, established in 1993. Another body of relevance for this sub-component's activities was the Barbados Action Team (BAT) which is supported by three working groups that cover issues relating to growth, efficiency, and social safety net. While the BSP has served as a consultative arrangement for forging consensus among government, the private sector and trade unions, it does not have a special commission to address issues of private sector development, productivity, and competitiveness. Neither does it have the mandate or capacity to propose or implement competitiveness strategies. In turn, the BAT/Working Groups were established in 2012 to forge a better understanding among the Social Partners, and to improve efforts to address national problems identified by that body. Members are drawn from government, the private sector and the Congress of Trade Unions and Staff Associations of Barbados (CTUSAB).

In light of the above, the objective of this sub-component was to inform the design of a Commission on Competitiveness as the main articulator of public-private dialogue on Barbados' competitiveness. The latter was to be chaired by the Prime Minister, and fall under the purview of the BSP. It would also finance the establishment of a Technical Unit (TU) that would provide support to the Commission. This TU would not be directly coordinated by the BSP but rather be integrated into the Economic Affairs Division (EAD) of the MFEA.

The study was completed in August 2015 and included recommendations on, among others, the mandate of both bodies, the specific roles, and resource requirements. The cabinet paper on the design of the institutional structure was approved by GoB, and *Output #1: Institutional structure*

¹³ <http://competecaribbean.org/psars/2014-barbados-private-sector-assessment-report/>

of Commission on Competitiveness (including the Technical Unit) redesigned and in operation was therefore achieved. However, while these analytical activities were concluded successfully during the lifetime of the loan, the outcome linked to the sub-component (*Outcome #5: Effective Public - Private Dialogue (PPD) on competitiveness issues carried out*) was not achieved. While the paper on establishing the Commission on Competitiveness and its Technical Unit was prepared, it has yet to be approved and will be re-submitted to Cabinet in November for their consideration. Therefore, the Commission did not hold the meetings as planned, which was one of the indicators, and the staffing decisions for the TU were not taken in time, which is why it was not formally set up and producing the planned reports.

Sub-component 4.2: National Competitiveness Strategy and Action Plan (US\$330,000.

Issues relating to competitiveness, private sector development and productivity have been topical in political discourse in the country, leading to a number of sectoral studies and reports being commissioned over the last decades. However, as the project was being designed, a national competitiveness strategy had never been developed for Barbados.

Therefore, the primary objective of this sub-component was the development of an integral medium term National Competitiveness Strategy (NCS), seen as a proactive futuristic vision in terms of opportunities for, and structural restrictions on economic growth and development. The NCS would not only express national goals, but also serve as a vehicle for prioritising and coordinating relevant government policies. It would also provide the mandate for the work of the TU described under sub-component 4.1

The work was completed in December 2015 identifying the following three overarching goals

1. Strengthen the traditional economic basis of Barbados by expanding specialization and value-added in tourism, offshore international financial institutions and corporations and agriculture/agrofood industry
2. Diversify and enlarge the productive basis of Barbados through “smart specialization” in new and emerging niches within selected sectors in which the country can gain a regional leadership position, fostering the integration of the whole value chain and inter-linkages with other sectors
3. Develop a more agile and consolidated business framework in which private enterprises can flourish, removing those structural restrictions that hamper economic growth and development in Barbados

It also identified 10 priority strategies to be adopted in order to achieve the vision and goals during a four-year period, as well as a list of 30 concrete action items. This very comprehensive analytical work has already informed the dialogue among key stakeholders, however, the formal submission to and approval of the plan by Cabinet is still pending and expected to happen by January 2018, once the Cabinet Paper has been reviewed by related Ministries and Departments. This is why *Output #2: A National Competitiveness Strategy (NCS) and action plan approved* was not achieved, and the same goes for *Outcome #6: Action Plan of National Competitiveness Strategy (NCS) partially implemented*. The latter would have also required to have a functioning Commission of Competitiveness in place, since the means of verification were the minutes of its meetings. Once the NCS has been approved, the steps outlined in the action plan would need to be implemented by stakeholders which is what was to be covered under *Output #3: NCS Action Plan implemented according to schedule* but could not happen during the lifetime of the project given the repeated delays in the approval of the strategy.

c. Analysis of the Results Attribution

As mentioned in section 2.1.a, the original design of the project with its approach of enhancing competitiveness through a focus on strengthening policies and institutions was fully aligned with research findings and international best practice. The literature keeps pointing to the importance of these two factors for development (North, 1990; Rodrik, 2011) and, on the downside, countless development efforts have failed precisely because countries lack strong and stable institutions as well as an adequate normative framework. This is also highlighted in the Sectoral Framework for Science, Technology and Innovation of the Bank which attributes particularly great importance to strengthening the institutional and regulatory environment for competitiveness as a condition to obtain development results.¹⁴

At the same time, the outputs and inputs financed by the project and discussed in the previous section were directly linked to a causal chain that would be conducive to achieve the envisioned outcomes and every knowledge work financed by the project included an analysis of international best practice so that adjustments in recommendations and the way forward could easily be identified. Thanks to this approach and the activities financed by this loan, a number of important outputs were produced and milestones were achieved that improved the conditions for increased competitiveness and business facilitation in the country. This holds particularly true for a set of areas that have repeatedly been emphasized by GoB and stakeholders in general.

First, GoB now has increased knowledge and capacities to evaluate incentives and regulations for business development. This is due to the CGE model financed by the loan serving as a key tool to enable the MFEA, the Central Bank and other tax policy analysts to assess the direct and indirect impact of alternative tax regimes on economic activity and government revenues. As discussed in the previous section, adjustment may need to be made in line with local capabilities and needs, but the major work is done. In addition, even if the Finance Ministry benefits the most in terms of policy analysis of the general equilibrium effects of tax and subsidies distortions, the model could also be used to estimate effects from other policy interventions (e.g. trade measures), external shocks (e.g. the Brexit) or demographic trends (e.g. migration), just to mention a few. Therefore, entities like the Central Bank, a local university, or a consortium of different research-oriented bodies could host and maintain the CGE, making it available for policy analysis to the Fiscal Research Department, the BRA or any such fiscal body.

Second, Barbados made a quantum leap in the area of trade logistics and trade facilitation being now only the second country in the English-speaking Caribbean to have an operational Single Window for international trade. The conceptual design of the CEF is another major achievement that has received a lot of positive feedback and interest, voiced among others during a stakeholder workshop coordinated by the Bank in Barbados in April 2016 and it was also brought up during the project closing workshop in August 2017. The benefits have already been discussed above and while this is a major achievement in terms of time and cost reductions, increased transparency, and revenue, it is also clear that the launch of the ESW is only the first step in a process that will require constant maintenance and improvement. The result of the development of the ESW as it exists today can, however, clearly be attributed to the project as will also be discussed in further detail below.

And third, there are a number of important achievements that will support the promotion of public-private dialogue in the country. The PPP framework has given the government a methodology to inform its decisions regarding the identification and prioritization of PPPs which have an enormous potential to help it overcome some of the fiscal constraints related to public infrastructure investment. In addition, there is the design of the Commission on Competitiveness as the main articulator of public-private dialogue on Barbados' competitiveness with added capacity and a

¹⁴ <http://www.iadb.org/en/sector/science-and-technology/sector-framework,18415.html>

mandate to actually propose and implement competitiveness strategies. The Cabinet Paper on establishing the Commission and its Technical Unit is to be resubmitted in October/November 2017 for consideration and is awaiting the formal verdict. And, to complement all of the above, Barbados now also has a National Competitiveness Strategy (NCS) that highlights priority areas and, according to latest information, is to be approved by Cabinet by the end of 2017.

Having said all this, the previous section 2.1.b also clearly showed that while important milestones were achieved, the big majority of outcomes was not. Part of the reasons were discussed for each of the components and overall it can be said that, being a comprehensive reform program, the BCP per design had many interdependent outputs and outcomes. This, in turn, often meant that if one agency or consultant failed to deliver its assignment on time, it would have direct negative consequences for overall project implementation. What follows is a discussion of some additional contextual factors, both within and beyond the project scope. This will shed some light on the overall reasons for the limited fulfilment of expectations and, on the other hand, also show where the project managed to move issues forward that would most likely not have been achieved otherwise. This discussion is key to allow for the identification of lessons that can inform future project design and also internal government processes.

From the beginning, it was very clear that trying to work on improving competitiveness in Barbados in a comprehensive way made for a very ambitious project design and required the collaboration and coordination of various entities. The Project Profile document itself included the following statement in the section about risks: *“Given the complexity of the Program, several institutions will be involved increasing the need for a strong executing unit and a lot of political will and support at the top level. Certain components may suffer implementation delays due to greater than expected legal, regulatory, and/or institutional impediments.”* And in fact, all of the mentioned factors in the end had a negative effect on project execution in one way or the other.

First, there is the call for a strong executing unit. The challenges that emerged in this context need to be divided into several stages. The year 2010 was spent selecting the team and staffing the PEU which, by 2014 and despite repeated insistence, still lacked a procurement consultant. The work was partially covered by the PEU with support from the Bank’s procurement specialist, but the lack of a dedicated consultant has resulted in significant delays in some key acquisitions of goods and services which partially explains the slow take-up of project activities in the first years. On the other hand, it was made evident by self-reported assessments obtained by the external evaluator, that, particularly at the beginning of the project, the PEU lacked the management skills to execute the many sub-components and consultancies that formed part of the BCP. During the initial years of the project the PEU was basically learning the necessary management skills while at the same time attempting to deliver on project execution and becoming acquainted with the Bank’s procurement and financial management policies and procedures. Despite these efforts, the PEU fell short of the technical and human capacity to complete the TORs for key consultancies and studies, and conduct the processes of procurement of goods, works and services with reliability.

In part, this challenge can be explained by staffing difficulties that tend to arise in countries that can only recruit from a limited pool of professionals and technicians. In fact, this is an issue that was highlighted in the *2010-2013 Barbados Country Program Evaluation* prepared by the Bank’s Office of Evaluation and Oversight (OVE) which states that *“Government officials argue that in a small country with limited human resources and a large number of projects under implementation, there are shortages of skilled personnel at every level. In addition, PEUs are often staffed with civil servants, requiring a lengthy approval process that has to go through the Personnel Administration Division; it may take 12-24 months to hire a manager.”* (p. 20)¹⁵. On the other hand,

¹⁵ <https://publications.iadb.org/handle/11319/6419>

the lack of proactivity and intervention from GoB and later the PEU did certainly play an important role, as well.

The second issue raised in the project's risk assessment was the issue of political will and top-level support which also contributed to problems that emerged during project implementation. According to the interviews conducted as part of the independent evaluation and the perceptions at that time, the project suffered a first important drawback in 2010 when the death of Prime Minister Howard Thompson forced a change in government positions. The Prime Minister was in office during project preparation and was as an early champion for the BCP, putting it high on the political agenda. But that can only explain part of the challenges in execution since even in 2015, after five years of implementation and one year over the initial disbursement deadline, the project was still largely delayed.

Besides the lack of execution capacity at the PEU, the main reasons were the perceived lack of political support and lack of commitment from some of the major stakeholders. Given its limited leverage and mandate, the PEU had little capacity to force other agencies into compliance in many of the project areas and was therefore often dependent on their support and goodwill. Overall, the PEU was acting more as a coordinator and facilitator, rather than an actual executor of the program and its components. This was particularly prejudicial for a complex loan like the BCP where many outcomes were interdependent and progress was jeopardized if just one agency failed to carry out its assignment in a timely fashion. In the case of the ESW sub-component, the hiring of an international trade facilitation advisor provided some relief in this area given the consultant's technical expertise and mandate to help coordinate the numerous agencies as well as the regular attendance at the ESW technical committee.

As previously discussed, the constant delay of activities forced a second modification of the deadline for disbursement to December 21, 2016, the cancelation of all delayed activities in Component 2 and the reallocation of all funds into the ESW sub-component. In light of the limited time remaining for project implementation, the objective of this measure was to reduce the scope and complexity of the program and allow the team to turn its main focus to the coordination of ESW activities which promised to provide enormous positive impact if implemented correctly. And this turned out to be a very good decision culminating in the formal launching of the ESW in early 2017. This major achievement for Barbados would certainly not have been possible without the support of the BCP and thanks to this intervention, the public and the private sector have deepened their relationship and conversations, seeing the ESW as a win-win for all. This also became evident during the project closing workshop held in Barbados in August 2017, where the Minister of Finance and Economic Affairs, Christopher Sinckler, highlighted the importance of the achievement of this milestone given the ESW's strong potential in reducing the cost of doing business in the country. Important private sector representatives were also present at that event and showed full agreement with those words and expressed their willingness to continuing this collaborative effort, all being aware that this project is but a first step and requires strong commitment and leadership from all.

And lastly, a reference must also be made to the legal, regulatory, and institutional impediments cited in the original project document. The first issue to be highlighted here is the lengthy government processes of approval of new legislation and decisions. This is not specific to the BCP, and was highlighted, among others, in the OVE report quoted above. On page 20 it explicitly states that *"several projects have been delayed by the difficult process of approval of new legislation, which requires a number of intermediate steps and lengthy consultations among ministries and government agencies."* Adding to that is the challenge that a big number of issues must be resolved at Cabinet level and therefore depend on the schedule of Cabinet meetings and respective agenda.

While these issues relate to the approval of new legislation, final official reports, etc. there are also important structural and institutional bottlenecks in the procurement processes. To quote the same OVE report, *“the two most significant structural obstacles are related to the Solicitor General's Chambers, which is responsible for reviewing and approving all contracts and is seriously understaffed, and to the Ministry of the Civil Service and the Personnel Administration Division, which have jurisdiction over the creation of posts and the hiring of staff in the public sector. The lengthy and difficult procurement process also constitutes a major source of delays, especially since the government requires procurements over the equivalent of US\$100,000 to go to the Special Tenders Committee for approval.”* (p.20)

While these are issues that other Bank projects have also suffered from, there are a number of additional challenges that were very specific to the BCP and lead to further delays in 2014. This is when major changes were announced within GoB, the most relevant for the project being the creation of the BRA, a supra-agency entity with a large span of responsibilities previously scattered among several different agencies and departments. Key to the ESW resulted the government decision to place the Barbados CED under the newly created BRA, a process resisted by Customs officers to this day, and still pending for the most part at the moment of writing. This stalled many discussions that were crucial for the finalization of ESW activities and also affected the training plan since there was uncertainty about who would be hosting the ESW until a few months before project closure and responsible staff was yet to be designated.

Government staffing was another challenge since there was a high amount of turnover at every level of the project's institutional environment which meant new difficulties and added to the delays. Some of the officers trained to by trainers left their posts, a situation threatening continuity of the project components and demanding more training.

This evolution of the political and institutional environment created various uncertainties in the country that had direct impact on the country's agenda on competitiveness. The fact that progress was made despite these described handicaps reinforces the notion of added value of the project. Seeing the country advance in a somewhat orderly and systematic manner indicates that the existence of the program offered a guiding thread that stabilized and provided directionality. Both the expertise and technical support of the Bank and the continuity of objectives and administration made possible by the BCP through the establishment of the PEU leads to the conclusion that the project was central in achieving these results. At the same time, the continued engagement of the Bank in this area is aimed at mitigating the risk of turning the achievement into one-time regulatory enhancements that would be easily reversed.

3.3 Efficiency

This section will examine the costs of the program taking into account several factors that have directly affected the execution of each component and the budgetary changes that have occurred throughout the life of the loan. Based on the experience of the project, it will also be discussed to which extent the benefits of the loan were obtained at a reasonable cost, and whether they were achieved in line with the original budget projections.

Table 4 allows comparing the initial budget allocation with the current total cost at the end of execution. It is important to note that these figures are the result of (i) the reallocation of resources (US\$2,600,000) to Component 3.1 confirmed by Cabinet in July 2014, (ii) the partial cancellation of uncommitted funds (US\$1,205,636) of the loan approved by the Bank in November 2015, and (iii) a return of undisbursed funds 231,599 after project closure in April 2017.

Table 3 Costs of the Project

Component	Output	Planned Total Cost (US\$)				Revised Total Cost (US\$)				Actual Total Cost (US\$)			
		(2010)				(2012-2014)				(2016)			
		BID	Local	Total	%	BID	Local	Total	%	BID	Local	Total	%
1. Ensuring a coherent framework for business development: incentives and regulations	Fully operational tax policy model elaborated	325,000	0	325,000	2.75%	213,610	0	213,610	2.00%	213,556	0	213,556	1.89%
	Tax expenditure report approved	200,000	0	200,000	1.69%	0	0	0		0	0	0	
	Town and Country Development Planning Office systems /procedures upgrade implemented and certified	450,000	0	450,000	3.81%	450,000	0	450,000	4.22%	260,493	16,500	276,993	2.45%
	Action plan for rationalization of Development Funds agreed and initially implemented	175,000	0	175,000	1.48%	0	0	0	0.00%	0	0	0	0.00%
2. Ensuring a coherent BDS architecture for business development	Lead agency responsible for Business Development Services (BDS) certified as fully functional in new role	600,000	0	600,000	5.08%	0	0	0	0.00%	0	0	0	0.00%
	Cluster Competitiveness Improvement Plan agreed	280,000	0	280,000	2.37%	0	0	0	0.00%	0	0	0	0.00%
	Cluster Competitiveness Improvement Plan implemented according to agreed schedule	150,000	0	150,000	1.27%	0	0	0	0.00%	0	0	0	0.00%
	Firms supported by cluster program	150,000	0	150,000	1.27%	0	0	0	0.00%	0	0	0	0.00%
3. Improving trade logistics and trade facilitation and enhancing access to infrastructure	Comprehensive plan for Cargo Examination Facility (CEF) and logistical support systems fully elaborated.	225,000	0	225,000	1.91%	234,562	0	234,562	2.20%	234,561	0	234,561	2.08%
	Electronic Single Window (ESW) fully implemented and functioning	4,500,000	0	4,500,000	38.14%	7,604,190	0	7,604,190	71.33%	7,403,719	469,494	7,873,213	69.71%
	Updated transportation sector strategy developed	400,000	0	400,000	3.39%	0	0	0	0.00%	0	0	0	0.00%
	Public Private Partnership methodology developed	745,000	0	745,000	6.31%	50,525	0	50,525	0.47%	50,525	0	50,525	0.45%
4. Strengthening public-private dialogue on competitiveness	Institutional structure of Commission on Competitiveness (including the Technical Unit) redesigned and in operation	500,000	0	500,000	4.24%	380,337	0	380,337	3.57%	37,728	4,932	42,660	0.38%
	A National Competitiveness Strategy (NCS) and action plan approved	300,000	0	300,000	2.54%	300,000	0	300,000	2.81%	257,325	0	257,325	2.28%
	NCS Action Plan implemented according to schedule	30,000	0	30,000	0.25%	30,000	0	30,000	0.28%	0	0	0	0.00%
Sub-Total (Components)		9,030,000	0	9,030,000	76.53%	9,263,224	0	9,263,224	86.90%	8,457,907	490,926	8,948,833	79.24%
Administration and Other Costs		970,000	1,800,000	2,770,000	23.47%	435,473	961,470	1,396,943	13.10%	105,799	2,238,952	2,344,751	20.76%
Total (Project)		10,000,000	1,800,000	11,800,000	100.00%	9,698,697	961,470	10,660,167	100%	8,563,706	2,729,878	11,293,584	79%

3.4 Sustainability

An assessment of the sustainability of the project is linked to whether the loan managed to create the conditions for the GoB to make use of the tools and maintain the activities financed, adjusted if necessary to improve their effectiveness. The following section contains an analysis on the sustainability of the project in the context of its major deliverables.

The general perception is that, despite the delays and cancelations, the preliminary trend indicates that an encouraging outcome is emerging as the project is now closed. Several milestones have been achieved and the analytical work around competitiveness issues has generated a valuable set of policy recommendations and therefore an important basis for GoB to take informed decisions on the way forward. In addition, the project has managed to strengthen the dialogue between the public and the private sector on issues related to competitiveness, which is a very positive sign in view of the sustained commitment and strong leadership required to take full advantage of the important achievements made possible through the BCP. Having said that, there is a great need for immediate attention from GoB to solve pending issues and not lose the momentum generated by the loan.

The CGE Model. While the I-O Matrix and the the “Barbados Tax Policy Model” were delivered, the CGE model is not being used. Interviews conducted as part of the external evaluation indicated that the country has access to a simpler model developed by the IMF. While this model does not allow to perform analytical activities to the same degree of detail that the tool provided by the BCP does, it does seem to have a more user-friendly interface and can therefore be integrated into business processes without major additional training. To make use of the project’s CGE model, further strengthening of BSS capacity is required to develop the envisioned tax proposals and make use of the resulting big data advantages. At the same time, a more comprehensive statistical plan would allow for better data collection and informed policy interventions. In addition, GoB would need to define which entity is best equipped to host, maintain, and operate the CGE model. Based on that decision, additional training and a clear implementation plan would be needed to identify the way forward and evaluate different options for a successful implementation of the model, based on the respective capacities and needs.

Physical investment permits. The analysis of requirements for TCPDO institutional strengthening was completed, supporting software and hardware upgrades were installed, and initial training to staff was delivered. However, as discussed in section II.2.1.b., to actually achieve a reduction of time required for the processing of complex physical investment applications, additional steps are needed that are mostly dependent on other agencies and their improvement of technical capabilities. However, thanks to the report, GoB now has a clear roadmap on how to reduce transaction costs for the private sector and improve its tax collection capacity by moving away from paper-based transactions. Discussions with relevant stakeholders seem to indicate that necessary arrangements will be made in the near future and are also reflected in the TCDPO Ten Years Physical Plan and the Strategic Competitiveness Action Plan.

The CEF. The conceptual design for the CEF was delivered, its location has been identified on grounds that belong to the port, and it is therefore potentially ready to move into construction phase. Different occasions showed the enormous interest from all stakeholders in this type of infrastructure given the expected reduction of inspection efforts and dwelling times. High-level political support has been expressed, among others, by the Minister of Industry, International Business, Commerce and Small Business Development, in a speech before Customs Brokers and Clerks Association general meeting in early 2017 where he called for a quick implementation. Before moving into construction, however, previous regulatory work is needed and so is the development of a risk-based methodology that would provide the basis for the sample checks of containers. In addition, funds for the construction of the CEF have yet to be identified.

The ESW. Given the complexity of the design and institutional environment, delivering a functional ESW at the end of the project was a major achievement which was celebrated by GoB and the Bank in a formal launching event in 2017.

From now on, the success of the ESW requires not only cutting-edge technology like the one that will be used, but also a great collaborative effort among agencies and private sector stakeholders. Above all, the sustainability of this endeavor requires solid ownership and commitment from all parties which points to an important issue. Going forward, some of the main challenges may well not be IT-related, but rather cultural and political. Change management, extensive consultation and communication, team building, and a strong political commitment are the key factors that will turn the ESW as it exists today into a success story. In addition, there are a number of pending technical issues, such as the synchronization between ESW and ASYCUDA and the interoperability with other single windows, and key high-level political decisions need be made in the very short term regarding ESW financial support, use, and long-term evolution. Most of these issues were raised at the project closing workshop and there was a common understanding about the urgency of this matter and the continued consultation and commitment the ESW requires.

PPPs. The framework document was delivered, providing GoB with very comprehensive recommendations on how to foster PPPs and necessary adjustments in light of the current legal and regulatory framework. While this is an important achievement and the need for PPPs is still very much there, GoB needs to renew its commitment with this approach and promote the implementation of a concrete PPP project compliant with PPP procurement methodology. This was initially planned to happen as part of the BCP execution, but as the activities were increasingly delayed, the team decided to drop this additional stage and reallocate all remaining funds to the ESW sub-component to ensure that activities related to the latter would be completed successfully.

Public-private dialogue on competitiveness. Giving GoB a clear outline on how to strengthen and institutionalize public-private dialogue about competitiveness, in the form of the Commission on Competitiveness and TU, was an important output in light of the overall objective of the loan. However, latest developments seem to indicate that the structure of the Commission on Competitiveness will be changed leading to less empowerment of both bodies and staffing decisions on the TU have yet to be formalized. In addition, fostering a fruitful dialogue within the BSP has been a constant challenge and, while the NCS&AP is expected to go to Cabinet for approval in the coming months, there is still no clear national consensus on issues related to competitiveness and the way forward. This is particularly important, since this is a cross-cutting matter that affects nearly all sectors in the country and the achievements made under the BCP are at risk of being jeopardized if necessary decisions are not taken promptly.

Lastly, as part of the sustainability discussion, it needs to be highlighted that the knowledge generated by the loan has already been used to inform other Bank projects. Among others, the US\$45 million policy-based loan *Sustainable Energy Framework in Barbados I* (BA-L1022) built on the project's mapping exercise that had identified a range of technological and economically feasible energy efficiency and renewable energy measures (p.30 of the OVE *Country Program Evaluation: Barbados 2010-2013*).

IV. NON-CORE CRITERIA

4.1 Strategic Alignment

Contribution to the Bank's Strategic Development Objectives

In light of the sharp increase in demand for IDB resources prior to and after the global financial crisis, the IDB's Board of Governors agreed to the terms of the proposed increase of the Bank's

Ordinary Capital by US\$70 billion, the largest expansion of resources in the Bank's history, and the increase went into effect on February 29th, 2012. Discussions were guided by consultations with civil society and stakeholders and, besides the increase of the Bank's financial capacity, this exercise also led to the design of a new institutional strategy. The overarching objectives of the latter are reducing poverty and inequality, and fostering sustainable growth, and promoting development through the private sector was added as a strategic approach.

This operation is fully aligned with these objectives, and especially with the purpose of stimulating development through the private sector, given the central effort of the program to provide GoB with more and better policy instruments to stimulate business development and investment for sustainable growth and increased competitiveness.

Contribution to the Country Strategy Development Objectives

The project was approved at the start of the 2009-2013 Barbados Country Strategy (BCS), but envisaged under the previous one that covered the years 2005 to 2008. The following section will highlight those the Country Strategy Development Objectives that have directly informed the design of the BCP. This brief analysis underscores the clear alignment of the project with the Bank's priority areas in the country.

The 2005-2008 BCS states that *"Barbados has set high priority on making the transition to a more competitive economy, and the Government has declared itself to be permanently in a reform mode. Consequently, there is consistency between the Bank strategy and GoB in identifying competitiveness as a leading priority for development efforts over the medium term."*

The document also identified the need for Barbados *"to raise its level of competitiveness relative to that of its main trading partners"* as the principal development challenge facing the country. This assessment emerged from a body of analytical work that was undertaken by the Bank to inform the strategy in areas relating to productivity, the labor market, trade, tourism, and agriculture. (BCS 2.9)

Consistent with its diagnosis, the BCS identified strengthening *"competitiveness as a basis for sustained growth and improved well-being of the population"* as its goal, and raising *"the capacity of Barbados and its businesses to compete in a changing international economic environment"* as its purpose (BCS 5.1). To attain this outcome, the Bank focused its program on three strategic pillars: (i) strengthening the environment for private sector growth; (ii) maintenance and improvement in infrastructure and human capital development; and (iii) public-sector institutional strengthening.

The BCS also stressed the importance of strengthening the economy's *"export orientation and performance, and the environment for private sector-led growth."* Building upon the body of analytical work undertaken by the Bank, and the ongoing dialogue *"between the Bank, the private sector, authorities in Barbados, and within the different parts of the Bank group"*, it proposed the preparation of a Private Sector Development Strategy. According to the BCS, the diagnostic and consensus-building activities would serve as a basis for the design of the

Summing up, the program was fully consistent with the IDB Country Strategy with Barbados (2005-2008), with respect to supporting institutional and policy reform, strengthening of the environment for investment, international trade, and local business growth, and through strengthening GoB capacity to apply Public Private Partnerships (PPP) options most effectively. During the implementation of the project there were two additional country strategies that all maintained the objective of raising the country's capacity to compete in a changing international economic environment with an emphasis on private sector competitiveness as well as trade logistics and facilitation. And, lastly, even though this is not directly linked to Bank priorities, the CARICOM Strategy for Regional Implementation of the World Trade Organization (WTO) Trade

Facilitation Agreement (TFA) highlighted the development of ESWs as a priority area and repeatedly emphasized during the consultations that public-private dialogue is key for the effective implementation of the TFA at national and regional levels.

4.2 Monitoring and Evaluation

As part of the program administration arrangements, a monitoring and evaluation (M&E) specialist was to be contracted to review the program's base lines, set up an M&E system, and develop evaluation criteria. Based on this plan, 5 M&E reports were to be developed during the project lifetime. As briefly mentioned in the section on efficiency and discussed in further detail below, the M&E specialist was not hired and therefore none of the reports were prepared until project closure

a. M&E Design

The program had a document on M&E arrangements that was approved as an annex to the loan document. It stipulated the hiring of an M&E specialist at the start of implementation that would, among others, be responsible for the setting up of a simple monitoring system and developing a detailed M&E plan for the entire program. The document also foresaw the realization of a mid-term evaluation. However, despite repeated requests from the Bank, the M&E specialist was not hired. In discussions with the PEU it became clear that the rationale behind this were the delays that most of the activities were suffering from and a perception voiced by multiple stakeholders that the project needed to be reformulated and specific activities needed to be cancelled. Against that context of uncertainty, the PEU decided that hiring an M&E specialist at that time was inappropriate. In discussions after project closure, the PEU mentioned that the team was considering procuring the M&E support in 2015, a time when the Bank had issued a deadline of June 21, 2015 for the contracting of all consultancies to ensure their successful completion by December 2016, and by then any uncommitted loan funds had to be cancelled. Even without that deadline, however, given the advanced stage of project implementation, impeding the identification of an adequate baseline and respective monitoring indicators as initially foreseen, the added value of hiring the specialist at that time would have been questionable.

In terms of reports, given the very limited progress of project activities to that date, the mid-term evaluation was ultimately waived upon request in 2013. However, as per the agreed M&E arrangements, a final evaluation of the project as a whole was started shortly prior to project closure. The final evaluation was completed (Ulloa, 2017) and its analysis has informed the writing of this report

b. M&E Implementation

In light of the limitations described above, program monitoring was carried out by the PEU core team through the following instruments: (i) the Annual Operating Plan (AOP); (ii) Semi-Annual Technical and Financial Progress Reports; (iii) the Results Framework; and its indicators and benchmarks established to assess progress and results in the Program. The AOP was to be prepared by the end of each year of implementation outlining the activities for the following year. This plan was to contain the evaluation of results obtained during the previous period, and if needed, include a justification and recommended actions regarding any targets that were not achieved during the previous period. As will be discussed in the following section IV, these reports were submitted by the PEU but in most occasions with a very considerable delay. Not having an updated overview of project progress imposed serious limitations to monitoring and evaluation activities.

On the Bank side, while at the time of the design of the project and the beginning of the execution, the PMR system was not available, the team made an effort to adapt M&E indicators to the new

Bank system and using it for periodic assessments. However, some discrepancies resulted from this conversion as discussed in the results section on Component 3.

c. M&E Utilization

In the absence of the M&E plan, the indicators of the results framework were a key input when discussing the execution progress and possible cancellation of specific activities. The table helped identify those areas where no or close to no progress had been made and where achieving the envisioned results seemed very unlikely given the time and funds left for the implementation of the project.

On the other hand, the final evaluation has distilled important lessons learned and provided specific recommendations that will be very useful inputs for continued efforts in the area of competitiveness and business facilitation

4.3 Use of Country Systems

In line with what was foreseen in the Development Effectiveness Matrix and its specifications under *Target 2: Use of country systems in public sector executing entity*, the project did not rely on government's systems in any of the areas of financial management, procurement, monitoring & evaluation, or environmental management. This was due to the constraints of these systems that had been previously identified

4.4 Environmental and Social Safeguards

As foreseen in the design of the Program and its classification as category “C”, the activities of this operation have not had adverse direct effects on society or the environment. Therefore, during preparation and in accordance with the Environment and Safeguards Compliance Policy (GN-2208-20), this operation did not require an environmental or social analysis beyond the screening and scoping analysis for determining the classification and will also not be rated in this report.

V. FINDINGS AND RECOMMENDATIONS

Delays of activities have been a constant issue for this project and have occurred at all stages, from project design, to the recruitment of personnel and actual execution. Overall, the factors discussed in this section are very much in line with the findings of the WEF executive opinion survey, summarized in graphic 3 of this report (p. 6).

5.1 Technical-sectorial dimensions

Aimed at promoting an institutional framework conducive to implement a long-term competitiveness strategy, the vertical logic of the project was adequate and none of initial the assumptions can explain the complications and delays that occurred during project implementation.

One lesson to be drawn, however, is that designing a project as complex as the BCP has a number of potential trade-offs that were already alluded to in some of the previous sections. The objective of simultaneously tackling major barriers to increasing competitiveness in the country under the umbrella of one single project coordinated by one PEU is a reasonable approach. Comprehensive reforms were needed in many areas and would only benefit the country to the full extent if implemented in close coordination. At the same time, the global financial crisis had put the country under serious fiscal pressures which generated a momentum for government reform in this area that the project intended to capitalize on. However, this same need for strong institutional coordination of multiple agencies paired with interdependent outcomes implied a risk of slowing the execution if not coordinated by an entity that had the necessary capacity, leverage, and high-level political support to enforce collaboration and responsiveness.

5.2 Organizational and Managerial dimensions

The core team of the PEU was to include a Program Coordinator, a Deputy Program Coordinator, a Senior Accountant, and a Clerk/Typist. Those four posts were to be civil service positions financed by the GoB with the agreed structure for carrying out the BCP being based on the existing decision-making model applied to project implementation by the government. In addition to the PEU there was to be established a Program Steering Committee (PSC) comprising members at the level of the PS and a Program Technical Committee (PTC) comprising participating agencies at the technical level. The PS would continue to be the focal point for the Bank and the Cabinet would be the ultimate authority regarding the direction of the BCP. In addition to the PEU core team, there were a few more positions to be contracted by the end of the first year of implementation of the program: a Procurement Specialist, a Monitoring and Evaluation Specialist, a Trade Facilitation Coordinator, and external auditors.

The core staff of the PEU was not hired until June 2010, which led to important delays of project implementation since the establishment and staffing of the PEU was stipulated as a special condition precedent to first disbursement in the loan contract and other clauses were dependent on the employment of its staff members. Compliance with the conditions prior to first disbursement was ultimately confirmed by the Bank in September 2010 and the first disbursement request was submitted in November 2010.

However, while the PEU had most of the relevant technical capacities, with prior experience in issues such as public policy design and domestic commerce, it soon became evident that the team lacked the much-needed skills to coordinate a project as complex as the BCP. The team also had no prior experience in executing or dealing with Bank projects, which meant that the PEU had to familiarize itself with general project management and Bank requirements while activities needed to be implemented quickly to not cause additional delays.

Adding to this, while these positions were agreed in the Program Operations Manual prepared in July 2010, the procurement and M&E specialists were never hired and the Trade Facilitation Adviser joined the team with major delay. These issues were repeatedly raised by the Bank team during missions and in formal communications, but despite the assurance from GoB that hiring additional personnel for the program was a priority, necessary steps were not taken in a timely manner.

Given the several delays the projects suffered, the PMR rating was changed from satisfactory to problem in December 2013. The specific reasons were that (i) the accumulated disbursements to country's historic disbursements indicator changed to alert after returning the revolving fund advance granted in 2013, and that the (ii) Executing Agency (EA) had yet to complete any of the outputs since the approval of the loan in 2009. These issues kept affecting the project and its PMR rating which was only changed to satisfactory in the last report, once major ESW activities had been completed.

The Bank's project team tried to counterbalance some of these issues by requesting additional resources for supervision in 2014, providing technical assistance to complete terms of reference (TOR) for key consultancies and studies, and completing the situation assessment and reformulation of activities by the end of 2014. Project management did improve in 2015 as a result to these measures and the ESW component benefitted heavily from the support of the trade facilitation adviser, a full-time international consultant based in Barbados.

Nevertheless, as the project was entering into its last phase of implementation and the team was growing increasingly concerned about the completion of activities and their sustainability, a number of official communications were sent to the PS in 2016 voicing the Bank's concern about

the lack of PEU responsiveness and timely submission of contractual obligations such as the AOP and the Semi-Annual Progress Reports.

5.3 Dimensions related to Public Processes/Actors

During project preparation and up to the time of eligibility for first disbursement, cooperation of counterpart agencies was mixed in that some were very collaborative and provided needed information and took the necessary steps in a timely manner, while others were less amenable. From the Bank side, it was assumed that there would be a general consensus on the objectives of the program and that the corresponding agencies and private sector groups would actively assist in providing material needed to prepare the program but evidence seemed to suggest otherwise. This had negative impacts on the overall project preparation and disbursement eligibility timeline increased the need for continuous follow-up from the Bank.

The project suffered from lengthy discussions and lack of clear counterpart and leadership, mostly because of internal discussions in GoB as to which ministry would be the lead agency for this operation. Finally, it was agreed to be the METIC, later restructured as the MFEA and in particular its Investment Division. Once this was confirmed, an initial assessment of existing human resources and capabilities was conducted and it was decided to establish a PEU responsible for coordinating the day-to-day implementation of the BCP activities and reporting directly to the Permanent Secretary (PS) of Economic Affairs. Specifically, the objective was to have this entity handle calls, terms of reference, contracts, tenders, acquisitions, and periodic reports.

Once project execution started, the complexity of the project and the limited engagement of some of the counterparts caused additional challenges. In order to spur project implementation, Bank missions were used to organize several activities with the participation of all the stakeholders of the project to review the pertinence of the activities and the execution mechanisms.

Adding to this, the conditions of institutional and political environmental of the project - described in the previous section II.2.1.c on attribution of results - also contributed to a large extent to the delays and could not be resolved since they were outside of the control of the executing agency. In particular, this applies to the protracted and partially conflictual transition from Customs to BRA which had severe direct impact on finalizing activities related to the ESW and the respective disbursements.

5.4 Fiduciary dimensions

The work of the procurement specialist, which would have been key at the beginning of the project in terms of coordinating the acquisition of goods and services, was taken over by the PEU who sought advice from the Bank's in-house procurement specialist and that of a procurement officer of another GoB project. The major justification was that, as the continuation of certain project activities was still under discussion, it was difficult to define the full scope of the consultant's work which was a condition for drafting the contract. A similar rationale was presented as for not hiring the M&E specialist against this background of uncertainty. However, as discussed in section III.3.3, once activities were cancelled and funds reallocated, some of the other activities were already rather advanced so hiring an M&E specialist to develop a monitoring system and plan when only 18 months were left under project implementation would, in all likelihood, have added very limited value.

And while the TORs for the Trade Facilitation Advisor had already been drafted in early 2012, the contract did not commence until late 2014 for an initial duration of 12 months. However, given the repeated delays of the hiring of consultants and respective deliverables of the TDMS and ESW, the contract had to be extended until project closure in December 2016 which significantly raised the cost of that component.

While all issues discussed thus far in this section relate to project execution in general, it has to be said that the financial management and budget execution of the project were also a major bottleneck for the timely completion of activities. In part, this was due to the insufficient capacity of the accounting support and systems. But most importantly, this was linked to the financial rules of Barbados. The latter foresee that the procurement of services over the equivalent of US\$100.000 have to go to the process of special tenders, known to take a long time, and the hiring of consultants below the threshold requires Cabinet approval which follow its own lengthy procedures.

Table 4
Findings and Recommendations

Findings	Recommendations
Dimension 1: Technical-sectorial dimensions	
Finding # 1: The program had a very broad objective and required significant inter-agency collaboration for nearly all of its sub-components. It included several non-related and disconnected components, and the scope was too wide for the unit resources, country capacity, and implementation time frame of the project.	Recommendation # 1: With many competitiveness challenges to be tackled, ending up with a complex design is a natural consequence. However, these types of projects will easily suffer from a lack of focus and challenges related to the coordination of the numerous stakeholders involved. Therefore, implementing less activities but ensuring that these count on the appropriate technical and financial resources is key to increase the impact of the project
Dimension 2: Organizational and Managerial dimensions	
Finding # 2: Limited PEU capacity, especially at the beginning of project execution	Recommendation # 2: It is important to make an assessment of analytic tools, technical skills, staff competencies, etc. during project preparation and ensure that these required inputs are strengthened as early as possible, if necessary.
Finding # 3: All consultancies required in-depth coordination and supervision, but no appropriate contract management tools were used to ensure timely and efficient performance of the contracts	Recommendation # 3: Request a preparation of a supervision plan for each contract based on the work plans submitted by the various consulting firms at the beginning of the project. These supervision plans should include all major milestones, deadlines, responsible parties, risks and mitigating activities.
Dimension 3: Dimensions related to Public Processes/Actors	
Finding # 4: Many of the outcomes of the BCP were not achieved because they assumed that the development of new tools and strategic plans and recommendations regarding process re-engineering within the respective agencies and would not only be swiftly approved by Cabinet, but also be immediately financed by GoB. While the commitment from government on these matters was agreed during project negotiations, lengthy approval processes and changes in political leadership during the lifetime of the project were detrimental to the achievement of planned results.	Recommendation # 4: It should be considered to introduce some type of results-based financing mechanism that would disburse part of the funds upon the completion of the study or other output, and the other part once the recommendations have been implemented. This would provide additional incentives to incorporate the new procedures into daily business processes.
Finding # 6: Disagreement in GoB as to which ministry would be the lead agency for this operation which caused important delays in the overall project preparation and eligibility timeline. Once established, the PEU did not have sufficient leverage and the full mandate to coordinate the various stakeholders.	Recommendation # 5: For future operations of this type, which are inherently multi-sectoral and involve institutional reform, it would be useful to reach agreement early in the project identification process as to which agency will take the lead role and what the role and responsibilities of the PEU are.