

**PROJECT NAME: Support for the Revitalization of the City of Bridgetown**

**PROJECT NUMBER: BA-M1011 (MiniMIF)**

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1. **PROJECT SUMMARY**

The economy of Barbados is heavily dependent on the service sector which accounts for over 80% of GDP with tourism generating approximately 12%, wholesale and retail trade approximately 22% and business services contributing approximately 18%. The capital city of Bridgetown has traditionally been a hub for the island’s service sector hosting offices of large companies and government agencies and offering visitors and local residents duty free and other retail shopping, dining, banking and other services. In 2007, the Barbados Chamber of Commerce and Industry (BCCI) conducted a survey in response to concerns from its members on the economic impact of government policy of decentralization and the outward migration of offices from the city centre that demonstrated a resulting decline in economic activity in Bridgetown. The causes of this decline seems to be rooted in a sharp decline of visitor arrivals and spending in the city centre, in the aftermath of the 2008 worldwide financial crisis which has severely impacted the islands tourism flow. As a response, in 2008 the BCCI forged a partnership with government agencies and service providers, private sector companies and civil society groups to implement a series of projects to attract more visitors and business into downtown. These projects have been including upgrading for infrastructure, beautification initiatives, entertainment events, special and extended business hours, street fairs, new tours for visitors and a rebranding of the city. However, the BCCI and its partners have recognized that a critical and missing element of this initiative is the strategic coordination of dialogue, investments and initiatives by the many actors to ensure that economic revitalization in downtown is maximized. In this context, the chamber has requested MIF technical support and funding for the coordination of actors and key stakeholders in the process of planning, implementation and evaluation of initiatives designed to support the revitalization of downtown and to develop a viable model for local economic development that could be applicable to urban centers in small Caribbean countries.

The target population for this project is at least 200 SMEs located in Bridgetown that will be part of a participatory planning process to ensure successful strategies to increase sales to tourist and visitor rates.

1. **PROJECT CONTRIBUTION TO THE ACCESS FRAMEWORK**

This project contributes to the RED agenda under the Access to Markets and Capabilities unit. This project will contribute to the implementation of a LED approach to revitalize a decadent business district.

1. **INFORMATION**

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| **COUNTRY:** | **Barbados** | **TEHCNICAL COOPERATION:**  **INVESTMENT:**  **LOAN:**  **TOTAL MIF FUNDING:** | **$ 150,000**  **$ 000,000**  **$ 000,000**  **$ 150,000** | **70 %** |
| **LOCATION:** | **Bridgetown, (capital city)** | **COUNTERPART:** | **$97,980** | **30 %** |
| **EXECUTING AGENCY:** | **Barbados Chamber of Commerce and Industry, BCCI** | **COFINANCING (IF AVAILABLE):** |  | **00 %** |
| **ACCESS AREA:** | **AMC** | **TOTAL PROJECT:** | **$ 247,980** | **100 %** |
| **AGENDA:** | **RED** | **NUMBER OF DIRECT BENEFICIARIES:** | **200 SMEs in Bridgetown** | |
| **COMPLEMENTARY BANK OPERATIONS (IF ANY):** |  | **NUMBER OF INDIRECT BENEFICIARIES:** | **Potentially 1900 SMEs that are located in Bridgetown[[1]](#footnote-1)** | |
| **QED SCORE:** | **7.42** | |

1. **PROBLEM DIAGNOSIS**

**Problem Summary:** A strategic visioning retreat hosted by BCCI in 2008 for public private and NGO stakeholders, confirmed that the capital city of Bridgetown has suffered from a decrease in social and commercial activity over the years which has **negatively impacted sales and profits** of over 1,900 businesses employing approximately 9,000 persons in the Bridgetown area. Previous responses to this trend have focused on **physical development** in the capital by government agencies coupled with ad- hoc **uncoordinated** initiatives by private actors, which failed to produce **systemic improvements** in terms of increased economic activity in the capital. **The central problem to be addressed is a failure in the coordination of public-private dialogue and investments focusing on market requirements, the increase of visitors’ traffic and associated spending in the capital city.**

The BCCI has recognized that to overcome these challenges there is an urgent need for a public-private partnership to agree on resource development and to coordinate investments to generate the greatest impact in the business district. The BCCI has implemented the first steps in facilitating the development of a shared agenda with government urban planning offices and other private actors to rebrand and revitalize the city centre through some financial commitments and tax incentives. Therefore, there is a lack of specialized and technical support to bring together a wide range of actors and interests to build a structured and results oriented approach.

**CAUSES of the Problem:**

**1.** There is not a shared vision among public and private actors to brand the city and improve revitalization of the business district. There has been a boost of disconnected activities and initiatives to increase visitors‘ spending and local shopping. As a result, investments and initiatives to rebrand and revitalize the capital city have not produced a sustainable outcome due to a lack of structured public-private partnerships, technical expertise, ongoing dialogue and evaluation of results to ensure that the investments made by multiple actors are programmed and sequenced to improve local commercial activity.

**2.** Government’s program to decentralize and the resulting migration of public offices from the city centre have reduced domestic traffic and patronage of businesses in the capital city.

**3.** UNESCO’s sites and other historical places are underestimated as important assets to improve city’s attractions. Currently, there is a great potential to take advantage of these sources, however, there is a need for reorganization and marketing tools to improve tourist visitors.

***Classify the problem*** in one or more of the following categories that most apply:

|  |  |  |  |
| --- | --- | --- | --- |
| **Market failure** |  | **Skill deficit** |  |
| **Institutional weakness** |  | **Collective action problem[[2]](#footnote-2)** | x |
| **Policy weakness/failure** |  | **Lack of appropriate technology** |  |
| **OTHER:** | **Explain as needed** | | |

***Project beneficiaries*:**

In downtown area there are over 1,900 businesses, 92% of which are classified as MSMEs, employing 4-5 persons on average. Business activity is represented by the retail sector where the majority of workers are young women and female heads of households working as shop assistants. Given the limited scope, scale and duration of the proposed intervention to be financed by MIF, the project is targeting at least 200 SMEs to benefit from a more participatory and structured coordination approach to rebrand and revitalize the city centre. Over the long term, and based on the results achieved and the compilation of a case study that effectively communicates the value of the proposed approach, more businesses are likely to benefit from scaling up efforts beyond the period of MIF investment.

1. **PROJECT DESCRIPTION**

**Objective: At the impact level** the project will implement a revitalization business district approach capable of enhancing economic activities. It will leverage public incentives to promote private investment and public-private partnerships to improve overall commercial activity for the district. **At the results level**, the project will promote business growth through the implementation of a coordinated public-private strategy to revitalize and increase visitor traffic into the city center.

**The model** of the project is sustained by the **tax rebate** provided by the **Tourism Development Corporation of Barbados (TDC) [[3]](#footnote-3)** to large businesses that make cash contributions to implement activities to revitalize Bridgetown area. This tax rebate will provide incentives for businesses to fund **revitalization activities and a** **specific organization** that will administrate these resources and ensure sustainability of this approach in the long run. To set the ground for the creation of this specific organization the project will establish an **Advisory Committee**. Its mandate will be to define a strategy to attract private investment into the city center and promote the implementation of the new tax incentives. It will include **public and private actors** that have already been working jointly on specific initiatives in order to promote **dialogue and coordinate** activities aimed at rebranding Bridgetown. These members will be drawn from municipal and central government agencies, utility and public service providers (municipal (city) government, Barbados Power Company, Police service, Urban Development Council Bridgetown Port Authority) and representatives of large and small and medium enterprises (landowners, property owners, the Barbados National Trust) as well as community or civil society groups and some representative members from University of the West Indies. It is expected that the committee will define a **comprehensive strategy** that will analyze the current supply and demand of the city center and promote initiatives to tackle issues. The methodology used for this strategy will be **participatory planning** tools that will allow identifying key areas of investment for creating a better economic and cultural environment for retailers and tourists and other visitors within the business district of Bridgetown.

**Component I: Strengthening of the Bridgetown Revitalization Approach.**

The project is intended to create the capacity for coordination and collaboration of public and private actors in prioritizing, financing, and implementing a downtown business revitalization approach. To this end, the advisory committee will oversee –among others- the following activities: **A)** the definition of a prioritized list of training needs /communication and awareness activities to strengthen local capacities to better understand and engage in promoting local development; **B)** coordination of a participatory public-private planning approach with the help of an expert in business planning for urban revitalization that will provide specific expertise and lessons learned in other cities, particularly to maximize the potential gains arising from the recent UNESCO World Heritage designation of Historic Bridgetown and its Garrison[[4]](#footnote-4); **C)** definition of an integrated urban economic strategy that can promote coexistence and diversification of small and bigger stores in the city center(analysis of the supply); and **D)** definition of market segments of the tourism and local market in order to successfully increase visiting rates and expenditure (analysis of the demand). This strategy will include the creation of a **new long term independent Bridgetown Revitalization organization** that will take over the business plan to coordinate activities and rebranding of Bridgetown. The committee will also make sure that women will participate in adequate proportion and will encourage women participation through the activities and responsibilities. Having women in the Committee will also add a valuable perspective in defining market segments for example.

**Component II: Development of the visitor and tourist products.**

Pilot new tourist products financed under this component will leverage the current physical, commercial and cultural assets of the Bridgetown community. Pilot products may include: **A)** development of new/enhanced tours to increase levels of tourists traffic to the capital city including the showcasing of Barbados’ UNESCO World Heritage Site and neighboring historical buildings; **B)** development of promotional material and applications for foreign visitors; **C)** training to operate and facilitate tours of the city( including tour guides and operators); and **D)** live events hosted within the business district in order to increase engagement of locals to visit downtown and shopping in this area.

**Component III: Knowledge and Strategic Communication Activities.**

**Knowledge Gap:** The agenda’s model has not been tested yet in smaller urban settings with a wide variety of small business, retailers, combining touristic attractions and development of small entrepreneurial initiatives. This project can also become an important opportunity to grasp strategies that can help small independent retailers survive along with bigger stores. This miniMIF can be particularly relevant to the Caribbean states that are seeking to rebrand and revitalize their cities given the contraction of traditional markets (North America and Europe), promote local development and improve income diversification from local shoppers and tourists. In order to fill in this knowledge gap the project will develop a case study aim to: **A)** grasp the process for creating a shared vision for revitalizing the city and identify key facts that help to create a dialogue and find shared community goals; **B)** assist the BCCI and its partners in targeting and engaging additional stakeholders and investments for the scaling up this structured LED approach; and **C)** engage interest from other regional public and private stakeholders in the Caribbean to replicate this model. The core activity in this component will be the documentation of experiences, reporting of results and identification of lessons learned.

**MIF Experience:** The MIF’s experience in the development and implementation of regional and local economic development operations in Latin America can provide valuable lessons learned to inform the design of the proposed project. Emphasizing stakeholder engagement in the planning of a long term independent authority, will ensure that the current Advisory Committee take on board two key lessons learned from prior MIF-LED projects: I) that the long-term viability of LED initiatives is contingent on stakeholder (business owners, property owners) buy-in; II) that particular needs of SMEs need to be taken into consideration – to avoid potential “crowing out” effect.

**Lessons learned and/or best practices:** Specific MIF projects that can inform design and implementation include: **1.** **ATN/ME-11409-ES Program for job placement, and competitiveness of Microenterprises in Pink Zone.** This project is a **successful** experience in **El Salvador**, where a comprehensive plan to improve the district of San Benito was implemented. Nowadays the organization created for this end fundraises US$30, 000 monthly from genuine sources to keep improving the city and increase employability. An important lesson learned from the project is to work in a tripartite mode: with the neighbors ‘associations, the municipality and the organization implementing the project. It is very important to identify a group of motivated individuals of micro entrepreneurs and neighbors, as well as, a public local organization that will support and strengthen the main steps towards the creation of a revitalized business centre based on the well know scheme in the US of Business Improvement Districts. **Distrito San Benito**[[5]](#footnote-5) (the AE) is willing to share lessons learned for this current project and have already provided the contacts and knowledge products to help us in the implementation of this current project in Barbados. **2.** **PN-M1017 - Development of Cultural Industries in Panama City to Boost Historic City Center.** Although this project was cancelled, lessons emerging from this experience are: (i) the importance to guarantee participation of both public and private actors in order to provide sustainable economic development. Indeed, those processes that are lead by the private sectors are more likely to survive political swings; and (ii) LED processes cannot be carried out without the participation of only one of the actors. In this sense, territorial governance is a key aspect in LED, since it defines the articulation of the society to solve collective action problems in a more participatory and democratic way.

1. **MIF ADDITIONALITY**

**MIF Financial Additionality**: MIF resources will finance technical coordination and ongoing dialogue and collaboration of public and private actors, as well as the documentation and dissemination of results in a case study. These investments in the critical “soft” infrastructure are less attractive to public and private sector investors as they are less visible. MIF resources by providing a structured framework can facilitate greater and support the scaling up and replication of the project in the rest of the Caribbean.

**MIF Non- Financial Additionality:** convening capacity and extensive background regarding private public management for LED has informed the design of this project. BCCI as the lead agency in the rebranding and revitalization of Bridgetown has placed high value on the MIFs ability to share experiences and best practices based on past interventions to promote LED, a topic that is currently in its nascent stages in Caribbean states.

1. **RESULTS INDICATORS**

**SIMPLEd source:**

2-5 territorial assets consolidated through project activities (collective goods)[[6]](#footnote-6).

# of participant institutions that work in collaborative and coordinated ways (public-private partnerships), due to the activities promoted by the project.

# of people participating in the participatory methodologies (disaggregated by sex)

# of strategic local/territorial plans generated or updated due to the project activities.

# of enterprises participating in the participatory planning trainings and meetings.

1. **IMPACT INDICATORS**

**Simpled source:**

# of enterprises increasing their investments in their business.

2-4 activities that continue to be executed after the project finished with genuine sources.

20% increase from the baseline in investment for the rebranding and revitalization of Bridgetown fund by public, private and NGO actors.

10% increase of tourism expenditures in SMEs in Bridgetown Area (it can be measured through foreign credit cards total expenditures, this is a current initiative taken by the Barbados Tourism Authority-BTA)

1. **SYSTEMIC IMPACT**

The project will support development of a structured and sustainable public/private partnership to advance revitalization of the business district utilizing a LED model. It will help to strengthen the coordination of efforts by the municipal and central government, along with the private sector and civil society actors. It will also help to create new entrepreneurial activities around the local tourist sector and boost other services along those value chains. It is expected that this project will be able to be replicated in small cities along the Caribbean which are experimenting similar situations due to the decrease of foreign visitors and the need to diversify local activities.

1. **BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS**

**BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS:** The EA will establish an agreement with BTA and other organizations to measure impact indicators mentioned above. This will allow compiling information on the current investment levels and contributions to the rebranding and revitalization of Bridgetown fund. BCCI will also design a process to monitor the involvement of SMES and benefits that the community receives in their participation of the planned activities. Indicators will be disaggregated by sex in order to identify male and female participation figures.

**Evaluation:** The project will be evaluated by an independent consultant prior to close. Given the limited scale and scope of the proposed project **no impact evaluation** is envisaged.

1. **EXECUTING AGENCY**

The BCCI is a non-government organization that has been in existence for over 185 years. They play a lead role in influencing social, economic and business environment of Barbados in order to create sustainable economic progress. The chamber represents a wide cross section of business in the following sectors: manufacturing, financial services, retail and distribution, tourism and more. The governing body of the chamber is the council, which is comprised of the president, senior vice president, vice president-finance, vice president, immediate past president and the executive director. The executive director oversees the day to day operations and manages the secretariat, which currently has a permanent staff of five people.

***Institution’s core business***: Two of the core objectives include: 1) facilitating a business environment in Barbados to enable enterprises to prosper and grow ; 2) participating in policy development and implementation of programs that contribute to the economic development of Barbados. The BCCI has actively participated in policy dialogue and has a tradition of partnering with state and other business actors on implementation of specific initiatives to advance private sector development. In this context BCCI has been very proactive in kick starting the revitalization of Bridgetown through the convening and hosting of several workshops and the development of a one year action plan together with public and other private and civil society actors. The BCCI is viewed by stakeholders and partners in this initiative as a credible, legitimate partner. The BCCI is however aware of its limited knowledge and resources and in this regard is seeking additional assistance through the MIF to assist in piloting a coordinated and holistic local economic planning approach to their program for the rebranding and revitalization of Bridgetown.

***Other partners*** BTA will provide baseline information and monthly/annual rates to measure increase of tourism expenditures in Bridgetown Area.

1. **PROJECT RISKS**

**I) External risks:** a further deterioration in economic conditions in Barbados, which may constrain government and private sector financial investments in the project.

**II) Sector risks:** Typically crowding out of SMEs is a risk with LED interventions in urban areas given that revitalization activities can result in a higher real estate costs that smaller business are unable to absorb. As a result SMEs are obliged to move out of the revitalized urban center, giving place to predominantly larger companies. This potential risk therefore also applies to the Bridgetown project. However, the vast majority of commercial Bridgetown is made up of small retail spaces that are only suitable to SMEs – as evidenced by the large percentage of SMEs operating in Bridgetown. Nevertheless to **mitigate** the potential crowding out of SMEs, the BCCI will undertake an initial stakeholder mapping at the inception of the project and subsequently every six-months. The mapping will help to better understand the profile, needs and location of SMEs and, more importantly, to assess the intended and unintended impact of the project on SMEs, over time. It is expected that this will also help to target/engage SMEs in (i) LED training/awareness initiatives; and (ii) the participatory planning process that will lead to the new long term independent Bridgetown Revitalization organization.

1. **ENVIRONMENTAL AND SOCIAL ASPECTS**

None identified.

1. **COUNTRY OFFICE COMMENTS**

The BCCI is an important private sector stakeholder in the context of Barbados and is regarded as a credible and trusted entity by private companies, government agencies and civil society actors. Given the economic downturn experienced in the country, the cooperation of public and private actors across organizational boundaries is critical in the realization of maximum impact from limited resources for investment. In Barbados, the proposed project is expected to provide an important example of the positive effects of LED approach to promote coordination that can inform larger scale efforts over time.

1. See the Bridgetown Census data 2010 [↑](#footnote-ref-1)
2. The term "collective action problem" describes the situation in which multiple individuals would all benefit from a certain action, which, however, has an associated cost making it implausible that any one individually can or will undertake and solve it alone. The rational choice is then to undertake this as a collective action the cost of which is shared. [↑](#footnote-ref-2)
3. **TDC** supports marketing initiatives targeted at regional and international tourist markets that seek to promote Barbados as a desirable tourism destination. <http://www.tdcbarbados.com/about-us/about-tdc> (26/3/2013) [↑](#footnote-ref-3)
4. **Historic Bridgetown and its Garrison**, an outstanding example of British colonial architecture consisting of a well-preserved old town built in the 17th, 18th and 19th centuries, which testifies to the spread of Great Britain's Atlantic colonial empire. The property also includes a nearby military garrison which consists of numerous historic buildings. With its serpentine urban lay-out the property testifies to a different approach to colonial town-planning compared to the Spanish and Dutch colonial cities of the region which were built along a grid plan. See <http://whc.unesco.org/en/list/1376> [↑](#footnote-ref-4)
5. <http://distritosanbenito.com/asocio-publico-privado.html> (4/10/2013) [↑](#footnote-ref-5)
6. Examples for territorial assets could include: UNESCO’s site with higher visitor rates and some entrepreneurial activity around the site; advisory services by the organization created by this project; a new brand for the city or “city label” (marca territorial); a new legal and regulatory framework for the tax breaks; formal public-private partnerships; local interactive web pages. [↑](#footnote-ref-6)