

TC Document

I. Basic Information for TC

▪ Country/Region:	BARBADOS
▪ TC Name:	Sustainable Development Planning
▪ TC Number:	BA-T1076
▪ Team Leader/Members:	Rajack, Robin Michael (CSD/HUD) Team Leader; Lewis, Gilroy Francis (INE/WSA) Alternate Team Leader; Alleng, Gerard P. (CSD/CCS); Archer-Headley, Janette (CCB/CBA); Avila, Francy Dianela (CSD/HUD); Cayetano, Evan Stephen (INE/WSA); Centeno Lappas, Monica Clara Angelica (LEG/SGO); Chakalall, Yuri (CSD/RND); Clarke, Leandre Shonnelle (CCB/CBA); Gaviria, Ivan Alonzo (VPC/FMP); Guzman Osorio, Jessica (CSD/HUD); Rodriguez Pineda, Mario Vinicio (VPC/FMP), Robin Michael (CSD/HUD) Team Leader; Lewis, Gilroy Francis (INE/WSA) Alternate Team Leader; Alleng, Gerard P. (CSD/CCS); Archer-Headley, Janette (CCB/CBA); Avila, Francy Dianela (CSD/HUD); Cayetano, Evan Stephen (INE/WSA); Centeno Lappas, Monica Clara Angelica (LEG/SGO); Chakalall, Yuri (CSD/RND); Gaviria, Ivan Alonzo (VPC/FMP); Guzman Osorio, Jessica (CSD/HUD); Rodriguez Pineda, Mario Vinicio (VPC/FMP)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BA-L1052
▪ Date of TC Abstract authorization:	09 Jul 2020
▪ Beneficiary:	Government of Barbados
▪ Executing Agency and contact name:	Ministry Of Finance, Economic Affairs And Investment
▪ Donors providing funding:	OC Strategic Development Program for Sustainability(SUS)
▪ IDB Funding Requested:	US\$300,000.00
▪ Local counterpart funding, if any:	US\$30,000.00 (In-Kind)
▪ Disbursement period:	Disbursement period: 24 months; Execution period: 24 months
▪ Required start date:	December 2020
▪ Types of consultants:	Consulting Firms
▪ Prepared by Unit:	CSD/HUD-Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CCB/CBA-Country Office Barbados
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Climate change; Environmental sustainability; Institutional capacity and rule of law; Social inclusion and equality

II. Description of the Associated Loan/Guarantee

- 2.1 The Government of Barbados' reform agenda is being supported by a Bank's Policy -Based Programmatic Loan (PBP), the "Sustainable Development Policy Program" (BA-L1048; 4987/OC-BA), that was approved in March 2020. The second loan (BA-L1052) of three (3) -operations in execution (ATN/MC-16236-RG, ATN/CO-17589-BA, and ATN/OC17333-RG) and under preparation (most notably, BA-T1068), are designed to support the fulfillment of the second loan's prospective triggers, as identified in the Policy Matrix of BA-L1048 (the first loan). For accomplishing a reform agenda in Barbados, a range of regulatory provisions need to either be created or amended and the changes duly discussed and socialized with the population.

III. Objectives and Justification of the TC

- 3.1 **Objective.** The TC aims to support the design and initial implementation of the Government of Barbados' regulatory and institutional reforms to promote sustainable development planning, resilient infrastructure and housing construction, water resource management, and solid waste management
- 3.2 Sustainability implies adequately considering medium to long-term economic and financial, environmental, social, and institutional impacts and feasibility when planning, designing, constructing, operating, and decommissioning systems and investments. In Barbados, sustainability is particularly important for three primary reasons. Firstly, most of the productive assets and attractive prospective development opportunities are coastal in location, requiring a careful approach to coastal zone land management, on the one hand, and assessing and managing environmental risks, on the other. Secondly, the island is a water-scarce territory with less than 305 cubic meters of water available per person per year. Thirdly, the country is exposed, like other Caribbean countries, to increasing natural hazards and climate change risks, particularly floods and droughts, requiring deliberate attention to climate-proofing infrastructure, resilience, and disaster risk policies to safeguard lives and investments in the economy.
- 3.3 In Barbados, the current stage of transitioning to a more sustainable path is being operationalized through the Government's flagship Roofs to Reefs Program (R2RP). This initiative is a holistic, integrated, national initiative based on sustainable development and climate change resilience principles. There are two (2) main elements of the Program: (i) investments in increasing resilience and sustainability in the built environment and coastal zone, water resource management, and other natural capital systems, as well as measures to improve the country's ability to recover quickly post-disaster; and (ii) a shift to 100% renewable energy and carbon neutrality by 2030 – an agenda that is being actively supported by the Bank. The R2RP, whose Concept Note was formally approved by the Cabinet in December 2019, provides an overarching framework to address the country's significant challenges in key sectors as a response to the impacts of climate change.
- 3.4 **Development Planning.** In the area of development planning, the Planning and Development (P&D) Act, as passed by Parliament in 2019 and amended in 2020, aims to make the regulatory framework more facilitative of sustainable growth and investment by (i) changing the orientation and efficiency of the planning process; (ii) enhancing transparency, accountability, predictability, and public participation in development planning; and (iii) strengthening how development impacts, particularly environmental impacts, are considered. To complement this, updating the Physical Development Plan (PDP) aims to provide a vision for sustainable growth and development of Barbados by setting out policies to guide relationships among land uses, built form, mobility, community facilities, and physical infrastructure. It aims to become a framework to facilitate and guide public and private investment to the year 2035. It will also harmonize the development planning process with many new realities since the last formal update in 2003.
- 3.5 While the P&D Act proclamation was a Policy Condition of BA-L1048, its impact will be deepened by the Parliament's passage of regulations under BA-L1052. The efficiency and transparency gains initiated under the new law will be enhanced by expanding the technological E-Planning system to facilitate the electronic receipt of applications for planning permission under BA-L1052. Similarly, while the draft revision

to the PDP will benefit both in terms of content and legitimacy by the formal consultation process initiated as a Policy Condition of BA-L1048, its material impact in guiding development processes, in a consistent manner and with the weight of law, will be achieved with its formal passage in the Parliament under BA-L1052. Finally, while the approved PDP will implicitly embody Government's policy on sustainable urban mobility, in part through its encouragement of urban regeneration in the Greater Bridgetown Area (GBA), the approval of a Sustainable Urban Mobility Plan under a third programmatic operation (expected in 2022) will translate that policy into specific measures and sequencing to accomplish a coherent set of outcomes.

- 3.6 **Water Resource Management.** Regarding water supply, Barbados is considered a water-scarce territory with less than 305 cubic meters of water available per person per year. This situation is further exacerbated by high levels of Non-Revenue Water (50% - 55%). The Barbados Water Authority (BWA) extracts water from aquifers through twenty-two (22) wells, eight (8) boreholes, and two (2) springs across the island. Most of its potable water supply is derived from this groundwater (43 to 47 million gallons per day), requiring strategic management of stormwater, wastewater reuse, and groundwater contamination risks associated with improper management of solid waste, sewerage, and agricultural activity. Furthermore, regulation to divert developmental pressures from sensitive groundwater protection zones critical to aquifers' recharge remains weak.
- 3.7 Flooding is also a significant concern for municipal wastewater collection and treatment systems. Firstly, the floodwaters' potential intrusion into the wastewater systems may overwhelm the system, causing overflows and environmental damage. Secondly, the inundation of wastewater systems may result in the direct mixing of wastewater with stormwater, thereby contaminating the stormwater. To use stormwater, it is critical to consider water quality, which can directly impact human health and the health of terrestrial and aquatic ecosystems. Another primary concern is the presence of nutrients in surface water and groundwater throughout the island. Much of that groundwater makes its way to the nearshore environment. Consequently, coral reefs and other coastal aquatic life are under stress due to nutrient loading. A significant contributor to the nutrient loading is residential and commercial sewage wastes discharged directly into the ground.
- 3.8 On the water resource management front, a similar progression occurs across the PBP series for development planning. The Green Paper on Water Protection and Land Use Zoning benefitted from Cabinet's approval in BA-L1048. Still, following consultations and parliamentary approval, it will gain the weight of policy as a White Paper under BA-L1052. Under PBP III, its key regulatory provisions, including the formal adoption of the new Groundwater Zones and the BWA and Environmental Protection Department (EPD) enforcement responsibilities and authorities, will be consolidated in the amendments to the Barbados Water Authority Act, thereby creating more substantial incentives for compliance. Similarly, the overall impact of the Stormwater Management Plan's approval under BA-L1048 will be strengthened by the support of guidelines and protocols for rainwater harvesting under BA-L1052 since more effective rainwater harvesting will decrease both the volume and rate of runoff of stormwater. The integrated approach to water resource management will come full circle with the tabling of the Water Reuse Act in Parliament under PBP III, to be preceded by approval of drafting instructions for that legislation in BA-L1052.
- 3.9 **Solid Waste Management.** While Barbados has made meaningful progress in implementing the physical and non-physical components of its Integrated Solid Waste

Management Plan (ISWMP), significant gaps still exist in the institutional, legal, and regulatory framework. These pertain to managing solid waste, considerations for circular economy and source separation, and challenges due to the threat that improperly managed emerging solid waste streams pose to the environment, particularly groundwater resources and the coastal waters and beaches. Most notably, the current legal framework rests on The Health Services Act (Cap. 44), 1969; Health Services (Nuisances) Regulations, 1969; and the Health Services (Disposal of Offensive Matter) Regulations, 1969. The proposed remedy includes a Solid Waste Management Act that would provide a comprehensive legislative framework for the ISWMP. The Act would be an upgrade to the existing Health Services Act (Cap. 44). It will include updated regulations for the operation of Solid Waste Plants, covering waste brokers, recyclers, transfer stations, materials recovery facilities, and registration of waste haulers. It will better define the roles of the SSA, EPD, and other agencies. The Act will address fines and custodial sentences for those who infringe on its provisions through activities such as illegal dumping and littering.

- 3.10 **Justification.** To progress with the above-described agenda of mainstreaming sustainability into its development trajectory, Barbadian authorities need to implement a multi-pronged approach to modernizing its regulatory framework for development governance. Also, complementary reforms should adequately be consulted with key stakeholders, including the broader population, and formulated together to ensure congruence and maximum development impact. By providing dedicated financial resources and expert contributions to conduct relevant consultations and drafting of a range of pertinent policies, legislations, and regulations, this TC facilitates the achievement of these ends in a coherent and timely fashion.
- 3.11 **Strategic Alignment.** This TC is aligned with the Second Update to the Institutional Strategy (2020-2023) (AB 3190-2) and the Corporate Results Framework (2020-2023) (GN-2727-10). To the development challenge of (i) Social Inclusion and Equality, through the regulatory reforms aimed at reducing the vulnerability of low-income households to the adverse effects of inadequately regulated development and water resource management, as well as by providing a framework to improve the resilience of their homes to natural disasters; and (ii) to Institutional Capacity and the Rule of Law, through supporting the Barbadian authorities to carry out the regulatory reform agenda. Regarding the cross-cutting theme of Climate Change and Environmental Sustainability, this TC will support initiatives related to spatial planning and development control, disaster risk management, water resource management, solid waste management, and retrofitting of homes to increase resilience. Furthermore, the TC is aligned with "Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy" (GN-2710-5), specifically with the priority area of action "Support the construction and maintenance of socially and environmentally sustainable infrastructure, thus enhancing the quality of life." The reforms related to the incorporation of environmental impact screening and land use zoning in physical planning as well as those pertaining to greater resilience in housing and water infrastructure, including stormwater management, are aligned with the SUS objective to strengthen the capacities to manage disaster risk and respond to emergencies stemming from natural disasters. This TC is also consistent with the "IDB Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable Renewable Energy" (GN-2609-1) and with the "Climate Change Sector Framework Document" (GN-2835-5). This TC is included in the Country Programming Document (BA-O0006), aligned with the third priority area, Promoting Greater Productivity and

Competitiveness, of the IDB Group's Country Strategy with Barbados 2019-2023 (GN-2953-1).

IV. Description of activities/components and budget

- 4.1 **Component I: Integrating Sustainability into the Regulatory Framework for Physical Planning and Development and Incorporating Resilience into a Policy for Low- and Middle-Income Housing (US\$200,000.00).** Specific activities to be funded include:
- 4.2 **Updating the Regulatory Framework for Physical Planning and Development (US\$140,000.00).** This activity includes two related tasks: (a) the drafting of further amendments to and Regulations for the P&D Act to prescribe its specific application in various situations, and developing institutional arrangements for operationalization of the P&D Act with an emphasis on the One Stop Shop feature, upgrading the E-Planning system, and Change Management at the Town and Country Development Planning Department (The Change Management Process will restructure and retool the Town and Country Planning Department (T&CPD) to effectively manage the requirements of the new planning regime); and (b) the development of a communications campaign for the P&D Act of 2020 and the PDP update. The communications campaign would facilitate a series of consultations in the various parishes of Barbados and key stakeholders, including a subsequent Public Education and Dissemination Phase; and
- 4.3 **Incorporation of Resilience into a Policy for Low and Middle-Income Housing (US\$60,000.00).** This activity includes two related tasks: (a) Drafting a Policy on retrofitting of homes for improved resilience. A key element of the R2RP is the retrofitting of low-income families' homes to strengthen their resilience to hurricane-force winds. This sub-component will finance the development of a Policy, which includes the eligibility criteria for both households and structures, performance standards of the retrofits, and retrofit categories for different typologies of homes; and (b) Development of an Operational Manual (OP). This OP will detail "how-to" instructions for Policy implementation, including engineering diagrams and specifications for the retrofits and retrofitting protocols in the context of the social environment of already-occupied homes
- 4.4 **Component II: Integrating Sustainability into Water Resource Management and Solid Waste Management (US\$100,000.00).** Specific activities are (a) Updating of the Regulatory Framework for Water Resources, including: (i) consultations and drafting of the Water Protection and Land Use Zoning White Paper; (ii) consultations and development of legislation (and associated guidelines, standards, incentives, monitoring, and evaluation framework) for a Water Reuse Bill and consultations and drafting of Regulations for Potable Water Storage and Rainwater Harvesting; (iii) a communications campaign on the updated Stormwater Management Plan; and (iv) an update the Road Map Towards Integrated Water Resources Management Planning for Barbados; and (b) Updating of the Regulatory Framework for Solid Waste Management, which includes: (i) consultations and development of legislative guidelines and standards for a Solid Waste Management Bill.
- 4.5 The total budget of this operation is US\$300,000.00 to be finance through resources of the Ordinary Capital (OC) for Strategic Development Program for Sustainability

(SUS). Also, the Ministry of Economic Affairs and Investment (the local counterpart) has made a conservative estimate of US\$30,000.00 for funding staffing positions. This will be an In-kind contribution.

Indicative Budget

Activity/ Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Integrating Sustainability into the Regulatory Framework for Physical Planning and Development and Incorporating Resilience into a Policy for Low- and Middle-Income Housing				US\$200,000.00
Updating the Regulatory Framework for Physical Planning and Development	Develop institutional arrangements for operationalization of the P&D Act	US\$60,000.00	-	US\$60,000.00
	Drafting Regulations for the P&D Act to address stakeholder feedback and prescribe the specific application of the Act in various situations	US\$60,000.00	-	US\$60,000.00
	Communications campaign for the Planning and Development Act (P&D Act) of 2020 and the Physical Development Plan (PDP) update.	US\$20,000.00	-	US\$20,000.00
Incorporation of Resilience into a Policy for Low and Middle-Income Housing	Drafting a Policy on Retrofitting of Homes for improved resilience	US\$30,000.00	-	US\$30,000.00
	Development an Operational Manual for low and middle-income housing retrofits	US\$30,000.00	-	US\$30,000.00
Component II: Integrating Sustainability into Water Resource Management and Solid Waste Management				US\$100,000
	Updating of the Regulatory Framework for Water Resources	US\$55,000.00	-	US\$55,000.00
	Updating of the Regulatory Framework for Solid Waste Management	US\$45,000.00	-	US\$45,000.00
Operational expenses of the R2RP implementation Unit	Staffing and operational costs	-	*US\$30,000.00	US\$30,000.00
Total		US\$300,000.00	*US\$30,000.00	US\$330,000.00

Activity/ Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
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(*) In-kind contribution by Division of Economic Affairs & Investment of the MFEI e.g. Salaries of staff supporting execution

- 4.6 The expected results by Component are: Component I is expected to deliver: (i) proposed drafting instructions for any regulations as needed for the Planning and Development (Amendment) Act of 2020; (ii) institutional arrangements and training for the T&CPD; (iii) Execution of public Communications for the P&D Act and PDP update; (iv) a Policy on Retrofitting of Homes; and (v) an Operational Manual for the execution of the Policy on Retrofitting of Homes; and for Component II: (i) Execution of public Communications for Water Resources Management; (ii) draft Water Protection and Land Use Zoning White Paper; (iii) proposed drafting instructions for the Regulations for a Water Reuse Bill; (iv) draft Regulations for Rainwater Harvesting; (v) Road Map Towards Integrated Water Resources Management Planning; (vi) Execution of public Communications on Solid Waste Management; and (vii) proposed drafting instructions for the Solid Waste Management Bill.

V. Executing agency and execution structure

- 5.1 The Executing Agency (EA) for this TC will be the Division of Economic Affairs & Investment within the Ministry of Finance, Economic Affairs and Investment (MFEI). A formal Letter of Request/ No Objection will be obtained from the Government before the execution of the TC begins. The EA will procure goods, works, services, and consulting services according to the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15), the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (document GN-2350-15), and other internal Bank procedures. The activities to be executed are included in the Procurement Plan. Within the Division of Economic Affairs & Investment, the R2RP Development, Management, and Coordination Unit (R2RP-U) that was authorized by Cabinet in December 2019 will be responsible for technical inputs related to this TC, including assisting with the finalization of Terms of Reference for the various tasks, the evaluation of bids, and the supervision of consultants, including the review and approval of consultant deliverables. The R2RP-U will also prepare semi-annual progress reports (every 6 months of execution) and a final report to report on execution progress, challenges, and results achieved. Existing financial management and administrative staff of the Division of Economic Affairs & Investment will be responsible for non-technical aspects under this TC including conducting and supervising all procurement to be undertaken in accordance with the Procurement Plan, and preparation of unaudited annual financial statements, following the same format normally used for audited financial statements.
- 5.2 For purposes of justification of expenses or disbursements to the IDB, if the project expenses have been incurred in local currency, the equivalent amount to be reported in the project currency, shall be determined using the effective exchange rate of the payment date, based on the selling rate from the Central Bank of Barbados.
- 5.3 The MFEI is also the focal point of the Government of Barbados for all international assistance, whether loans, guarantees, grants, or technical support. It is thoroughly familiar with the IDB's operational policies and regulations and has a successful track record of serving as the EA for past technical cooperation exercises. The MFEI served

as the focal point for the preparation of the Sustainable Development Policy Program (BA-L1048), which shares a common thematic focus with this TC, and is therefore thoroughly familiar with the reform agenda that it aims to support. The MFEI was also the focal point in the past for an IDB Technical Cooperation on Emerging and Sustainable Cities Initiative (ATN/OC-14528-BA) and is the executing agency for two bank lending operations (BA-L1048 and BA-L1045).

VI. Major issues

- 6.1 The main risk for achieving this TC's objectives is untimely execution due to inadequate inter-sectoral coordination, and to a lesser extent, the potential under resourcing- of the R2RP-U. The positioning of the R2RP-U mitigates inadequate inter-sectoral coordination under the MFEI, which coordinates the national budget and therefore has the convening authority to facilitate inter-sectoral cooperation and coordination. MFEI is also home to the Town and Country Development Planning Office, which is charged with coordinating development planning for the entire country, a key component of sustainable development, this TC's focus. Inter-sectoral coordination will also be facilitated because the R2RPU is being supported in an advisory role by the existing Inter-ministerial Climate Finance and Climate Strategy Technical Working Group chaired by the Minister of Economic Affairs & Investment. The active participation of a range of critical stakeholders in this Committee, especially the BWA and the Ministry of Environment and National Beautification, will help to ensure timely coordination of technical inputs and reviews during execution of this TC.
- 6.2 The probability of under-resourcing the R2RP-U is reduced by a significant reliance on existing posts, which do not require a new budget. The organizational structure of the R2RP-U for the implementation of this TC will have the following three primary responsibilities: (i) Project/Program Execution; (ii) Administration; and (iii) Project Development and Coordination. Most of the posts for the first two of these responsibilities already exist, while the last one is entirely new. Most critically, the Director of the R2RP-U was recently appointed by the GOB.
- 6.3 There is also a risk due to the ongoing COVID-19 pandemic. Thus far, Barbados has avoided a severe health crisis with the disease has not progressed to community spread-. However, due to existing public gatherings protocols, social distancing will need to be observed during public consultations. Should the situation deteriorate, some of those consultations under both Components I and II may need to utilize virtual media (guidelines available in IDB-TN-1965). Pilot Training in housing resilience (part of developing an Operational Manual) under Component I would only be partially adaptable to a virtual format and, therefore, may need to be conducted in multiple smaller venues.

VII. Exceptions to Bank policy

- 7.1 No exceptions to the Bank's policies have been identified.

VIII. Environmental and Social Strategy

- 8.1 The components financed by this TC will not have negative environmental or social impacts according to the Environment and Safeguard Compliance Policy (OP-703). This operation is classified as category "C" according to Environment and Safeguards Filters and the Safeguards Policy Screening. No environmental assessment studies

or consultations are required for Category "C" operations. ([EZSHARE-628383544-3](#) and [EZSHARE-628383544-2](#))

Required Annexes:

[Request from the Client - BA-T1076](#)

[Results Matrix - BA-T1076](#)

[Terms of Reference - BA-T1076](#)

[Procurement Plan - BA-T1076](#)