



Operations Manual

Barbados National Tourism Program

BA-L1033

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ABBREVIATIONS

AFS	Audited Financial Statements
AOP	Annual Operations Plan
BTI	Barbados Tourism Investment, Inc.
BTMI	Barbados Tourism Marketing, Inc.
BTPA	Barbados Tourism Product Authority
CBB	Central Bank of Barbados
CEO	Chief Executive Officer
CHC	China Co-financing Fund for Latin America and the Caribbean
EA	Executing Agency
EPD	Environmental Protection Department
FIDIC	International Federation of Consulting Engineers
GHG	Greenhouse Gas
GOB	Government of Barbados
LAC	Latin America and the Caribbean
IDB	Inter-American Development Bank
MFE	Ministry of Finance and Economic Affairs
MTI	Ministry of Tourism and International Transport
OC	Ordinary Capital
OM	Operations Manual
PEU	Project Execution Unit
PMR	Project Monitoring Report
PS	Permanent Secretary
PSC	Program Steering Committee
TCPDO	Town & Country Planning Development Office

I. INTRODUCTION

- 1.1 This Operations Manual (OM) establishes the procedures that will apply during the execution of the National Tourism Program. It includes a description of the objectives of the project as well as guidelines for project execution, procurement of goods and services, requirements for monitoring and reporting, and administrative and financial guidelines.
- 1.2 Consequently, this Manual seeks to define the institutional and technical framework of the Project and the level of responsibilities of the institutions and individuals involved in its implementation, in order to achieve the objectives defined in the Loan Contract.

II. PROJECT DESCRIPTION

A. Objectives

- 2.1 The overall objective of the project is the reinvigoration of the Barbados tourism industry, with a focus on increasing tourism receipts to revert the current descending trend. The Executing Agency will be the Ministry of Tourism and International Transport (MTI), which is the public agency responsible for sector policy, planning and management. Its core functions include administration, research, planning, project implementation and management and oversight of industry regulations.

B. Components

- 2.2 The program will have three investment components:
 - a) **New Tourism Products (US\$11.3 million)** Diversification/improvement of tourism products to consolidate current visitors and attract new segments in key geographical markets, based on sound understanding of demand determinants and preferences;
 - b) **Strengthening Digital Marketing (US\$2.0 million)** Updating and improvement of marketing strategies, with a special emphasis on the use of digital marketing in a coordinated way with the private sector. The main objective of this component is to increase market awareness of Barbados as a cultural destination and to effectively market the new tourism products developed in Component 1; and
 - c) **Improving Airlift (US\$4.0)** Optimization of the use of public funding for airlift support.
- 2.3 Component 1 will finance the development of new tourism products targeted at addressing the cultural and heritage priority themes identified and agreed with the Government during project preparation. The implementation of these products is expected to contribute to increasing visitors' expenditures. Six new products have been identified and agreed with the Government, each related to one of the four thematic lines below:

- a) Bridgetown (A Marvel of Maritime Engineering): visitor center, urban tourist route in Bridgetown, and connectivity between the cruise port and the visitor center.
- b) Industrial Heritage (The story of sugar and rum): Renewed National Museum
- c) Garrison (British military life on a World Heritage Site): Garrison walking tour experience
- d) Bajan Soul (Bajan cultural practices): Oistins waterfront improvements

- 2.4 Specifically this component will finance: (i) a new visitor center in the Old Town Hall Building (including civil works, furniture and hardware and software) and the urban route of Bridgetown, with an estimated cost of US\$4.0 million; (ii) implementation of the other four tourism products referenced above¹ (iii) preparation of interpretation content and materials for all products to be disseminated by both physical and electronic means, final engineering/architectural designs, environmental and social project specific plans (if required) for all products; and (iv) contracting of specialized consultancies to supervise construction works. All works are expected to be undertaken on public property. For purposes of the Bridgetown urban route, the Government will evaluate the possibility of providing small grants to improve (minor repairs, painting, etc. of frontage) of private properties along the urban route.
- 2.5 Component 2 will finance investments aimed at: (i) reinforcing Barbados' cultural sub-brand strategy, through new content creation for the different digital (website, social media, mobile apps) and traditional channels (media, printed publications, and others), and integration of public content creation efforts with the private sector; (ii) designing and implementing a detailed annual operational plan, which will include campaigns in each of the preselected targeted source markets, to promote the new cultural products; and (iii) defining a digital tourism marketing scorecard, including attainable objectives and expected results, as well as prioritization of Key Performance Indicators (KPIs) to measure the implementation of the digital operational plan on an annual basis.
- 2.6 Component 3 will finance the design and implementation of a new mechanism to contract an airline to start service for a new route between Barbados and Latin America. This mechanism consists of three different stages. Each stage aims to achieve a different goal.
- 2.7 The first stage: the entry. In this stage, the objective is to start up a new route, identified previously using detailed economic studies as potentially beneficial for the country. The awarding procedure includes a first-price auction for a fixed price payment to establish a new route with a specified weekly frequency for a period of a year. In order to obtain the

¹ The Bank suggested that the Government consider including the possibility of other priority products that contribute to the cultural heritage tourism development objectives of Component 1.

optimal results, a significant number of airlines should be allowed to participate in the auction, and to reduce the risk of collusive behavior several key routes should be auctioned in parallel. No renegotiation is possible (unless justified by circumstances outside the airline's control). The first-price auction should start with a public call for applications. The main variable to evaluate bids will be the fixed payment requested. The auction should be declared null and void if no bid is below Barbados' reservation value (maximum economic welfare accruing to Barbados from expected expenditure by the new tourists, a value to be determined based on a study done prior to the call for proposals). After one year, the results should be evaluated in order to decide whether to continue for a period of a year or less in this stage, to proceed to the following stage, or not to renew the contract.

- 2.8 The second stage: the consolidation. The objective of this stage is to increase demand. The previous contract is modified to have a minimum revenue guarantee, instead of the fixed payment, and an incentive payment per additional passenger over the average observed in the first stage. After a period of one year, the results of the contract should be evaluated in order to proceed to the following stage.
- 2.9 The third stage: the end. In this last stage, the previous contract is modified to have just the minimum revenue guarantee, but the guaranteed revenue will be progressively reduced until it disappears. At the end, no further incentives are provided.
- 2.10 The resources of the component will finance the studies required for a detailed definition of all the parameters required to formulate the call for proposals, to evaluate the potential economic benefits from the new route, and to carry out the yearly evaluations required to adjust the terms of the contract. These studies include the econometric analysis of latent demand at potential origin countries, the estimation of a reservation value that the country will use to decide if it is economically beneficial to go ahead with the winning proposal of the first stage, assistance in order to prepare the public call for tenders, studies on air transport markets and regulations in the region, and assistance with evaluation of the mechanism at different stages.
- 2.11 **Administrative cost (US\$2.0 million).** These resources will cover: (i) the contracting of four specialists (Project Coordinator, Financial Specialist, Procurement Specialist, and Project Officer) to work in the Project Executing Unit (PEU), two specialists to support the technical aspects involved in the implementation of the project's components in order to have an effective coordination with the PEU; (ii) operational costs of the PEU; (iii) environmental and social management; (iv) monitoring and evaluation (mid-term evaluation, final evaluation, impact evaluation); and (v) auditing.

C. Cost and Financing Structure

- 2.12 The total cost of this Project is US\$20 million and will be financed with a loan of US\$10 million from the resources of Ordinary Capital (OC) of the Bank, and a loan of US\$10 million from the resources of the China Co-financing Fund (CHC) for Latin America and the Caribbean (LAC), administered by the Bank. The following table shows the Program's summary cost and financing by category.

TABLE II-1. Program Summary Cost & Financing

CATEGORY	IDB	CHC	TOTAL
Component 1 – New Tourism Products	5,650,000	5,650,000	11,300,000
Component 2 – Strengthening Digital Marketing	1,000,000	1,000,000	2,000,000
Component 3 – Improving Airlift	2,000,000	2,000,000	4,000,000
Administrative Costs	1,000,000	1,000,000	2,000,000
PEU Costs			
Monitoring & Evaluation			
Environmental and Social Management			
Financial Audit			
Contingencies	350,000	350,000	700,000
TOTAL	10,000,000	10,000,000	20,000,000

D. Disbursement Period

- 2.13 The period for disbursement of the resources of the financing expires five (5) years from the effective date of the Loan Contract. The following table shows the projected flow of funds, in millions of US dollars.

TABLE II-2. Disbursement Projection (in \$millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB (OC)	1.00	2.50	2.50	2.50	1.50	10.00
CHC	1.00	2.50	2.50	2.50	1.50	10.00

Total	2.00	5.00	5.00	5.00	3.00	20.00
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III. INSTITUTIONAL FRAMEWORK

- 3.1 There are a number of agencies and departments of the GOB with varying levels of responsibility in the tourism sector. The Ministry of Tourism and International Transport (MTI) is responsible for formulating and implementing tourism policy, tourism research, as well as the administration of the *Tourism Development Act, CAP. 341*, the legislation which provides fiscal incentives to the tourism industry. The Ministry also provides leadership to and works in collaboration with the following entities to govern the tourism sector for Barbados:
- Barbados Tourism Marketing Inc. (BTMI);
 - Barbados Tourism Product Authority (BTPA);
 - Barbados Conference Services Limited (BCSL);
 - Barbados Tourism Investment Inc. (BTI);
 - Caves of Barbados Limited (CBL);
 - Needhams Point Holdings Limited (NDHL);
 - Needhams Point Development (NPD);
 - Hotel and Resorts Limited (HRL); and
 - Southern Golf and Country Club Limited (SGCCL).
- 3.2 Within the context of this program, the other agencies with responsibilities within the sector are the Barbados Tourism Marketing, Inc. (BTMI), Barbados Tourism Product Authority (BTPA) and Barbados Tourism Investment, Inc. (BTI).
- 3.3 The Barbados Tourism Marketing Inc. (BTMI) has as its core mandate, the design and implementation of suitable marketing strategies for the effective promotion of Barbados' tourism industry.
- 3.4 The mission of the Barbados Tourism Product Authority (BTPA) is to work to maintain Barbados' competitiveness in the global tourism market by planning and coordinating continuous improvement in the quality of Barbados' tourism product and services. Summarily, the BTPA is responsible for undertaking work in all areas of product development mainly focused on the non-physical work of these elements.
- 3.5 The Barbados Tourism Investment Inc. (BTI) has been designated by the Government of Barbados as the agency that will manage the execution of the infrastructural renewal programme in the tourism centres of Bridgetown, Speightstown, Oistins and St. Lawrence Gap. This renewal programme is an integral part of the country's drive to encourage increased investment in the tourism sector.

- 3.6 BTI also identifies investment opportunities for Barbados; identifies service providers for the execution of services such as architects, attorneys-at-law, accounting firms etc.; provides information/data on the social, political and economic environment in Barbados to potential investors; explains incentive legislation and the benefits available to investors in the tourism and hospitality sector in Barbados; liaises with Government departments and agencies; and reviews investment proposals, advising as to their general acceptability within the context of the Barbados Tourism Master Plan of the MTI.
- 3.7 The diversification/improvement of tourism products is expected to cause temporary and minor localized impacts, possibly associated with the construction of sanitation facilities and drainage works. In addition, the projected increased air travel to be generated from additional and new demand segments has the potential to contribute to an increase in greenhouse gas emissions (GHG). The operation does not encompass any large-scale investments in infrastructure, the conversion or degradation of critical habitat, or any resettlement and, as such, does not present significant potential negative environmental or social impacts. Overall, given the nature of the activities and investments foreseen, the environmental and social impacts, including disaster risk and climate change impacts are expected to be low. Therefore, a “B” classification is proposed for the Program in accordance with the Environmental and Social Safeguards Compliance Policy (OP-703).
- 3.8 While a planning application or an environmental impact assessment are not required for the first two projects under Component 1, the Town and Country Planning Development Office (TCPDO) and IDB agree that a town hall meeting must be held prior to the completion of the design of the projects (and prior to consideration by IDB’s Board), to present the projects and consult with the local population. The final designs should also reflect consultations with TCPDO, Environmental Protection Department (EPD), Barbados Chamber of Commerce and Industry, Ministry of Transport and Works, Sanitation Service Authority, as well as an archeological specialist and a native species/tree expert. Among other projects being considered for financing under the Program, the proposed Oistins waterfront redevelopment will require more detailed environmental and social assessment including early and ongoing consultation with local residents as well as the stakeholders listed above, and additionally the Coastal Zone Management Unit and Ministry of Agriculture, Food, Fisheries, and Water Resource Management.

IV. PROJECT EXECUTION

- 4.1 The borrower is the Government of Barbados and the Executing Agency is the Ministry of Tourism and International Transport which is responsible for all financial aspects

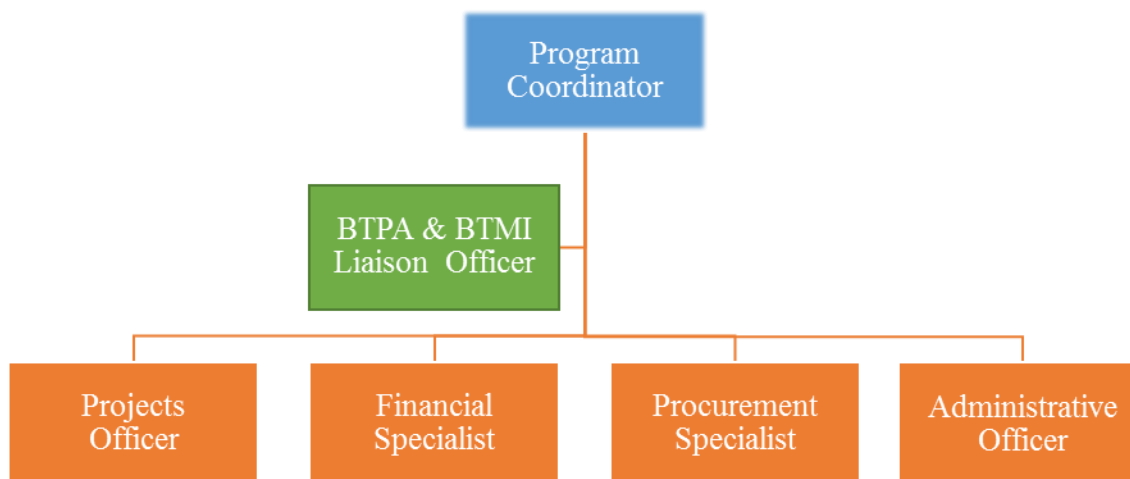
within the agreements. The Permanent Secretary of MTI will be responsible to the Bank for the approval of Annual Work/Operation Plans, Procurement Plans, Progress Reports, Financial Reports and Internal Evaluations.

4.2 A separate Project Executing Unit (PEU) will be established in Barbados Tourism Investment, Inc., (BTI) and will be responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Program, as well as the planning, monitoring, supervision and evaluation of the Program. Specific responsibilities will include but not limited to the following:

- (i) Fulfilling the conditions prior to first disbursement specified in the Loan Agreements;
- (ii) Preparing and submitting disbursement requests to the Bank based on projected cash flow requirements in accordance with the Annual Operating Plans (AOP);
- (iii) Financial administration of the Program according to generally accepted accounting principles and presenting audited financial statements;
- (iv) Ensuring the quality and efficacy of procurement processes and their compliance with both the policies of the Bank and those of the GOB;
- (v) Implementing procurement processes, in accordance with the approved and published procurement plan, including the preparation and submission of procurement documents for the Bank's on objection;
- (vi) Managing contracts execution, including, verifying the quality of the goods and services provided by contracted parties and making the corresponding payments;
- (vii) Preparing the required monitoring and evaluation reports (such as information required for the Project Monitoring Report-PMR), submitting them to the Bank, and making them available to the public as required;
- (viii) Ensuring the achievement of the Program's Results Matrix goals established in the Loan Agreement with the Bank;
- (ix) Ensuring consistent alignment of expected project results with day-to-day Program implementation;
- (x) Creating and maintaining accurate records and consolidating accounting information;
- (xi) Ensuring compliance with all conditions of the Loan Agreements with the Bank, including contractual clauses;
- (xii) Creating and maintaining productive and transparent relationships with all stakeholders.

4.3 The PEU is headed by a Coordinator and includes as a minimum, the following officers: i) Administrative Officer; ii) Procurement Specialist; and, iii) Financial specialist. Project officers will be contracted on an as needed basis for the implementation of sub-projects within each component. The proposed organogram for the PEU is shown below.

FIGURE IV-1. Proposed Structure of the PEU



- 4.4 The Bank will require that the PEU (i) has a dedicated budget for environmental and social consultants, to be contracted as needed during the Program, and (ii) approves a guiding Environmental and Social Management Program document that includes a series of environmental and social procedures to be applied to all projects under the Program. The document will be included in the Program Operating Manual. Additionally, the Bank seeks the permission of the Ministry of Tourism and International Transport to make public Chapter II Environment, of the Tourism Master Plan on the IDB's website.
- 4.5 The agencies involved in the execution of this program will have the following responsibilities:
- i) BTMI will be responsible for preparing Terms of Reference and/or Scope of Works for requesting proposals for the airlift activities and reviewing the proposals received, and recommending the firms to be contracted.
 - ii) BTPA will be responsible for selection of the tourism products to be developed under the program.
- 4.6 During project execution compliance with general and special requirements of the civil works contracts will be supervised by an independent (external) supervision consultant contracted by the GOB as part of the overall project cost. The Supervision Consultant will report directly to the Program Coordinator.

- 4.7 The Supervision Consultant will prepare a supervision schedule that will be agreed with the Program Coordinator and will visit the project sites periodically. A monthly Project Administration Report will be prepared that will include the following information: (i) physical and financial progress of the project; (ii) actions taken by the contractors and BMI during the month in response to supervision consultant's recommendations; (iii) problems experienced during the reporting period that have affected work quality or the construction schedule (iv) work targets for the current period; and (v) instructions to be carried out by the contractor.
- 4.8 During project execution the actual project cost may exceed the awarded contract sum, resulting in a claim by the contractor for additional funding. Contracts are only eligible for an increase in two circumstances: (i) Variation Order authorized by the Program Coordinator; and (ii) Extensions of the period of implementation of the works as a result of delays caused by factors beyond the control of the Contractor. Any modification that results in an increase in the original amount of the contract by more than 15% of the original price requires the prior no objection of the Bank (see §5.19).
- 4.9 The PEU will maintain separate files for the operations of the Program and allow for financial and accounting monitoring of the Bank resources in accordance with Bank requirements.

A. Program Coordinator

- 4.10 The Program Coordinator will report directly to the CEO of the BMI to ensure the participation of a high authority level in Project issues, and to foster the efficiency and priority of the decision making processes. The Program Coordinator will be provided with the adequate level of authority to be able to coordinate all the technical, financial and administrative project aspects and tasks with the operational units of the BTPA and BTMI. The specific responsibilities of the Program Coordinator are:
- i) Familiarise him/herself with the terms and conditions of the Loan contract and the Project document in order to undertake the fulfillment of conditions precedent to first disbursement of the loan contract.
 - ii) Organize and direct PEU staff in the performance of their duties to facilitate the effective implementation of project activities. Ensure that PEU personnel are afforded opportunities to enhance their technical and professional development through systematic and specific on-the-job assignment and interaction with the Supervision Consultant.
 - iii) Act as the BTI's Representative in all matters pertaining to the Program works contracts with the main contractors and advise the CEO on critical matters arising, especially those related to major variations in scope and cost, claims

and dispute resolution.

- iv) Manage the services provided by the Supervision Consultant in the execution of the Program to ensure that the consultants deliver in a timely and professional manner the tasks and outputs specified in their agreements. Highlight and anticipate challenges to progress and proactively engage the consultants in providing support to overcome these obstacles.
- v) Oversee the preparation of terms of reference for consultants, and designs and specifications for goods and works to be procured under the Program and steer the PEU in the expeditious procurement of the required goods, works and service in keeping with the policies and procedures of the GOB and the IDB. Participate in the contract negotiation process and, if necessary, in the resolution of disputes with Contractors and Consultants.
- vi) Develop effective communication channels and institutional mechanisms with relevant stakeholders, including the public, utility companies, Police Force and any other Ministry or statutory body to support the efficient implementation of the program, especially in respect of traffic management, clearance of the right of way of road corridors and compensation for land acquired.
- vii) Coordinate planning sessions with staff to work out details of individual work programs and budgets and appropriately assign responsibilities and scope of authority. Review planned work programs in order to agree on timeframes, funding availability and limitations, procedures for accomplishing objectives, staffing requirements and allotment of available resources.
- viii) Review periodic activity reports and financial statements to determine progress and status in attaining objectives. Revise objectives and plans in accordance with current conditions. Prepare, maintain and update Annual Work Plans for the Program implementation including the execution schedules and budgets of the investments and consultancies, the Risk Management matrix and the Results Monitoring matrix.
- ix) Evaluate performance of staff directly supervised for compliance with established policies and objectives as well as on the basis of their specific contributions in attaining set objectives.
- x) Prepare and submit comprehensive semi-annual progress reports on the Program for the information of MTI, MFE and the Bank in accordance with the loan contract and following the format of the Initial Report.
- xi) Coordinate the financial management activities by collaborating in the preparation of the annual project budget and supporting and overseeing the timely and proper preparation of contractors/consultants payments, disbursements requests, and financial statements by the Financial Specialist for the Program.

- xii) Take the necessary Public Relations measures to ensure that the residents and travelling public of Bridgetown are kept informed in a timely manner of all aspects of the Program affecting them.
- xiii) Participate in reviews and evaluations of the Program conducted by the Bank and the GOB.
- xiv) Facilitate the work of the external auditor.

B. Financial Specialist

4.11 The Financial Specialist will operate in close collaboration with and will be answerable to the Program Coordinator. The Program Coordinator will establish annual performance goals for the Financial Specialist. The responsibilities of the Financial Specialist are:

- i) Participate in formulating financial and budgetary policies for the PEU by consulting with the Program Coordinator and representatives from Bank during the project planning, preparation and execution phases.
- ii) Design and implement computerized system for general accounting, including project budgeting, analyzing financial performance of the operations and estimating future expenditure.
- iii) Direct and manage the financial activities of the PEU using the established computerized accounting systems and internal audit procedures.
- vi) Ensure that accounting staff is exposed to adequate levels of training in the use of computerized systems and in the required professional competencies to administer and control the accounting operations.
- v) Direct and oversee the maintenance of adequate records, in accordance with sound accounting practices, with a view to capturing the entire financial operation of the PEU in respect of inflows of resources from all sources and expenditures. Ensure that these records are appropriately projectised in keeping with the nature of the PEU's activities.
- vi) Direct and oversee the preparation of computerized reports, extracted from the accounts, with a view to summarizing and forecasting project activity and the financial position.
- vii) Administer the Loan Contract between the GOB and the IDB by preparing applications for withdrawals to pay for eligible expenditures in respect of approved projects. Retain oversight responsibility for receipt, disbursement, banking, protection and custody of funds and financial instruments.

- viii) Oversee the process for approving and effecting payments to Consultants and Contractors in accordance with work certified as being satisfactorily performed as per contract.
- ix) Initiate and oversee the timely fiscal audit of all records and accounts (inclusive of any special account) in accordance with standard auditing principles and GOB financial regulations.
- x) Engage the services of independent and acceptable external auditors and prepare reports on any information requested by the EA.
- xi) Prepare, for the Program Coordinator, monthly, quarterly and mid-term review reports in order to identify the major scheduled activities undertaken, accomplishments achieved, problems encountered and actions recommended to be taken by the PEU and/or consultants/contractors over the next quarter.
- xii) Ensure the payment requests are processed against the project special accounts in a timely manner and in accordance with the terms of prevailing agreements; that semi-annual reports showing the use of the US dollar special account revolving fund are prepared and submitted to the bank within a period of 60 days after the closing of each quarter.
- xiii) Monitor and review the progress of projects to ascertain if they are progressing on schedule and within prescribed budgets. Where necessary, recommend appropriate remedial measures to bring projects back on track.
- xiv) Advise the Program Coordinator on all relevant financial matters pertaining to the implementation of the project.

C. Procurement Specialist

4.12 The Procurement Specialist will operate in close collaboration with and will be answerable to the Program Coordinator. The Program Coordinator will establish annual performance goals for the Procurement Specialist. The specific responsibilities of the Procurement Specialist are:

- i) Assist in the implementation and management of the procurement policies and procedures set out in the loan contract to ensure compliance with Bank's requirements.
- ii) Work directly with Program Coordinator to ensure smooth implementation of contracts. Advise PEU and EA personnel on contractual issues based on contract documents and the Bank's procurement policies and procedures.
- iii) In close collaboration with the other administrative staff support the PEU in

all aspects of procurement, coordination and management of all works, goods and services in accordance with the procurement policies and procedures of the Bank.

- iv) Prepare and/or update the procurement plan sourcing items using the correct procurement methods and submit to the Bank for its Non Objection;
- v) Prepare and submit to the Bank for its Non Objection the General Procurement Notice, Specific Procurement Notices, Invitations to Bid, requests for Expressions of Interest, Bidding Documents, Request for Proposals, Evaluation Reports, among others;
- vi) Should delays be encountered in the execution of the Procurement Plan, the Procurement Specialist is also responsible to update the plan and mitigate the delays and challenges to comply with the Procurement Plan in coordination with Project officers of Program's components.
- vii) Conduct evaluation of bids and prepare documents for approval of contract award. Preparing and maintaining procurement documentation in accordance with the Operations Manual to facilitate establishing an audit trail.
- viii) Review tender documents and contracts for the employment of supervisory consultants and works contractors in order to ensure that the clauses pertaining to changes in scope of works, escalation, liquidated damages, etc., are consistent with FIDIC contracts and are clearly and adequately described. Coordinate such activities within the PEU.
- ix) Advise the Program Coordinator on technical matters, and shortcomings identified pertaining to the implementation of the project. Serve as a technical resource to PEU staff in interpreting Bank rules and regulations and act as primary point of contact for contractual issues.

D. Program Steering Committee

4.12 The Program Steering Committee (PSC) is established to ensure coordination among Government Agencies and will oversee and guide the implementation of the Program. The PSC as approved by Cabinet:

- i) Ensure that each of its members is committed to the objectives of the Program;
- ii) Communicate the strategic implications and outcomes of initiatives being pursued through the Program;
- iii) Ensure that the Program's scope aligns with the requirements of stakeholder groups;
- iv) Monitor the implementation of the National Tourism Program activities to ensure alignment with its objectives;
- v) Provide guidance to those directly involved in the Program on the long term sustainability of its achievements;
- vi) Address any issues and risks which have major implications for the Program;

- Monitor and assess the Program's progress in relation to the measureable indicators specified in the Matrix of Indicators of the Program's Results Framework;
- Take responsibility for reviewing and approving the POM, the PEP, the AOP, the Procurement Plan and other Program deliverables;
- Take responsibility for the monitoring and evaluation of Program outputs and outcomes, specifically, as it relates to the Matrix of Indicators of the Program's Results Framework and the PEP.

4.13 The members of the PSC as approved by Cabinet include:

Representative	Organisation
Permanent Secretary (or nominee)	MTI
Manager Public Investment Unit, Ministry of Finance and Economic Affairs (or nominee)	MFE
Chief Executive Officer (or nominee)	BTI
Chief Executive Officer (or nominee)	BTMI
Chief Executive Officer (or nominee)	BTPA
Program Coordinator	PEU

4.14 The Ministry of Finance and Economic Affairs (MFE) will play an advisory and monitoring role with respect to the utilization of Loan funds. The MFE will make recommendations regarding annual budgetary allocations for the Project. In addition, staff from the Public Investment Unit (PIU) will participate in all administrative missions.

V. PROCUREMENT OF WORKS, GOODS AND SERVICES

A. Procurement Framework

5.1 The Loan documents stipulate that the Executing Agency in following Bank procurement policies and procedures would use international competitive bidding (ICB) for all goods and services valued at more than US\$150,000, for civil works valued at more than US\$3.0 million, and for consulting services in excess of US\$200,000. The contracts for works and the acquisition of goods and related services shall be subject to prior review, in accordance with the procedures spelled out in paragraphs 2 and 3 of Appendix 1 to the Bank's Procurement Policies, GN-2349-9 and those for consulting services will be

subject to prior review in accordance with the Bank's policies for selecting and contracting consultants GN-2350-9 dated March 2011.

B. Procurement Planning

- 5.2 Prior to the issuance of any invitations to prequalify or to bid for contracts, as the case may be, the Borrower, through the Executing Agency, shall present the proposed procurement plan for the Project to the Bank for its review and approval, in accordance with the provisions set forth in paragraph 1 of Appendix 1 to the Procurement Policies. The Procurement Plan shall cover an initial period of at least 18 months. This Plan shall be updated on an annual basis or as needed, always covering the next 18-month period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval. Procurement of all goods, works and consulting services shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions set forth in said paragraph 1 referred to above.
- 5.3 Prior to the issuance of each call for public tendering for the construction of projects under Component 1, the PEU shall provide: (i) evidence that the agreements with the corresponding government entities that will assume project management responsibilities once the project works are completed, including their operation and maintenance with a sustainable financial mechanism, are in place; (ii) evidence that legal possession, easements or other necessary rights are held by the appropriate government entities with respect to the property where the project works will be carried out; and (iii) evidence that all required permits and documentation to meet IDB requirements referenced in the Environmental and Social Management Plan included of the Program Operations Manual have been obtained by the appropriate entities and appropriate consultation has taken place.
- 5.4 Prior to the issuance of each call for public tendering for the potential route financed under Component 3 the PEU shall submit to the Bank a legal opinion from the Solicitor General specifically stating (i) that the public tender and template airlift support agreement to be signed with the awarded airline would not violate any international treaties to which Barbados is a party, including but not limited to, antitrust agreements and its airlift services agreements with each of the potential countries of origin of the tendered routes; and (ii) which entity has the authority to sign the corresponding airlift support agreement.

C. International Competitive Bidding

- 5.5 Except as otherwise provided in subsection (D) below, goods and works shall be procured pursuant to the provisions set forth in Section II of the Bank's Procurement Policies.

D. Other Procurement Procedures

- 5.6 The following procurement methods may be used for the procurement of goods and works as long as the Bank determines that these methods meet the requirements established in the provisions set forth in Section III of the Procurement Policies:

- (i) National Competitive Bidding: for goods, for which the estimated cost per contract is less than US\$150,000 and more than US\$50,000, and for works for which the estimated cost per contract is less than US\$3,000,000 and more than US\$150,000, pursuant to the provisions set forth in paragraphs 3.3 and 3.4 of the Procurement Policies and the provisions below and provided that such procurement method is not in contradiction with the Procurement Policies or the basic guarantees that every procurement must meet; and
- (ii) Shopping: for goods estimated to cost less than US\$50,000 equivalent per contract and for works estimated to cost less than US\$150,000 per contract, in accordance with the provisions set forth in paragraph 3.5 of the Procurement Policies.

E. Additional Procurement Requirements

- 5.7 The Borrower, through the Executing Agency, shall carry out the procurement of goods and works in accordance with: (i) the general plans, technical, social and environmental specifications, budgets and other documents required for the acquisition or the construction, and, as the case may be, the specific guidelines and other documents necessary for the call for prequalification or bids; and (ii) in the case of works, evidence that it has, prior to the initiation of the works and with respect to the real property where the works will be constructed, the right of legal possession, easements or other rights necessary to initiate the construction.

F. Bank Review

- 5.8 Procurement of goods, works and consulting services will be reviewed using ex-ante methodology (to ensure that the documents and selection procedures satisfy the Bank's policies and basic principles, the relevant clauses of the Loan Contract, and the approved procurement plan). This review methodology will be periodically assessed through procurement inspection visits and performance reviews, and procurement plan activities may be amended accordingly, by agreement between the executing agency and the

Bank's Country Office in Barbados, provided the executing agency is in compliance with Bank requirements for the specific review method.

- 5.9 It is extremely important that all information, relating to procurement processes be conserved properly, in particular to be able to demonstrate the transparency and impartiality of such processes, and to have sufficient information and verifiable evidence available in the event of complaints or appeals – especially if the Bank has decided to review selection and contracting processes on an ex-post basis to determine eligibility of procurements using its funds. The information in the files should be kept for three years following the final disbursement.

1. Goods and Works

- 5.10 In cases where prequalification is used, the Borrower through the PEU shall, before prequalification submissions are invited, furnish the Bank with the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire, and the evaluation methodology, together with a description of the advertising procedures to be followed, and shall introduce such modifications in said procedure and documents, as the Bank shall reasonably request. The report evaluating the applications received by the Borrower, the list of proposed prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Bank for its comments before the applicants are notified of the Borrower's decision, and the Borrower shall make such additions to, deletions from, or modifications in the said list as the Bank shall reasonably request.
- 5.11 Before bids are invited, the Borrower through the PEU shall furnish to the Bank for its comments, draft bidding documents, including the invitation to bid; instructions to bidders, including the basis of bid evaluation and contract award; and the conditions of contract and specifications for the civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding (if prequalification has not been used), and shall make such modifications in the said documents as the Bank shall reasonably request. Any further modification shall require the Bank's approval before it is issued to the prospective bidders
- 5.12 After bids have been received and evaluated, the Borrower through the PEU shall, before a final decision on the award is made, furnish to the Bank, in sufficient time for its review, a detailed report (prepared, if the Bank shall so request, by experts acceptable to the Bank), on the evaluation and comparison of the bids received, together with the

recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award would be inconsistent with the Loan Contract and/or the Procurement Plan, promptly inform the Borrower and state the reasons for such determination. Otherwise, the Bank shall provide its “no objection” to the recommendation for contract award. The Borrower shall award the contract only after receiving the “no objection” from the Bank.

- 5.13 If the Borrower requires an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, it should seek the Bank’s prior approval for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period.
- 5.14 If after publication of the results of evaluation, the Borrower receives protests or complaints from bidders, a copy of the complaint and a copy of the Borrower’s response shall be sent to the Bank for information.
- 5.15 If as result of analysis of a protest the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for “no objection.” The Borrower shall provide a republication of the contract award in the format of paragraph 2.60 of the Bank’s Procurement Policies for the Contracting of Goods and Works.
- 5.16 The terms and conditions of a contract shall not, without the Bank’s prior approval, materially differ from those on which bids were asked or prequalification of contractors, if any, was invited.
- 5.17 One conformed copy of the contract shall be furnished to the Bank promptly after its execution and prior to delivery to the Bank of the first request for disbursement of funds from the loan contract.
- 5.18 All evaluation reports shall be accompanied by a summary of the procurement on a form to be provided by the Bank. The description and amount of the contract, together with the name and address of the successful bidder, shall be subject to release by the Bank upon receipt of the signed copy of the contract.
- 5.19 Before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change order or orders under such contract (except in cases of extreme urgency) which would in aggregate increase the original amount of the contract by more than 15 percent of the original price, the Borrower through the PEU shall seek the Bank’s “no objection” to the proposed extension, modification, or change order. If the Bank

determines that the proposal would be inconsistent with the provisions of the Loan Contract and/or Procurement Plan, it shall promptly inform the Borrower and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to the Bank for its record.

2. Consulting Services

- 5.20 Before inviting proposals, the Borrower through the PEU shall furnish to the Bank for its review and “no objection” the proposed cost estimate and RFP (including the short list). The Borrower shall make such modifications to the short list and the documents as the Bank reasonably requests. Any further modification shall require the Bank’s “no objection” before the RFP is issued to the short-listed consultants.
- 5.21 After the technical proposals have been evaluated, the Borrower through the PEU shall furnish to the Bank, in sufficient time for its review, a technical evaluation report (prepared, if the Bank shall so request, by experts acceptable to the Bank) and a copy of the proposals, if requested by the Bank. If the Bank determines that the technical evaluation is inconsistent with the provisions of the RFP, it shall promptly inform the Borrower and state the reasons for its determination; otherwise, the Bank shall issue a “no objection” to the technical evaluation. The Borrower shall also request the Bank’s “no objection” if the evaluation report recommends rejection of all proposals.
- 5.22 The Borrower may proceed with the opening of the price proposals only after receiving the Bank’s “no objection” to the technical evaluation. When price is a factor in the selection of the consultant, the Borrower may then proceed with the price evaluation in accordance with the provisions of the RFP. The Borrower shall furnish to the Bank, for its information, the final evaluation report along with its recommendation of the winning firm. The Borrower shall notify the firm that received the highest total score in the final evaluation of its intention to award the contract to the firm and shall invite the firm for negotiations.
- 5.23 If the Borrower receives complaints from consultants, a copy of the complaint and a copy of the Borrower’s response shall be sent to the Bank for information.
- 5.24 If as result of analysis of a complaint the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for “no objection.” The Borrower shall provide a republication of the contract award in the format of paragraph 2.28 of the Bank Procurement Policies for the Selection of Consultants.

- 5.25 After negotiations are completed, the Borrower through the PEU shall furnish to the Bank, in sufficient time for its review, a copy of the initialed negotiated contract. If the negotiated contract resulted in substitution of key staff or any changes in the TOR and original proposed contract, the Borrower shall highlight the changes and provide an explanation of why these changes are appropriate and necessary.
- 5.26 If the Bank determines that the final evaluation report, recommendation for award and/or negotiated contract are inconsistent with the provisions of the RFP, it shall promptly inform the Borrower and state the reasons for its determination. Otherwise, the Bank shall provide its final “no objection” to the contract award. The Borrower shall confirm the award of the contract only after receiving the “no objection” from the Bank.
- 5.27 Following contract signature, the Borrower through the PEU shall furnish to the Bank a copy of the final contract before submitting the first application for disbursement under the contract.

VI. PROJECT MONITORING AND REPORTING

A. Monitoring Responsibilities

- 6.1 As indicated in Clause 4.01 of the Annex to the Loan Contract, the PEU will be responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Project, as well as the planning, monitoring, supervision and evaluation of the Project. In this regard, the PEU will have the following responsibilities during program implementation: (a) prepare and obtain Bank approval for all bidding documents required to hire the civil work contractors and consulting firms; (b) carry out, control and register all administrative and accounting procedures needed; (c) coordinate the bidding processes according to the Bank and GOB rules; (d) monitor the rehabilitation works and construction contracts through consulting firms specifically hired to that effect; (e) maintain adequate accounting and financial controls as well as appropriate support documentation filing systems for verification by the Bank and the external auditing firm; (f) prepare and submit to the Bank disbursement requests and corresponding justification of expenses; (g) prepare and submit to the Bank semiannual reports on the revolving fund, program execution including annual updates of the Annual Plan of Operations, audited financial reports, and other financial reports as required by the Bank; (h) record and control the results of the Project through the agreed indicators; and (i) address and resolve contractor claims and address related contract adjustments. In addition, the EA will maintain separate files for the operations of the Project, and allow for financial and accounting monitoring of the Bank resources, and the local counterpart, in accordance with Bank requirements.

- 6.2 Accordingly, the PEU will submit to the Bank semiannual progress reports, indicating the achievements in each one of the components of the project and the overall execution of the Project. These results will be compared with the technical indicators established in the Results Matrix, which will be determined before, during and after the execution of the Project, and will allow the update of the Project Monitoring Report (PMR).
- 6.3 The semi-annual progress should include, at least, the following elements: (i) descriptions of the executed activities; (ii) accounts of the contractors', consultants' and the supervision firm's performances; (iii) description of the procurement processes carried out during the reported period; (iv) updated schedule of physical progress and disbursements; (v) level of compliance with the performance indicators; (vi) progress with respect to the implementation and execution of environmental audits, including timeline, results and implemented measures to comply with the Environmental and Social Management Plan; (vii) identification of risks/events that may potentially affect the future implementation of the Project; (viii) execution plan to be completed in the following two six month periods; (ix) maintenance plan for the following two six month periods; (x) a summarized project financial statement; and (xi) the estimated cash flow for the next two six month periods.
- 6.4 The Annual Operation Plan (AOP) shall contain, at least the following information for the upcoming calendar year: (i) a list of the expected outputs and activities including a schedule for their implementation, (ii) the procurement plan, and (iii) budget and disbursement projections. In addition, the AOP will include an evaluation of the achievements of the preceding year.
- 6.5 The PEU will establish and maintain an adequate integrated financial, accounting and information systems for the purpose of managing the Program in accordance with the Bank's policies and requirements. An external firm acceptable to the Bank will audit the accounts, administration and performance of the Program annually. The audit report should be submitted to the Bank no later than 120 days of after the end of each fiscal year.
- 6.6 When the disbursement of the Bank's Financing has achieved 40% or the committed funds achieved 50%, and when the disbursement of the Bank's Financing has achieved 90%, the Borrower shall submit to the Bank sufficient information to allow the Bank to carry out a mid-term and a final evaluation, respectively, to review: (a) the impacts produced by the Project execution; (b) procurement procedures and results for goods, services, consultancies and civil works; and (c) progress on the implementation of the institutional strengthening component.

B. Reporting Requirements

- 6.7 The PEU shall submit to the Bank the following reports within the periods specified in this Operations Manual and Section 5.03, Section 6.01 and Article 7.03 of the Loan Contract:
- i) Reports on the execution of the Project, within sixty (60) days following the end of each calendar Semester, or within such other period as the parties may agree, prepared in accordance with the relevant rules agreed to with the Bank.
 - ii) Such other reports as the Bank may reasonably request regarding the investment of the sums lent, the use of goods acquired with such sums, and the progress of the Project.
 - iii) Three copies of the financial statements for the entire Project as of the close of each fiscal year of the Executing Agency, and supplementary financial information relating to such statements. Such financial statements shall be submitted within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year in which the Project was initiated and during the period stipulated in the Special Conditions.
 - iv) A report on the status of the works included in the Project and equipment and an annual maintenance plan for that year, during the five (5) years following the completion of the first of the works of the Project and within the first quarter of each calendar year. The annual maintenance plan shall include: (i) details of the organization responsible for maintenance; and (ii) information pertaining to the resources to be allocated for maintenance during the current year and the amount to be allocated in the budget during the following year.
 - v) An Annual Operation Plan (AOP) at least thirty (30) days prior to the conclusion of each calendar year

Table VI-1. Reporting Schedule

Schedule	Type of Report	Responsible Agent	Submitted to
Monthly	Record of Meeting by PEU and supporting team	Admin officer PEU	Program Coordinator (PC), PEU
	Financial Statement – summaries of funds committed and disbursed by component	PC, PEU	PS-MTI, CEO-BTI
	Financial Plan	PC, PEU	PS-MTI
Bi-monthly	Progress report to Project Steering Committee (PSC)	PC, PEU	PSC
Semi-Annual	Semi-Annual Progress report: <ul style="list-style-type: none"> Physical progress Financial progress in terms of commitments, payments and 	PC, PEU	PS-MTI, CEO-BTI and IDB

	disbursements under the loan; <ul style="list-style-type: none"> • Outcomes measured against Program indicators, and • Work plan and related budgets for the next 6 months • Unaudited financial statements 		
	Procurement Plan- updated every 6 months	Procurement Specialist, PEU	PC, PEU, PS-MTI, and IDB
Annual	Annual Progress report detailing achievements in relation to planned activities, budget analysis, disbursement, work plan for the following year and financial plan	PC, PEU	PS-MTI, CEO-BTI, PSC & IDB
	Annual Operations Plan (AOP)	PC, PEU	PS-MTI, CEO-BTI, PSC & IDB
	Audited Project financial statements	Auditors	PS-MTI, CEO-BTI, PSC & IDB

VII. ADMINISTRATIVE AND FINANCIAL GUIDELINES

A. Sources of Finance

- 7.1 The total cost for the program is US\$20 million. One hundred percent (100%) of the program financing will be provided by the Inter-American Development Bank (IDB). US\$10 million from the Ordinary Capital (OC) resources of the Bank and US\$10 million from the China Co-financing Fund (CHC) for Latin America and the Caribbean, administered by the Bank.

B. Financial Management

- 7.2 The financial management of the program will be guided by international best practices in accounting; the Governments' Financial Management and Audit Act; IDB's financial management policies (namely, The Financial Management Guidelines, Disbursement Handbook, Financial Reports and Audit Handbook), and the Loan Contract.
- 7.3 The Borrower has committed to allocate, for each fiscal year of the Program implementation, adequate financial resources to guarantee the effective execution of the project.
- 7.4 Accounting and Information Systems: Program accounting will be performed mainly using the BTI's Financial Management system – ACCPAC. Accounting will be guided by the Government's Financial Management and Audit Act.

- 7.5 Should this system not be capable of adequately facilitating reporting on the project in a manner that is acceptable to the Bank, it will be supplemented with the use of software to facilitate financial management and reporting under the project. It is expected that the system will permit accounting and financial recording (classification, at a minimum, should be according to source of funding and categories of investments), budget management, and the issuance of financial and other reports relating to the use of the resources financed by the Bank.
- 7.6 Prior to the commencement of the Program, the PEU will work with MTI and the Treasury Department in the Ministry of Finance and Economic Affairs, to ensure that the budget of the project is mapped to the appropriate government chart of account codes
- 7.7 The Executing Agency and/or PEU will undertake to ensure that the project funds will be managed in an adequate internal control environment acceptable to the Bank, which provides reasonable assurance, including: i) the effective use of the project's resources; ii) reliability of financial reporting; iii) compliance with the legal agreement(s) entered into with the Bank, and applicable laws and regulations. In addition, as part of internal control, the Executing Agency and/or PEU will retain all documents and records of the project in accordance with the Bank's policies and the applicable legal agreement(s), and will allow its internal auditors (i.e., the entity that performs the internal audit function), the Bank, its consultants, and the appointed external auditors to access its staff, records and financial management systems.
- 7.8 For each fiscal year during the Program execution, BTI will be responsible for producing semi-annual unaudited financial reports for the program, annual audited financial statements and one final Audited Financial Statement at the end of the Program. Audited Financial Statements are due for submission within 120 days following the closing of each fiscal year of the PEU, and at the closing of the project.
- 7.9 At project initiation, the PEU will contract an audit firm acceptable to the Bank to audit the financial statements. The Bank's prior non-objection to the short list of firms as well as to the Terms of Reference to be used must be obtained. The firm will be selected in accordance with the IDB's procurement procedures for audit firms (Document AF-200).

C. Bank and Cash Management

1. Requirements

- 7.10 As a condition for eligibility for the first disbursement of the loan, the borrower or EA must provide in writing to the IDB, through its authorized representative, information on the accounts into which all program disbursements will be deposited. This information will be kept in the Bank's files and updated when required by the borrower or EA.

- 7.11 The project finances will be administered through a Special Account set up in the Central Bank of Barbados by the Ministry of Finance.

2. Budget Control and Transfer

- 7.12 A transfer of funds from one Category of Investment (COI) to another COI needs the approval of the Project Team Leader from the IDB. This request should be supported by a justification for the transfer.
- 7.13 Any transfer of funds from the between categories must be requested by the signatory to the Loan Contract (Minister of Finance) or by an authorized signatory within the Ministry of Finance.

D. Financial Flow

1. Financial Plan

- 7.14 The Financial Plan (FP) is an instrument generally coordinated with the AOP (which includes the Procurement Plan), allowing for the planning and monitoring of project funds flows. The FP should be prepared at the outset of the project and updated as the project is executed, reflecting the project's actual liquidity needs.
- 7.15 Further information regarding the Financial Plan including a model for the financial plan can be found in the Disbursement Guide Annex 2.

2. Disbursement Projections

- 7.16 At the end of each calendar year the Executing Agency will provide the Bank with disbursement projections for the coming year. These projections shall be determined based on the Annual Operations Plan and the Financial Plan.

3. Disbursements

- 7.17 All disbursements made under the present operation will be governed by the guidelines set forth by the IDB in the documents "IDB Disbursement Handbook". The project may use one or more disbursement methods. The disbursement methodologies are: A project may use one or more disbursement methods, depending on the liquidity needs for its execution, with a combination of methods considered acceptable and generally necessary. The available disbursement methods are:

- i) **Advances.** These are advances of funds based on the project's true liquidity needs, supported by signed commitments (contracts) or expenditures anticipated with a high level of certainty for a predetermined time period agreed upon with the EA, in order to make timely payments for eligible expenses attributable to the loans. The frequency and period of time to be covered by an advance is determined based on the programming of the project's financial execution during the design phase and is adjusted during execution, based on the risk conditions fiduciary capacity assessment. The justification of eligible expenses related to advances received should be submitted when at least 80% of the advanced amount has been used. These statements must be received and accepted by the Bank before the borrower or EA can receive another advance of funds.
- ii) **Reimbursement (to the Borrower or EA).** The Bank reimburses the EA for payments it made for eligible expenses incurred charged to the project.
- iii) **Direct Payments.** Payments made by the Bank to suppliers or contractors on behalf of the EA for eligible goods and services of foreign or local origin, for project execution. Each disbursement request for direct payments should be accompanied by the Disbursement Request form and supporting documentation acceptable to the Bank (invoice or payment document and evidence of receipt, to the satisfaction of the EA, for the work, good, or service, in accordance with the technical specifications or terms of reference included in the respective contracts or purchase orders).

4. Requests for Disbursements

- 7.18 The Executing Agency, specifically the PEU, will be responsible for the submission of all disbursement requests to the Bank. The funds will be deposited into a Special Account denominated in US Dollars, established exclusively for the Program at the Central Bank of Barbados (CBB).
- 7.19 In order to request disbursements from the IDB, the Executing Agency, specifically the PEU will present the following forms and supporting documents (see Table VII-1 above).

Table VII-1. Disbursements Methods and Supporting Documentation

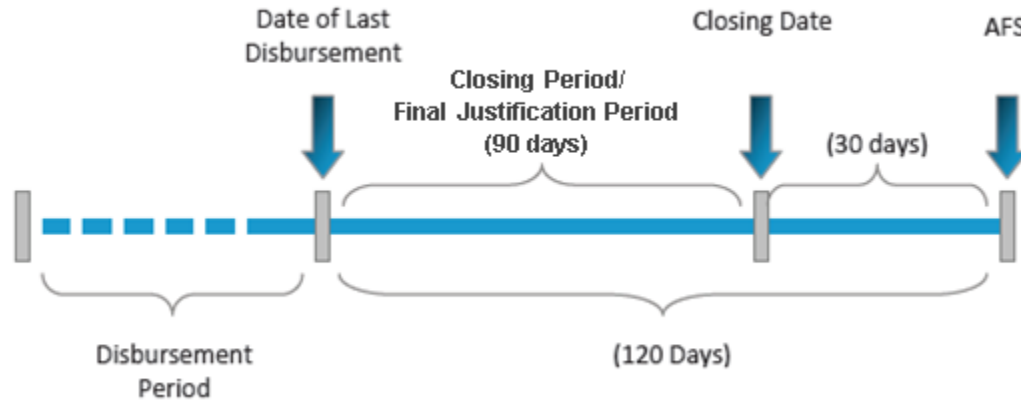
Disbursement Type		Required documentation
1.	Advance of Funds	Forms: <ul style="list-style-type: none"> 1. The Disbursement Request Form 2. Financial Plan 3. List of commitments

2. Justification of Advances	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form 3. Project Execution Status (<i>Can be generated from financial system</i>) 4. Reconciliation of Bank Resources <p>Supporting Documents:</p> <p>Documents to substantiate the payment e.g. accounting receipts, canceled invoices, receipts for fees, legible canceled checks, customs duties certificates, certificates of works, employment contracts, shipping, unloading, and storage documents, receipt reports, and any other payment support document acceptable to the Bank. The Bank may request certain original documentation</p>
3. Reimbursement of Payments Made	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form 3. Project Execution Status (<i>Can be generated from the PEUs financial system</i>) 4. Reconciliation of Bank Resources <p>Supporting Documents:</p> <p><i>Documents to substantiate the payment e.g. accounting receipts, canceled invoices, receipts for fees, legible canceled checks, customs duties certificates, certificates of works, employment contracts, shipping, unloading, and storage documents, receipt reports, and any other payment support document acceptable to the Bank. The Bank may request certain original documentation</i></p>
4. Direct Payment to Supplier	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form <p>Supporting documentation acceptable to the Bank e.g.:</p> <ul style="list-style-type: none"> ▪ <i>invoice or payment document</i> ▪ <i>evidence of receipt, of the good , or service</i> ▪ <i>correspondence from supplier with banking information</i>

5. Final Justification Period And Closing Date

- 7.20 The EA will have a term of no more than 90 days after the Date of the Last Disbursement (original or extended) to submit the final justification for the advance, to return unjustified funds, and to carry out any other activity necessary to complete the proper, timely rendering of accounts/justification of the operation.
- 7.21 The EA must submit the last advance request at least 30 days prior to the Date of Last Disbursement, with the understanding that the justification for this advance will be submitted to the Bank during the Closing Period. The Bank will not disburse resources after the Date of the Last disbursement.

- 7.22 The 30-day period, starting with the Closing Date, should be used solely for making final adjustments to the AFS and for the EA to finalize their required signature and approval procedures. It is recommended that the external auditors begin their review work in a timely manner and not wait until the Closing Period to begin their activities.



E. Accounting

1. Budgetary-Financial Execution

- 7.23 The Financial Specialist is responsible for the maintenance of adequate and original documentation in a manner that satisfies statutory provisions and facilitates the generation of timely and reliable reports required under prevailing agreements with funding agencies. This documentation will be available at all times to the auditors.

- 7.24 The financial documentation includes:

- Bank statements
- Invoices and quotations
- General ledger
- Inventory records
- Payment Memo for each invoice
- Financial statements
- Budget
- Budget modifications
- Financial plans per period
- Financial reports (including audited reports)

2. Chart of Accounts

- 7.25 The Chart of Accounts is designed to produce financial reports that are consistent with the Project Cost Tables and will allow the monitoring of the Project's actual financial execution in relation to the initial cost tables and the subsequent Annual Plans of Operation.

F. Inspection and Supervision

- 7.26 The Project's execution will be supervised by the Program Coordinator of the PEU, who may be assisted in these duties by Bank staff or consultants. The Executing Agency will be informed of the relevant contact person(s), including their respective responsibilities.
- 7.27 As part of this supervision, the Bank will conduct periodic supervision visits to Barbados and maintain a Progress Monitoring Report (PMR), the Bank's main system tool for day-to-day monitoring of projects and for tracking the project's progress toward achieving the milestones specified in the Results Framework. Supervision activities carried out by the Bank, including staff time and supervision visits, are financed by the Bank.
- 7.28 A systematic approach to self-evaluation should be established, which should include internal control mechanisms to provide on-going monitoring and feedback of Program operations.
- 7.29 Formal procedures for the protection of computer applications, documentation and equipment should be developed.

VIII. MODIFICATIONS OF THE PROGRAM OPERATIONS MANUAL (OM)

- 8.0 The MTI, on its own initiative and/or after consultation with program partners, may suggest changes to the OM in order to adapt it to new conditions or circumstances that may arise during the Program's execution, as long as they do not conflict with the Loan Contract. Suggested changes should be communicated to the Bank's staff in charge of supervising the Program and will take effect upon the Bank's formal approval. Suggested changes must also be approved by the Program Steering Committee (PSC).