

Technical Cooperation Abstract

I. Basic Project Data

▪ Country/Region:	BARBADOS/CCB - Caribbean Group
▪ TC Name:	Enhancing Sustainability Assets in the context of a Policy Based Guarantee (PBG)
▪ TC Number:	BA-T1086
▪ Team Leader/Members:	DOHERTY BIGARA, JENNIFER (CSD/CCS) Team Leader; WATSON, GREGORY (CSD/CCS) Alternate Team Leader; CHAKALALL, YURI (CSD/RND); SIERRA GONZALEZ, EDUARDO (IFD/CMF); BLANDIN ANDINO, LOURDES GABRIELA (CSD/CCS); CEVA ALVAREZ, MARIANA DANIELA (CSD/CCS); JUAN FRANCISCO MARTINEZ COTRINO (CSD/CCS); GOMEZ, JUAN CARLOS (CSD/CCS)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Program to Support Environmental and Economic Development in Barbados - BA-U0001
▪ Date of TC Abstract:	24 Jan 2022
▪ Beneficiary:	Ministry of Finance, Economic Affairs, and Investment of Barbados
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$600,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CCB/CBA - Country Office Barbados
▪ TC included in Country Strategy:	Yes
▪ TC included in CPD:	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability

II. Objective and Justification

- 2.1 The resources of this TC will support the Government of Barbados in the milestones to be achieved under the PBG, namely: (i) strengthening the institutional framework and Government capacities to achieve biodiversity and climate-oriented targets; (ii) implementation support to ensure, robust conservation trust fund operation and appropriate selection and monitoring of priority investments; and (iii) to foster green finance activities and technical instruments for the Ministry of Finance, Economic Affairs and Investment.
- 2.2 In this context, Barbados has been paving the way for a sustainable development, creating the Ministry of Maritime Affairs and the Blue Economy (MMABE) in 2018 to underline that it recognizes the importance of blue economy in its GDP figures (tourism activities, fishing, and seaport services), and the need to foster the value of natural assets which remain underdeveloped and require adequate exploitation. The IDB seeks to pursue its support by the provision of a guarantee that will enable the emission of sustainable bonds for sustainability objectives to improve the country's debt management. For this purpose, supporting Barbados in the structuring of a debt-for-SDGs, or debt-for nature, is considered as the option to convert debt into a trust fund that will allow to enhance sustainability policies or projects in while freeing up resources. Nonetheless, these mechanisms require concerted efforts from various actors in

the government and specific assessments to ensure their viability and successful implementation, such as robust pre-feasibility studies, strong fiscal capacity, commitment to transparency and international credibility of the domestic spending and expenditure programme that is attractive to the whole government.

III. Description of Activities and Outputs

- 3.1 **Component 1. Design and framing the Trust Fund and PBG.** Robust and high-functioning conservation trust funds are vital for the successful operation of debt-for nature instruments. The component will finance: a consultant to advise the government in the structuring and implementation of the Conservation Fund, assessments for the implementation of the CF, and a training for trust board members and staff on trust fund governance and operation.
- 3.2 **Component 2. Implementation and MRV system for robust governance.** The institutional arrangements and tools required to ensure a proper execution of sustainability investments and their monitoring is crucial to consolidate the Trust in the debt for nature bond. The component will finance: (i) the development of an MRV system aligned to the objective of the Trust Fund; and (ii) consultants to support the assessment of the portfolio's alignment with national plans and priorities.
- 3.3 **Component 3. Toolbox for a resilient focus in the Ministry of Finance, Economic Affairs, and Investment.** The Government of Barbados is building a stronger climate and nature agenda in the Ministry and will require specific resources to assess the tools to continue mainstreaming sustainability and biodiversity considerations in the planning and budgeting processes. From budget green tagging to the identification of green taxes and green reforms.

IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund	Counterpart	Total
Design and framing the Trust Fund and PBG	200,000	0	200,000
Implementation and MRV system for robust governance	200,000	0	200,000
A toolbox for a resilient focus in the Ministry of Finance, Economic Affairs, and Investment	200,000	0	200,000
Total	600,000	0	600,000

V. Executing Agency and Execution Structure

- 5.1 The Bank will act as the executing agency. The IDB Office in Barbados will be responsible for the supervision and implementation of the resources, in close collaboration and coordination with the divisions and specialists involved in the PBG.
- 5.2 The Bank will act as the executing agency due to its ability to leverage its extensive network of internal and external subject-matter experts and well-established relationships with involved stakeholders.
- 5.3 The project will leverage synergies and complementarities with IDB operations, research, and in-house expertise in NDC and LTS planning and implementation.

VI. Project Risks and Issues

- 6.1 The Government of Barbados remains severely hit by the consequences of the coronavirus pandemic and is facing several urgent challenges, which may hinder

their capacity to constantly address the requirements needed under the development of the PBG and this TC, nonetheless the Government of Barbados has underlined the priority and urgency to emit a bond to allow for a more sustainable management of their debt, both on a financial and environmental terms which allows us to confidently consider their highest levels of commitment during the design and implementation of this operation and concomitant operations.

VII. Environmental and Social Classification

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