

PROJECT SUMMARY

BARBADOS

INSTITUTIONAL DEVELOPMENT SECTOR FACILITY

MODERNIZATION OF THE BARBADOS NATIONAL PROCUREMENT SYSTEM (BA-L1004)

Borrower:	Government of Barbados (GOB)		
Executing Agency:	Ministry of Finance, Economic Affairs and Energy (MFEE)		
Bank Financing amount and Conditions:	IDB: (OC)	US\$	5,000,000
	Local counterpart:	US\$	950,000
	Total:	US\$	5,950,000
Terms and conditions:	Amortization Period:	20	years
	Disbursement Period:	5	years
	Grace Period:	5	years
	Interest Rate:	LIBOR	
	Credit Fee:	*	
	Inspection and Supervision:		*
	Currency:	US\$ Single Currency Facility	
Objectives:	The project’s general goal is to support the Government of Barbados in modernizing its national procurement system. Its specific goal is to improve the effectiveness of public procurement, saving time and money through competitive prices and reduced process time, while ensuring the transparency and integrity of the system.		
Description and Components:	The project includes four components: (i) strengthening the public procurement legal framework which will support the preparation of a public procurement policy, regulations, standard documentation and, eventually, new procurement legislation, based on lessons learned from the project’s implementation; (ii) improving procurement operations and marketplace, including the establishment of the Procurement Policy Unit, a normative, regulatory body, and institutional strengthening of key players in the public procurement arena especially the Central Purchasing Department, the Office of the Solicitor General, the Office of the Auditor General and the Tenders and Special Tenders Committees; (iii) strengthening procurement institutional capacity by implementing a		

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for ordinary capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six month period, the amount that would result from applying 1% to the loan amount, divided by the number of six-month periods included in the original disbursement period.

career stream in public procurement and establishing a training program for entities involved in public procurement; and (iv) modernizing and updating procurement technological infrastructure, focusing on the establishment of an e-tendering system to disseminate procurement opportunities and the results of tenders and procurement processes.

**Special
Contractual
Conditions:**

Prior to first disbursement: (i) the Project Steering Committee (PSC) has been established; (ii) the Project Coordinator appointed; (iii) the Annual Operating Plan and the Procurement Plan have been updated and presented for the Bank's non-objection; and (iv) the Project Operating Manual has entered in effect

Retroactive financing and recognition of local counterpart will be permitted for up to the equivalent of US\$500,000 for expenses incurred related to the project's implementation. These expenses will be approved provided that: (i) they were incurred after January 1, 2008; (ii) any activities are aligned with the project components; and (iii) the procurement is consistent with the Bank's procurement policies.

**Relationship to
Bank strategy:**

The focus of the Country Strategy (CS) is on addressing institutional and capacity weaknesses that inhibit the efficient and competitive functioning of the public and private sectors. Consequently, it proposes a project that concentrates on targeted operations and facilities aimed at addressing such weaknesses through interventions in areas such as customs and tax administration, standards, strengthening of statistical services and modernization of public procurement. As the Bank has worked in procurement modernization internally, with other multilateral organizations (harmonization) and through regional and country specific programs, it brings a rich experience to the design and implementation of projects in this area.

**Coordination with
Other multilateral
Development
Institutions:**

The project takes into account previous joint efforts by CARICOM and the Bank and current efforts by CARICOM to move toward a harmonized regional procurement system in the CARICOM Single Market and Economy (CSME). No other donor is currently involved in this field.

**Environmental/
Social
classification:**

It is not anticipated that the activities to be financed will have negative direct social or environmental effects; however, the development of the legal and procedural framework will comprise efforts towards the adoption of environmentally responsible procurement practices. Based on the aforementioned, and according to the ESR Safeguard Screening form, the operation has been classified as "C".

Potential Benefits:

The main benefits of this project through the implementation of best international practices in public procurement will be maximization in the use of public resources and promotion of greater agility and transparency in their utilization. Beneficiaries will include government ministries, departments and statutory bodies as well as suppliers to the public sector and the Barbadian population, in general.

Potential Risks:	Risks include: (i) resistance to change by key actors in the public procurement system; (ii) stakeholders not adapting to the use of a new procurement framework and systems and not having access to the necessary hardware, software, and connectivity; (iii) difficulties in coordination among the different stakeholders in the project, assuring their participation; (iv) Procurement Policy Unit (PPU) not given the necessary authority, viewed as an additional bottleneck in the public procurement process; (v) baseline, monitoring and evaluation systems not put in place, producing difficulties in demonstrating results; and (vi) insufficient commitment to take necessary steps toward e-government, including systemization of procurement (e-tendering).
Poverty-targeting and social sector classification:	This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation does not qualify as a poverty-targeted investment (PTI), although the project may contribute to improvements in the efficiency of public sector spending which might especially benefit low income citizens.
Procurement plan and timeframe, threshold amounts for ICB:	<p>Goods. The procurement of goods and related services different from consulting services will be carried out pursuant to the provisions set forth in document GN-2349-7, Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank. International Competitive Bidding (ICB) will be compulsory for procurement of goods for more than US\$150,000. National Competitive Bidding (NCB) may be used for goods whose cost is equal to or more than US\$50,000 and less than US\$150,000. The shopping procedure will be used for goods which cost less than US\$50,000.</p> <p>Consultants. The selection and contracting of consulting services will be carried out pursuant to the provisions set forth in Document GN-2350-7, Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank. The Executing Agency will be able to use the methods of selection set forth in Section II and in paragraphs 3.2 to 3.8 of Section III of Document GN-2350-7. For purposes of paragraph 2.7 of Document GN-2350-7, the short list of consultants for contracts estimated to be below the equivalent of US\$200,000 can be composed in its entirety by national consultants if a sufficient number of local consultants are available to make up a short list.</p> <p>Based on the result of the institutional analysis, project procurement and contracting will be subject at least during the first year of implementation to ex-ante review by the Bank. Based on an assessment by the Bank of the experience with project management by the Special Project Unit (SPU) on behalf of the MFEE during the first year, the Bank will determine whether to continue with ex-ante review or apply ex-post reviews to certain types of contracting.</p>

Key performance indicators and monitoring benchmarks:

The following key indicators will be used to measure the achievement of project outputs and outcomes. See the project's Results Matrix for details on baselines, intermediate and end of project targets, means of verification and assumptions.

Outcomes: (i) Average number of bidders for public procurement is increased; (ii) public bid opportunities above US\$100,000 threshold as well as results of tenders/procurement processes are announced electronically through the e-tendering system; (iii) the average unit price of a selected index of goods, works and services procured decreases; (iv) public procurement in Barbados aligned with international procurement best practices, as applicable, while taking into account developments within the CARICOM Single Market and Economy (CSME) and; (v) users (public procurement entities and suppliers) of the public procurement system assign it a satisfactory or higher rating in terms of efficiency, transparency and ease of use.

Outputs: (i) Public procurement entities using standard bidding documents and uniform contracts; (ii) procurement awards achieved within bid validity period; (iii) contracts prepared and signed within 60 days after award announcement; and (iv) strategic plan for training procurement personnel is developed and made operational.

Reporting arrangements jointly with Bank and executing agency:

The system for monitoring and evaluation will include: (i) review of technical and financial reports; (ii) annual project review meetings; and (iii) independent mid-term and final evaluations.