

**CARIBBEAN REGIONAL STRATEGY ON FREIGHT LOGISTICS
AND TRADE FACILITATION**

RG-T1458

CERTIFICATION

I hereby certify that this operation was approved for financing under the Aid for Trade Strategic Thematic Fund (AFT) through an e-mail from GCM Single Window dated November 17, 2010. Also, I certify that resources from the Aid for Trade Strategic Thematic Fund (AFT) are available for up to US\$850,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of 12 (twelve) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in U.S. dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this KCP operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

(original signed)

Marguerite S. Berger
Chief

Grants and Co-financing Management Unit
VPC/GCM

Dec. 1, 2010

Date

APPROVAL

(original signed)

Antoni Estevadeordal
Sector Manager
Integration and Trade Sector
INT/INT

Dec. 6, 2010

Date



Knowledge and Capacity Building Products (KCP) Proposal

Outreach & Dissemination

I. General Information

KCP Title:

Caribbean Regional Strategy on Freight Logistics and Trade Facilitation

OPUS Number:

RG-T1458

Date of Proposal:

10/25/2010

Linked to project:**Team Leader / Unit:**

LUCENTI, KRISTA - INT/INT

Peer Reviewer 1:

LOPEZ CORDOVA, JOSE ERNESTO

Peer Reviewer 2:

MOREIRA, MAURICIO MESQUITA

Joint Proposal:

INE/TSP

Proposed amount, without counterpart in USD equivalent (enter whole number only): USD 850,000

Must match total of budget table on section VI, and of OPUS

Proposed amount including counterpart (if applicable) in USD equivalent:

USD 850,000

Proposed Fund:

Aid for Trade

Unit of Technical Responsibility:

INT

Unit of Disbursement Responsibility:

INT

Execution:

Bank

Letters of Request available (or equivalent)

No

Doc# (IDBdocs):**Non-objection available:**

Yes

Doc# (IDBdocs):

35336975

Execution period: 18 months

Disbursement period: 24 months

Required Start Date: 1/1/2011

Please provide justification why the Bank is the Executing Agency:

The ability of the CARICOM Secretariat to implement is limited, given its current resources. Existing INT regional projects are not disbursing well under CARICOM execution. In addition, the Bank is executing a similar exercise in Mesoamerica (RG-T1660) thus it is more efficient for the Bank to execute both and benefit from positive externalities.

Beneficiary Countries:

JAMAICA, BARBADOS, BAHAMAS, BELIZE, DOMINICAN REPUBLIC, GUYANA, HAITI, TRINIDAD AND TOBAGO, SURINAME

Beneficiary entity: Ministries of Trade, Transport, Customs; Private Sector

Sector: TRADE

II. KCP Type

Origination

Originated in client: KCP is the result of clients' demands.

The client may require to address a current public discussion, an advice to draft a law or a regulation, support for policy analysis and formulation, a capacity improvement for the execution of a recently approved program, an analysis of a public policy or private sector problem, or generate consensus around a specific issue.

Scope

Forward-looking purpose:

Demand for this KCP serves a longer-term, forward-looking purpose that may require the accumulation of new knowledge and experience. These products usually require a longer deployment time.

III. Alignment of the KCP proposal with IDB's Institutional Priorities (GCI9).

4. Competitive Regional and Global International Integration Trade and Integration

3.1 Explain how the knowledge disseminated with this KCP will be used (policy advice, operations, as input for programming and strategy documents, input for other KCPs):

1. Knowledge development: This KCP will leverage and help to refine existing tools and methodologies developed in the context of the Freight Logistics and Trade Facilitation (FLTF) Action Plan (RG-K1011) and RG-T1660 (Analysis of Freight Logistics and Trade in Mesoamerica) to ensure comparability and consistency. Specifically, the findings will serve as an input for the Bank's overall FLTF strategy, and guide the Bank's current efforts to implement Aid-for-Trade (Aft) in Latin America and the Caribbean (LAC).

2. Analytical work as inputs for existing operations and strategy documents: The intensive data collection and mapping of current/potential regional production and processing chains of strategic commodities will enhance previous studies on regional value chains in the Caribbean (RG-T1242), as well as complement current Bank trade facilitation, transport and customs operations in the region (RG-T1766, BH-L1016, BA-L1007) and in LAC more broadly (RG-T1512, RG-T1645, RG-T1325, RG-T1082, RG-T1660). In addition, the results will also serve as an input to the Bank's climate change strategy (IDB Sustainable Transport and Climate Change RG-K1145) - a strategic pillar of the Bank - with particular emphasis on sustainable transport.

3. Policy Guidance: The convergence of the freight logistics and the trade agendas provides an unparalleled opportunity for the Bank to address another two strategic pillars highlighted in the General Capital Increase: regional integration and trade and competitive infrastructure. Aid-for-Trade can help countries identify supply-side constraints while providing the tools for identifying challenges and addressing government and/or donor support for remedial actions. Clarifying needs and priorities will improve access and delivery of resources and ensure ownership and buy-in from recipient countries. The knowledge developed in this KCP will enable Caribbean countries to devise a strategic agenda to increase donor support through Aft, and design/implement programs and public policies that promote regional value chains, deepen regional integration, and increase the overall competitiveness of the region.

IV. OBJECTIVES, EXPECTED RESULTS AND ACTIVITIES (Maximum 4 pages)

4.1 Describe the dissemination gap that this KCP intends to close:

The dissemination and knowledge gap that this KCP intends to close is the lack of factual information and evidence-based analysis of the main FLTF challenges and opportunities in the Caribbean. The absence or dispersion of information severely affects strategic planning and with it, the formulation of public policies. As a result, policy dialogue is weak given the lack of a comprehensive supply chain vision and a clear understanding of the value that better transport and trade infrastructure and services can have on productivity and competitiveness. Strengthening the institutional framework pivots on the availability of data and information management protocols available. Sound assistance and advice is strongly dependent on the development of metrics and indicators to demonstrate the evolution of transport and trade investment and logistics performance. The absence of available reliable data creates challenges for governments to prioritize actions and to formulate result-based budget allocation. This KCP will undertake a serious and comprehensive national data collection exercise, map current/potential regional production and processing chains of strategic commodities, and ways to link local producers to those production networks. The strategy itself will also follow the approach taken in the Aid-for-Trade Strategies, by creating an action matrix for policy and other type of actions, donor interventions, private sector initiatives, etc. in order to improve the region's logistics performance and ensuring a better matching of supply and demand of Aid-for-Trade.

4.2 Describe lessons learned from previous similar KCP:

One of the main purposes of a previous joint INT/TSP KCP (RG-K1011) is to prepare the Bank's draft action plan on FLTF. Key lessons learned from this KCP which will be used in specifying this KCP are: 1) That data collection at the national level is critical

to understanding the FLTF challenges; 2) That a mapping of actors involved in FLTF at the national level will help identify potential partners for the Bank; and 3) That country ownership is key to implementation.

4.3 State the KCP objectives:

The general objective of this KCP is to increase knowledge of FLTF issues in the region in order to provide a richer base for developing public policies. The specific objectives are: 1) Promoting consensus on FLTF policy and investment recommendations through country ownership and in turn, strengthening channels of dialogue and coordination between the government and the private sector; 2) increasing available national and regional data on freight logistics and trade regulations including the identification of the principal flow of goods, performance and challenges present in logistics, trade facilitation and customs; 3) facilitating and improving transport and logistics services, modernization of private operators, and improved regional connectivity; and 4) developing a cohesive and consistent strategy for improving the quality of trade infrastructure and logistics services.

4.4 State the KCP expected results:

The expected results of this activity are:

- 1) Increased ownership, engagement, and accountability from Caribbean Stakeholders through the development of a dedicated FLTF Steering Committee and the virtual mechanism;
- 2) Disaggregated and hard data on the economic gains of FLTF activities including: increased competitiveness, productivity, and efficiency; reduction in transport costs; and increased freight security. This includes developing a database, indicators, analyses, and methodologies in the area of FLTF, consistent with similar activities undertaken in Central America;
- 3) Better matching between the demand and supply of Aid-for-Trade and a clear articulation of projects and activities in the area of FLTF (Action Matrix). Articulated through a Regional Strategy and Action Plan on FLTF for the Caribbean and national recommendations;
- 4) Better regional integration through better dissemination efforts and improvements to cooperation between countries and stakeholders (workshops, presentation). This will improve the capacity of public and private actors to design and implement programs and public policies that encourage participation in regional value chains and promote regional integration efforts.

4.5 Provide a description of the main outputs and related activities expected to be carried out:

Component 1a, FLTF Steering Committee: The Committee will be comprised of key decision-makers in the region and will meet twice during the period of execution. Minutes of each meeting will be circulated. The purpose is to ensure engagement, and accountability for the activities to be carried out. The Steering Committee shall be chosen by the Bank, in consultation with the CARICOM Secretariat. The selection criteria will be based on the following: IDB, Regional bodies (CARICOM, OECS) + 4 representatives of national Trade Ministries, based on the volume of trade at ports. Functions of the external members include acting as a liaison between national stakeholders and the Bank and representing their interests in the Committee; facilitating the execution of the project; supporting monitoring and evaluation efforts at the national and regional level; and promoting the project at the highest political levels.

Component 1b, FLTF Virtual Mechanism: The Steering Committee will share information virtually (supported by the Bank) through the use of group emails, google docs, and discussion boards.

Component 2, Database and Information System. This component will review of existing reports and background information at the country level, creating a methodology for data collection at the national and regional level, identifying the main data gaps and implementing an online information repository (file and data storage system). Develop a system of regional metrics and analytics indicators on logistics performance, trade flows and related trade facilitation measures.

Component 3, Country Assessments (10 Technical Notes):

Analysis of National FLTF Measures in the Caribbean (OECS + Bahamas, Suriname, Haiti, Jamaica, T&T, Barbados, Guyana, Belize, and the Dominican Republic). Implementing the methodology for data collection developed in this project (Component 2) and using consistent methodologies (developed in the context of RG-K1011 and RG-T1660) including: collection of data on

freight flows, regulations, costs, times, etc.; identification of national stakeholders, and collection of studies and reports available. Diagnosis and analysis of domestic FLTF performance at the country level, identifying the main issues in each country using a SWOT-type approach and applying matching and converting tools for dealing with country level issues. Will include an analysis of port-city logistics. This component will also consider the findings of the WTO trade facilitation needs assessments that have already been conducted by most countries in the Caribbean, and thus help in negotiating the WTO trade facilitation agreement. These assessments will include remedial actions, both at the project and the policy level.

Component 4, Regional Assessment (1 Technical Note): Analysis of Regional FLTF Measures. Collection of same information at the regional level using the methodology for data collection developed in this project, and designing a mechanism for feeding this into regional databases. Use of regional metrics and analytics indicators on logistics performance. Identification, diagnosis and analysis of the main trade corridors and supply-chains in the region, evaluating logistics performance using a software/system that allows the recognition of bottlenecks and measures to improve transport and transit times, variability, costs and reliability of services. This assessment will include remedial actions, both at the project and policy level.

Component 5, Regional Strategy and Action Plan (Policy Note): Integrated analysis of the Caribbean's FLTF measures using a regional perspective, reviewing the status of the main supply chains, corridors, and logistics networks and incorporating results from stakeholder interviews and data analytics. Development of a medium- and long-term strategy, definition of strategic pillars and presentation of a regional action plan, identifying activities and instruments for each country, as well as broad funding requirements for these activities. Proposal for implementation at the country and regional level of reforms required to improve freight logistics networks and trade corridors and subsequent action plans, and desirable monitoring and evaluation mechanism.

Component 6, Workshops: Three workshops will be held. Two for the Steering Committee in July and November and one for all stakeholders in January 2012.

4.6 Describe the dissemination plan of expected outputs / results with a timeline for key activities, person/institution responsible for implementation:

National and regional ownership and engagement is a critical component and necessary condition for this project. In order to ensure commitment and participation in the process and promote the dissemination of the projects' activities among key stakeholders, the Bank will create a Regional Steering Committee charged with representing the views of the region and work closely with the Bank to ensure that the priorities are defined and validated and build consensus for implementation of the recommendations arising from the analytical component of this KCP. Membership to the Steering Committee will be limited and resources will be provided to host 2 consensus-building events. In addition, in order to create a forum for discussion on FLTF, a basic virtual mechanism (google docs, discussion board) will be created for interested and relevant national and regional stakeholders (eg. National Trade Facilitation and Logistics Committees).

The proposed strategy will leverage work done in the context of RG-K1011 and RG-T1660 and also serve as an input to the Caribbean Regional Strategy, thus dissemination will be done partly in the context of that activity and will be region-wide. In addition, the results of this activity will be promoted within the context of this KCP, both in the region and within the Bank, creating best practices and complementing the work being done on FLTF in Mesoamerica. Finally, the Bank will leverage its local presence to support local dissemination efforts.

Timeline for dissemination:

- 1 Regional FLTF Steering Committee (March 2011)
- 1 Regional FLTF Virtual mechanism (March 2011)
- 1 Database (Sep 2011)
- 1 Set of indicators (Sep 2011)
- 10 National Technical Notes (Nov 2011)
- 2 Workshops (July/Nov 2011)
- 2 Minutes from workshops (Aug/Dec 2011)
- 2 Post-event surveys (Aug/Dec 2011)
- 1 Regional Technical Note (Nov 2011)
- 1 Policy Note (Jan 2012)
- 1 Workshop (Jan 2012)

1 Presentation (Jan 2012)
1 Minutes (Feb 2012)
1 Post-event survey (Feb 2012)

The Bank's Trade and Integration Sector will be responsible for the dissemination activities outlined herein.

4.7 Identify the main audience or expected users of knowledge generated or disseminated by this KCP

The main audience and expected users of the knowledge generated by this KCP are government officials (Ministries of Trade and Transport, Agriculture, Health, Customs), regional mechanisms, private firms, the Bank and other international organizations, and the general public.

V. KCPs RESULTS FRAMEWORK. Main Outcomes and Outputs.

5.1 Results Matrix:

Please, in the first column fill in each outcome indicator with the relevant outputs. You can use the table of indicators here attached.

Results Matrix									
	Unit	Baseline		Year 1		Year 2		Expected Completion Date	Data Source
		Value	Year	Planned	Actual	Planned	Actual		
Increased ownership, engagement, and accountability from Caribbean Stakeholders (indicator: #participation rate of stakeholders in related events)		0	2011	5		5		1/31/2012	newspaper articles, official statements
• # of technical meetings of the FLTF Steering Committee		0	2011	2		1		1/31/2012	agendas
• # of minutes from technical meetings		0	2011	2		1		1/31/2012	minutes
• # of FLTF Virtual Mechanisms		0	2011	1				3/31/2011	googledocs, discussion boards, email network
Increased availability of disaggregated and hard data on the economic gains of FLTF activities (indicator: # of times knowledge produced has been used as input for programming, strategy documents, policy design, and implementation)		0	2011	1		5		1/31/2012	development agencies, donors, country strategies
• # of Logistics and Trade Costs Database and Information Systems		0	2011	1				9/30/2011	database
• # of FLTF performance indicators		0	2011	5				9/30/2011	indicators
• # of country assessments on logistics and trade facilitation costs (technical notes)		0	2011	10				11/30/2011	INT publications
• # of regional assessments on logistics and trade facilitation costs (technical note)		0	2011	1				11/30/2011	INT publications
Better matching between the demand and supply of Aid-for-Trade (# times countries report in WTO		0	2011	0		1		1/31/2012	WTO Questionnaires

monitoring exercise)									
• # of Regional Strategy and Action Plans on FLTF (Action Matrix)		0	2011	0		1		1/31/2012	INT publications
Better regional integration through dissemination and cooperation (# of times knowledge is used in regional activities)		0	2011	0		2		2/29/2012	INT website
• # of workshops		0	2011	2		1		2/29/2012	agendas, minutes
• # of post-event surveys		0	2011	2		1		4/01/2012	IDBdocs
• # of minutes from consultative workshops and regional conference		0	2011	2		1		4/01/2012	IDBdocs

Note: Please note that this outcome and output indicators will be the input for the PMR and will be monitored in the Quarterly Business Review.

VI. BUDGET (*):

6.1 Budget should be presented by outputs or groups of outputs (for example: three publications, three conferences, seminars or workshops; one database; one survey; two training courses), and the relevant activities. Total available funds from counterpart sources should be reported. Use whole numbers only.

Costs	Project Cost – IDB Financing					Counter- part Resources	Other Financing
	Year 1			Year 2	Total request		
	Consult.	Travel (consultants only)	Other				
1 Database & Information System	50,000	0	0	0	50,000	0	0
• Database & Information System	50,000				50,000		
11 Technical Notes	430,000	120,000	20,000	0	570,000	0	0
• 10 Country Reports (9 + OECS)	300,000	70,000	20,000		390,000		
• 1 Regional Report/Indicators	130,000	50,000			180,000		
1 Policy Note (Regional Strategy)	20,000	0	0	20,000	40,000	0	0
• 1 Regional FLTF Action Plan	20,000				20,000		
• Dissemination of Strategy				20,000	20,000		
3 Workshops	0	20,000	10,000	40,000	70,000	0	0
• July 2010 Workshop	0	10,000	5,000		15,000		

• November 2010 Workshop		10,000	5,000		15,000		
• January 2012 Workshop				40,000	40,000		
Project Coordination	60,000	15,000	0	0	75,000	0	0
• Project Coordinator/Facilitator	60,000	15,000			75,000		
Contingencies	0	0	30,000	0	30,000	0	0
• Contingencies			30,000		30,000		
Sub-total	560,000	155,000	60,000	60,000	835,000	0	0
	Monitoring and evaluation				15,000		
Total	560,000	155,000	60,000	60,000	850,000	0	0

Approximate value of in-kind counterpart 0 0

(*) More details may be required by donors (e.g. consultant cost per day);

6.2 Describe the source and type of counterpart resources

There are no counterpart resources available.

6.3 Types of Consultants: Firms or individuals and main activities/outputs:

Type: Individual or Firm (if available)	Nationality (if available)	Estimated Cost	Main Activities / Outputs
Firm	Not identified	620,000	Database, 11 Technical Notes (National + Regional)
Individual	Not identified	60,000	Project coordination

VII. Bank costs:

For the Bank's internal purposes, please provide information in Bank costs associated with the execution of this KCP:

7.1 Bank staff participation in KCP:

Staff Name	Bank Unit	FTEs
LUCENTI, KRISTA	INT/INT	0.1
MARQUEZ FARINA, MANUEL	INT/INT	0.05
GUERRERO, PABLO	INE/TSP	0.08
CASSAR, LESLEY N.	INT/INT	0.05
ROBERT, CAROLYN	INT/INT	0.05
SEMINARIO, CECILIA	INT/INT	0.08
FIORAVANTI, REINALDO	INE/TSP	0.05
ROSINA DE SOUZA,	LEG/SGO	0.03

7.2 Proposed administrative budget estimation required for the execution stages by year of execution (specify consulting, travel and other expenses)

Type	Year 1	Subsequent Years	Total
Consultants	40,000	20,000	60,000
Travel	30,000	0	30,000
Other	0	0	0
Total	70,000	20,000	90,000

VIII. Risks:

Fill-out the KCP's Environmental Screening and Classification using this link to the [Environmental Screening and Classification Toolkit](#). Then save it in IDBDOCS and record its number in the box below (*):

35435718

8.1 Implementation Risks:

The risks associated are related to lack of a consistent methodology. The mitigation plan for this case is to leverage proven methodologies from the literature; the Bank has signed an MOU with the Supply Chain and Logistics Institute of Georgia Tech and is currently working in signing another MOU with the MIT Centre for Transport and Logistics, this well regarded world-class institutes will also enable Bank staff to better design and address complex methodologies and metrics development. In addition, it will benefit from the Bank's previous work in other LAC countries (e.g. Mesoamerica)

The overall risks on data availability at the country level are mitigated also by the fact that the proposal will build on previous and ongoing efforts the Bank is currently involved in.

Lack of ownership or engagement from relevant stakeholders will be mitigated by the creation of the FLTF Steering Committee and through the virtual mechanism, ensuring information-sharing and consensus-building during the execution of the project.

Political consensus for implementation of the results of the analysis will also be mitigated by the ownership fostered through national and regional bodies (Steering Committee) with the Bank.

8.2 Please identify key environmental and social risks and impacts, and the strategy to address them:
There are no foreseen environmental and/or social risks associated with this operation.

IX. Coordination with other MDBs

9.1 Summarize collaboration or coordination with other MDBs, donors and other strategic partners (if any):
The IDB will coordinate with regional institutions in the Caribbean including CARICOM, OTN, Caribbean Export Development Agency. It will also coordinate with other institutions including Georgia Tech University, MIT, and the Caribbean Regional Shipping Association.

X. Monitoring and evaluation plan.

Fill-out the KCP's Development Effectiveness Matrix (DEM) using this link to the [OD DEM template](#). Then save it in IDBDOCS and record its number (*): 35397267

10.1 Summarize the basic elements of the Monitoring and Evaluation plan, including key activities and associated budget:

M&E will be conducted by Bank staff involved on the project, and will include the following activities:

Develop integrated timeline with details of main deliverables and milestones. (According to table V)

Monitor activities accomplished against main milestones.

Checking resources and adjusting deliverables when required. For the monitoring activities, the following regular meeting will be conducted:

Bi-weekly meetings between Bank staff, project managers and consultants

Monitor expenditures and budget accordingly to guarantee alignment between planning and execution

Monitor risks and apply mitigation plan when required (as described above)

Monitoring will also be done at the local level as part of the responsibilities of the FLTF Steering Committee to guarantee ownership, participation, and engagement.

In order to measure quality at completion, the Bank will:

- Undertake a post-event survey for all 3 workshops to assess the reach, influence, usefulness, and quality.
- Work with the Steering Committee to identify demonstration effects from this project at the local and regional level.
- This information will feed into the evaluation done upon completion.

10.2 Exceptions to Bank policies:

N/A

10.3 Contractual Clauses:

N/A

Terms of Reference Doc# (IDBDocs): 35464607

35464614

(*) All documents saved in IDBDocs must have read permissions granted to the group DOCS Users