

BARBADOS

BARBADOS COMPETITIVENESS PROGRAM

(BA-L1007)

LOAN PROPOSAL

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CONTENT

PROJECT SUMMARY

I. DESCRIPTION AND RESULTS MONITORING.....	1
A. Background, Problem Addressed, Justification.....	1
1. Competitiveness and Productive Development Policies (PDP)	1
2. Recent economic developments	2
B. Objective, Components and Cost	2
1. Component 1: Ensuring a coherent framework for business development: incentives and regulations (US\$1,150,000).....	4
2. Component 2: Ensuring a coherent BDS architecture for business development (US\$1,180,000).....	5
3. Component 3: Improving trade logistics and trade facilitation and enhancing access to infrastructure (US\$5,870,000).....	6
4. Component 4. Strengthening Public-Private Dialogue (PPD) on competitiveness (US\$830,000).	10
C. Key Results Indicators.....	11
II..... FINANCING STRUCTURE AND MAIN RISKS	12
A. Cost and Financing	12
B. Environmental and Social Safeguard Risks.....	12
C. Fiduciary Risk.....	12
D. Other Key Issues and Risks	13
III. ... PROGRAM EXECUTION	13
A. Summary of Implementation Arrangements	13
B. Summary of Arrangements for Monitoring Results	14

ANNEXES	
ANNEX I	DEM Summary
ANNEX II	Results Framework
ANNEX III	Summary Procurement Table

ELECTRONIC LINKS	
REQUIRED	
1. POA & PEP	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211025
2. Monitoring & Evaluation Arrangements	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211027
3. Procurement Plan	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211029
OPTIONAL	
1. Detailed Budget	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2242224
2. Detailed Project Implementation Arrangements	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211031
3. Financial Analysis Questionnaire	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211032
4. Environmental and Social Safeguard Strategy	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211033
5. Institutional Evaluation of the Executing Agency (CESI)	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211034
6. Procurement Capacity Assessment Summary	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211035
7. Terms of Reference (TORs)	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2211036
8. Preparatory work	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?Docnum=2011714

ABBREVIATIONS

ABC	Adams, Barrow, Cummins Highway
ASYCUDA	Automated System for Customs Data
BCP	Barbados Competitiveness Program
BDS	Business Development Services
BIDC	Barbados Investment & Development Corporation
BNSI	Barbados National Standards Institution
BPI	Barbados Port Inc.
BSS	Barbados Statistical Service
CARTAC	Caribbean Regional Technical Assistance Centre
CBA	Country Office Barbados
CED	Customs and Excise Department
CEF	Cargo Examination Facility
CGE	Competitive General Equilibrium model
CIDA	Canadian International Development Agency
CMF	Capital Markets and Financial Institutions Division
DPD	Data Processing Department
EDUTECH	Education Sector Enhancement Program (IDB/GoBA)
EGFL	Enterprise Growth Fund Limited
ESMR	Environmental and Social Management Report
ESR	Environmental and Social Review
ESS	Environmental and Social Strategy
ESW	Electronic Single Window
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GoBA	Government of Barbados
ICF	Institutional Capacity and Finance Sector
IDB	Inter-American Development Bank
IMF	International Monetary Fund
I-O	Input – Output
IT	Information Technology
METIC	Ministry of Economic Affairs and Empowerment, Innovation, Trade, Industry and Commerce
MIS	Management Information System
NCS	National Competitiveness Strategy
PCU	Project Coordination Unit (to manage BCP execution)
PDP	Productive Development Policies
POD	Proposal for Operation Development
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PS	Permanent Secretary
PSC	Program Steering Committee (to oversee BCP execution)
PTI	Poverty Targeted Investments
SEQ	Social Equity Enhancing
SME	Small and Medium Size Enterprises

SP	“Social Partnership”
SSF	Safeguard and Screening Form for Screening and Classification of Projects
SUT	Supply and Use Table
TC	Technical Cooperation
TCDPO	Town and Country Development Planning Office
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WCO	World Customs Organization
WEF	World Economic Forum

PROJECT SUMMARY
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Financial Terms and Conditions			
Borrower: Government of Barbados (GoBA).		Amortization Period:	25 years
Executing Agency: Ministry of Economic Affairs and Empowerment, Innovation, Trade, Industry and Commerce.		Grace Period:	4 years
		Disbursement Period:	4 years
Source	Amount	Credit Fee:	*
IDB (OC)	US\$10,000,000	Supervision and	
IDB (FSO)	-	Inspection Fee:	
Other/Cofinancing	-		
Local	US\$1,800,000	Interest Rate:	LIBOR based
Total	US\$11,800,000	Currency:	Single Currency Facility in US\$.
Project at a Glance			
Project Objective/Description: <p>The objective of the Program is to increase the competitiveness of Barbados by supporting initiatives to: (i) rationalize the incentive system and regulations to ensure a coherent framework to support business development; (ii) rationalize the institutional architecture of Business Development Services (BDS) and introduce a framework for clustering initiatives; (iii) improve logistics and trade facilitation, lowering the cost of the movement of goods and people, and enhance access to infrastructure through Public-Private Partnerships (PPPs), among other modalities; and (iv) strengthen Public-Private Dialogue (PPD) to develop and implement a medium-term competitiveness strategy.</p>			
<p>Special contractual clauses: The borrower will meet the following four conditions prior to first disbursement (see ¶3.5):</p> <ol style="list-style-type: none"> 1. The Program Coordination Unit (PCU) has been established and four core staff have been employed. 2. The Program Steering Committee (PSC) and the Program Technical Committee (PTC) have been established and terms of reference for each committee have been approved. 3. The PSC has approved the Program Operations Manual. 4. The PSC has approved the first Annual Operating Plan. 			
Exceptions to Bank policies: <p>None.</p>			
Project qualifies for: SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>			

(*) 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 provision 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.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, Problem Addressed, Justification

- 1.1 Private sector development in Barbados takes place in the context of its special circumstances of being a small, open island economy facing new challenges deriving from the regional integration process, eroding trade preferences, increasing global trade liberalization, and a fragile macroeconomic stability, all of which have directly contributed to modest growth, which recently has trended downward due to the global economic recession.¹ Limited export diversification, and more recently a weaker external environment, reduction in tourist arrivals, and other direct and indirect impacts of the current global financial crisis are pressuring the country to review, evaluate and reform the set of policies, instruments and institutions it has in place to support the productive sectors of the economy, as well as to solve a set of business climate constraints that currently limit investments and trade.

1. Competitiveness and Productive Development Policies (PDP)²

- 1.2 Although Barbados ranks 44th (out of 131 countries) in the World Economic Forum's latest Global Competitiveness Index (GCI), it ranks considerably lower with regard to goods market efficiency (72nd), market size (126th), and business sophistication (58th),³ denoting that the country still faces many important competitive disadvantages. To support the productive sectors of the economy (goods and services), GoBA has in place a large set of financial and non-financial incentives and instruments to promote production, exports and investments, and many institutions that provide business development services and financing.
- 1.3 Given the fiscal constraints, conservative fiscal management is a priority because another significant deterioration in the budget figures could have strong repercussions throughout the economy. The GoBA has expressed the need to develop a more coherent and effective set of Productive Development Policies (PDPs) as well as to improve the business climate by improving trade logistics, trade facilitation and enhancing access to infrastructure.
- 1.4 Building on prior sector analysis, the project team undertook additional diagnostic work and identified several impediments to competitiveness in Barbados as follows: lack of sophisticated mechanisms to support economic analysis and policy reform regarding taxes and incentives; bureaucratic requirements that delay and discourage private investment; multiplicity of, and poorly coordinated financial and non-financial Business Development Services (BDS); inadequate framework for promoting inter-firm cooperation; inefficient trade logistics and

¹ Over the last three decades, real GDP growth rates have been a modest 2%, (IMF Article IV, 2008).

² Productive development policies can be broadly defined as policies that aim to strengthen the productive structure of a particular national economy. Alberto Melo and Andrés Rodríguez-Clare, "Productive Development Policies And Supporting Institutions In Latin America And The Caribbean", IDB, 2006.

³ World Economic Forum "Global Competitiveness Report 2009-2010" (WEF/GCR).

trade facilitation processes that raise production costs, making exports uncompetitive and domestic products expensive⁴; lack of a coherent up-to-date National Transport Policy and Master Plan; lack of a Public Private Partnership framework for developing, financing and tendering infrastructure projects; and existence of a strong public-private dialogue mechanism (the “Social Partnership”) that could be more focused on competitiveness and private sector development issues.

2. Recent economic developments

- 1.5 Despite significant progress in recent decades, Barbados faces vulnerabilities that threaten the gains made. While the recent international financial crisis has not affected Barbados directly, due to a conservatively managed domestic banking system, the indirect effects of the ensuing worldwide recession are having major impact. The country’s small, open, export-driven economy is heavily dependent on one industry, tourism, that accounts for over half of exports. In 2009, arrivals have declined by 8.5% (y/y) and receipts by over 11% leading to a reduction in construction activity of 4.5% and an increase in unemployment to 10.1%, the highest level since 2003. With GDP growth at only 0.2% in 2008, these factors have resulted in a projected decline in GDP of 3.0% in 2009 and an expectation of 0% growth in 2010.⁵ The downturn has had an immediate fiscal impact with tax collections declining by 9.3% (y/y) for the first quarter of the current fiscal year and the non-financial public sector overall balance projected to be negative 8.5% of GDP in FY 2009/10 and the overall public debt rising to 115% of GDP.
- 1.6 A Bank analysis of debt sustainability using three different approaches all demonstrate clear need for increased fiscal effort over the next few years to ensure a sustainable debt/GDP ratio.⁶ This suggests that the GoBA will have to exercise expenditure restraint and prudent debt management to raise the primary surplus. Also, a more rational tax structure in the longer term should help to improve the business environment thereby enhancing growth and revenues. A new set of productive development policies should maximize value for money of government spending and increase revenue through a more productive private sector.

B. Objective, Components and Cost

- 1.7 The objective of the Program is to increase the competitiveness of Barbados by supporting initiatives to: (i) rationalize the incentive system and regulations to ensure a coherent framework to support business development; (ii) rationalize the institutional architecture of BDS and introduce a framework for clustering initiatives; (iii) improve logistics and trade facilitation, lowering the cost of the movement of goods and people, and enhance access to infrastructure through PPPs, among other modalities; and (iv) strengthen PPD to develop and implement

⁴ See “Strategy to Strengthen Trade Logistics and Trade Facilitation” – Final Report (BA-T1004).

⁵ IMF Barbados: 2009 Article IV Consultation – Staff Report September 2009.

⁶ IDB Country Strategy with Barbados (2009-13) (GN-2539).

a medium-term competitiveness strategy. Concrete activities supported by this loan are detailed below and are also listed in Annex II (Results Framework).

- 1.8 These four Program objectives are consistent with the priorities for Barbados set forth by Hon. David Thompson, Prime Minister of Barbados, in the “Throne Speech of 2008”⁷ and the “Financial Statement and Budgetary Proposal 2009”⁸; as well as with the core theme of competitiveness in the Bank’s Country Strategy with Barbados (2005-2008).⁹ Specifically, the BCP will implement the Bank Strategy objectives of supporting institutional and policy reform, strengthening the environment for investment, international trade and local business growth, and strengthening GoBA capacity to apply PPP options more effectively.
- 1.9 The Bank is an important International Development Partner supporting the GoBA in enhancing the country’s private sector development and competitiveness. The BCP creates synergies with, and complements and leverages the resources and/or outputs of the following four Bank loan operations in execution and one operation slated for approval: (i) **Modernization of the National Procurement System**, BA-L1004, aims to improve the effectiveness of public procurement, saving time and money through competitive prices and reduced processing time. An additional benefit will be an increase in opportunities for potential suppliers of goods and services. (ii) **Modernization of the Barbados National Standards System**, BA-L1006, aims at harmonizing the national standards system in order to improve the country’s competitiveness, consumer protection, trade facilitation and market access. (iii) **Modernization of the Barbados Statistical Service (BSS)**, BA-L1009, is geared at strengthening the ability of the BSS to provide relevant, timely and quality economic and social statistics. This is critical for measuring the achievement of the goals of the BCP and fostering evidence-based policy making in both the public and private sectors. Resources under BA-L1009 will finance BSS’s data collection for business surveys that will feed the Input-Output (I-O) matrix / Supply and Use Table (SUT) to be updated under the BCP. (iv) **Modernization of Custom, Excise and VAT areas**, BA-L1003, supports the development of more efficient tax and customs systems to increase revenues, facilitate commerce and improve competitiveness. (v) A new project to be approved in December 2009, **Agricultural Food and Health Control Program**, BA-L1008, will raise Barbados’ agricultural health and food safety standards to international levels. Foregone revenue in the tourism sector and losses to local residents associated with the introduction of exotic pests and food-borne diseases into the country will be minimized with these investments in sanitary and food control services.

⁷ “Throne Speech” delivered by Hon. David Thompson before Parliament on February 2008.

⁸ “Financial Statement and Budgetary Proposals 2009” presented by Hon. David Thomson on May 18, 2009.

⁹ Document GN-2395.

1.10 The Program has four components as follows:

1. Component 1: Ensuring a coherent framework for business development: incentives and regulations (US\$1,150,000).

1.11 **Sub-component 1.1: Taxes and incentives.** In order to provide GoBA with the information needed to determine a coherent framework for business development that optimizes government expenditure, this sub-component will support the development of the following two tax policy analysis tools. These tools will also assist the GoBA to refine its recently announced plans to reform and simplify the tax code.

1.12 **Tax policy analysis.** The first analytical tool is a Computable General Equilibrium (CGE) model that will enable the Ministry of Finance, the Central Bank and other tax policy analysts to assess the direct and indirect impact of alternative tax regimes on economic activity and government revenues. As an intermediate step, the BSS and other agencies will receive support to update the country's I-O matrix/SUT to be sufficiently robust to support the CGE model. The I-O matrix / SUT will also be useful for separate analysis of inter-sectoral relationships in the economy. As the BSS will play a central role in the development of the I-O matrix / SUT, this activity will be closely coordinated with and complementary to the Bank's "Modernization of the Barbados Statistical Service" program (BA-L1009) currently in execution.

1.13 **Revenue implications of tax incentives.** The second analytical tool is a "tax expenditure budget" that will enable the authorities to quantify the revenues lost for each of the tax incentive schemes currently in place or contemplated. These initiatives will support the Tax Administration and Tax Policy reforms outlined in the "Barbados Short and Medium Term Action Plan" prepared in late 2008 by a blue ribbon working group on the economy in response to the current global and financial crisis. The tax policy and tax expenditure budget tools will help policy makers understand the existing system's impact on business development, with a particular emphasis on small and medium size enterprises (SMEs). They will also provide a framework to guide improvements in commercial data collection and processing capacity at the BSS and other data collection agencies.

1.14 **Sub-component 1.2: Business climate reforms.** This sub-component will support the expansion of private sector participation in the economy and increase government effectiveness by reducing burdensome transaction costs, and providing a sound environment for private sector development. The Program will provide support in the areas of facilitating: (i) the approval process for domestic and international investments; and (ii) the expansion of access to credit through the rationalization of government-sponsored development funds. These actions will help achieve the GoBA's objective of providing "Hassle-Free [government] Service" as stated in the Prime Minister's annual "Throne Speech" to Parliament in February 2008.

- 1.15 **Physical investment permits.** The Town and Country Development Planning Office (TCDPO) approval process presents challenges to opening a business and affects the approval of virtually all domestic and international direct investments. The Chief Town Planner must approve nearly all new construction or modification of existing structures. The quantity and quality of staff has not kept pace with the increasingly complicated and sophisticated development proposals. Training has lagged –the last formal training was received in 2002– and until 2009 salaries were below those paid in other government departments for comparable work. Staff shortages and inadequate training at the eight collaborating agencies also contribute to the delays. The BCP will support staff training, documentation simplification and process re-engineering to achieve systemic improvements in the operations of the TCDPO and all collaborating agencies to assure a more expeditious and equitable processing of investment applications.
- 1.16 **Rationalization of development funds.** Access to financing is the second most problematic factor for doing business in Barbados according to the WEF/GCR for 2009-10 despite the roughly 23 development funds in the country. Most of these funds provide credit on favorable terms to targeted micro, small- and medium-sized business, and some of them provide equity financing or both debt and equity. The Enterprise Growth Fund Ltd. (EGFL) administers eight funds, and the Central Bank of Barbados sponsors eight loan, grant, guarantee and insurance facilities. The rest are administered directly by specific ministries or are independent. Bank analyses and dialogue with GoBA's officials have lead to the conclusion that the multiplicity of funds results in high administrative costs and ineffective allocation of resources between them. Governance of some of the funds needs to be improved while in other cases the pertinence of the funds requires reevaluation. The BCP will provide technical support for the assessment of the several government-sponsored funds, preparation of recommendations to restructure the funds, and the implementation of an approved action plan.

2. Component 2: Ensuring a coherent BDS architecture for business development (US\$1,180,000).

- 1.17 **Sub-component 2.1: Improving BDS and innovation.** This sub-component of the BCP will support improved productivity at the firm level by assisting in the more efficient and effective delivery of BDS and promoting innovation. A two stage approach will be taken by firstly, evaluating the existing arrangements and secondly, upon approval of the recommendations, implementing more agile and responsive institutional arrangements.
- 1.18 **Evaluation.** Several agencies throughout the government currently supply BDS in an uncoordinated manner. The costs and even more importantly the benefits of each program are not well known. This sub-component will support a comprehensive review of the agencies currently supplying BDS, documenting their costs and estimating their benefits. The GoBA will designate a high-level

policy unit to review the report and propose any needed adjustments and supervise the implementation of its approved recommendations.

- 1.19 **New BDS architecture.** The sub-component will finance the reform process to streamline Barbados' BDS institutions. Based on the evaluation report recommendations, an existing agency will be designated as the principal BDS supplier and will therefore receive support for its strengthening. Resources from this subcomponent will also be used to support the restructuring of other agencies in the system, including expanding, merging or reducing the scope of their operations to leave in place an efficient and coordinated supply of BDS that meets the demands of Barbados' private firms. Special attention will be given to the innovation system, in particular to the pertinence and accessibility of current tools to facilitate innovation by small and medium-sized firms.
- 1.20 **Sub-component 2.2: Pilot cluster program.** This sub-component will support a pilot program that will introduce a cluster development model to the country's private sector and will test the methodology so that it can later be replicated in other clusters and value chains. CIDA recommendations on environmental measures will be taken into account. The Program will select one cluster to support during this stage. The Program will finance the preparation of a Strategic Plan that will identify the cluster's competitive gap vis-à-vis a chosen international benchmark, and propose the actions needed to strengthen the cluster's competitive position for the short, medium and long term. The sub-component will provide partial (cost-sharing with the beneficiaries) financing for some of these actions, focusing on those that are strategic public inputs for the cluster and that cannot be funded by existing support programs and agencies.
- 1.21 Cluster development and innovation promotion are two private sector promotion policies that have proven to be successful in many countries but have not been fully adopted in Barbados. The country's economic structure is conducive to a cluster approach that could be very effective in improving collective efficiency and overcoming the problems of economies of scale, thereby enabling Barbadian firms to access demanding world markets. Full-scale implementation of a clustering initiative will await the results of the BDS architecture assessment, and the lessons learned from the pilot cluster program.

3. Component 3: Improving trade logistics and trade facilitation and enhancing access to infrastructure (US\$5,870,000).

- 1.22 **Sub-component 3.1: Trade logistics and trade facilitation.** This sub-component will support the modernization of trade logistics and trade facilitation services, with emphasis on the upgrade of the design of a Cargo Examination Facility (CEF) and risk assessment mechanisms, the establishment of an Electronic Single

Window (ESW), as well as the overall update and improvement of customs procedures.¹⁰

- 1.23 **Cargo Examination Facility.** CEFs are examination facilities housing equipment that enables rapid physical examination of selected consignments. They assist Customs and other government agencies to detect prohibited goods, including illicit drugs, illegal firearms and other harmful goods as well as assisting in the verification of compliance with import and export requirements. By reducing the time that consignments remain under Customs control, CEFs provide the exporters and importers with faster clearance rates, while also enhancing compliance with increasingly stringent international demands for secure trade, without a major impact on legitimate container traffic flow. The GoBA recognizes this¹¹ and the BCP will provide the necessary resources to complete the conceptual design, mapping of container movement, layout of the CEF, organization and internal security. The BCP will also provide a complete implementation cost analysis and a Service Based Plan for its operation. These activities will be done in coordination with all the agencies involved in the examination of goods.
- 1.24 **Electronic Single Window.** An ESW allows parties involved in international trade and transport to file electronically standardized information and documents at a single entry point in order to fulfill all import, export, and transit-related regulatory requirements. Duplicate entry is eliminated. Under the current system, traders are faced with a confusing set of duplicative and redundant reporting requirements, forms, systems, data sets, data models, and messages. This adds enormous costs for all parties concerned, both in terms of fiscal resources and timeliness and accuracy of data. The ability to handle data efficiently and swiftly has, in fact, become a key element in international competitiveness, especially in international supply chains. Establishing the ESW will require all participating agencies to update their equipment and procedures to enable a complete exchange of information with the central ESW data base so as to comply with all the requirements for import, export and transit. The current legal framework in Barbados covers electronic certification and signature, and provides the necessary legal validity to electronic documents, but many of the agencies do not have the software and hardware as well as the training necessary to move into a paperless operation.
- 1.25 A special ESW Task Force will be appointed to mediate between all the different government agencies that will actively participate in the operations of the ESW. This ESW Task Force will be strengthened with the addition of international consultants to facilitate coordination tasks. The Customs and Excise Department (CED) will house the ESW and all government agencies and the port will be included in the implementation of the ESW.

¹⁰ This sub-component complements and has been designed in close coordination with the Modernization of Customs, Excise and VAT Areas Program (1684/OC-BA) currently in execution.

¹¹ See "Strategy to Strengthen Trade Logistics and Trade Facilitation" 2008.

- 1.26 The BCP will fund: (i) the preparation of technical tender documents, the evaluation for the selection of a firm to develop the ESW, as well as a separate tender for the acquisition of an agency-wide Document Management System; (ii) the procurement of all the necessary software and hardware so that all agencies will be capable of fully integrating into the ESW and fully convert into paperless electronic format; (iii) the procurement of the ESW facility; (iv) the necessary training for both the public and private sector; and (v) the necessary upgrades of the ASYCUDA ++ system into ASYCUDA WORLD for the CED and the Management Information System (MIS) at Barbados Port Inc. (BPI).
- 1.27 **Sub-component 3.2: Transportation sector improvements.** The transportation infrastructure consists of a broad network of highways (approximately 1,600 kilometers) under the jurisdiction of the Ministry of Transport and Works; an international airport near Bridgetown, and the ports of Bridgetown and Speightstown (Port Charles Marina).
- 1.28 The road system was developed at a time when most of the economic, social, and political activities took place in the capital city of Bridgetown. As a result, the physical characteristics of the roads are not geared to meet the requirements of modern traffic and safety criteria. The continued growth in the automotive fleet is significant and has a negative impact on traffic patterns and congestion given both the density of population in the metropolitan area of Bridgetown and the radial road network. This sub-component will address these issues by financing two major studies:
- 1.29 **Overall sector study.** This will include the development of a transport sector strategy document that will assist in establishing strategies and priorities over the medium to long term. The activities to be carried out include, among others: (i) a general diagnostic of the sector including the most important transport modes, funding sources for the sector, and the institutional structure and distribution of functions between different agencies, (ii) the identification of areas where efficiency and effectiveness could be improved, including infrastructure, provision of services, legal and institutional framework, financing structure, sector policies and strategies and private sector participation; and (iii) the development of a sector strategy and identification of specific short and medium term actions, including a) high-priority investment projects, b) potential areas for positive impact in the sector, c) institutional aspects at central government level, d) normative and regulatory framework, e) possible changes that could be introduced and financing alternatives, and f) the contributions of the beneficiaries.
- 1.30 **Road infrastructure analysis.** An analysis of the medium- to long-term plan will be carried out with respect to the major highways, and secondary, feeder and link roads, considering the possibilities of extending, widening, upgrading and improving them.

- 1.31 **Sub-component 3.3: Enhanced access to infrastructure through Public Private Partnerships (PPPs).** This sub-component will support the adoption of a PPP procurement methodology in a selected number of infrastructure projects and will provide “hands on training” for the stakeholders in the different public entities involved in the PPP project cycle. This will allow the GoBA to examine the merits and test the benefits of adopting a procurement model that is complex but has been well tested and proven effective in many countries.
- 1.32 **Evaluation of potential projects to be carried out as PPPs.** At present, GoBA is interested in evaluating whether the following projects are suitable for execution through the PPP procurement modality: (i) water and wastewater system upgrade, US\$125 million; (ii) new headquarters building for the Barbados Water Authority, US\$20 million; (iii) water mains replacement program, US\$37 million; (iv) expansion of the major general hospital (Queen Elizabeth Hospital), US\$359 million; and (v) expansion of eight polyclinics. Additional analytical work identified the following potential PPP projects: the University College of Barbados, Primary and Secondary School Refurbishments, EDUTECH, a mass transit system, implementation of the medium to long-term plan for improvement of the ABC Highway.
- 1.33 In order to maximize the benefits and the potential for further application to projects in these and other sectors, an evaluation will be conducted applying the concepts of “value for money” and PPP comparator methodology by assessing costs and benefits of carrying the selected projects using either the PPP modality or the conventional modality. Among others, the different factors to be taken into account are the level of preparation of the projects, technical complexity, risk allocation and mitigation measures, transactions costs, project size and government support. Once the different projects have been evaluated, a recommendation on the PPP project candidates will be submitted to the Cabinet Committee on Infrastructure.
- 1.34 **Legal and regulatory framework for PPPs.** Sub-component 3.3 will analyze the legal and regulatory framework to assure that there are no legal impediments to project construction using the PPP procurement modality. Improvements to the existing framework will be recommended accordingly.¹²
- 1.35 **Technical support through the project cycle, training and establishment of coordination mechanisms.** Upon approval by the Cabinet Committee on Infrastructure of a project to be executed utilizing the PPP methodology, this sub-component will supply “hands on training” to the participants responsible for the various stages of the project cycle. The design of these training activities will include a definition of the technical requirements and standards as well as the

¹² The Bank-funded TC “Modernization of the National Procurement System” (BA-L1004), currently in execution, is designed to strengthen the Public Procurement Legal System, and the drafting and promulgation of procurement regulations, including those for promoting innovative investments with the private sector. The BCP will coordinate with this program in the area of PPP procurement activities.

identification of the possible social and environmental impacts and their mitigation measures. Also, the coordination mechanisms between the different government agencies will be established.

- 1.36 **Fiscal and accounting treatment of PPP liabilities.** The public accounts treatment of PPPs has to be clearly defined and the impact of each individual project analyzed and properly accounted for in the Ministry of Finance. Thus, a methodology for evaluating and accounting for the commitments made when utilizing the PPP procurement methodology will be implemented as part of the project execution.
- 1.37 **Monitoring, evaluation and dissemination.** The development of a robust system for monitoring the –usually complex and multi-tiered– PPP project parameters is essential for assuring a successful project. Stakeholders, namely the PCU, the corresponding Technical Ministry, and the Auditor General, will be involved in the design and implementation of the monitoring system. Once the project has been successfully completed, the lessons learned and best practices derived will be shared with stakeholders in other economic sectors so as to extend the understanding of PPPs and to promote the results among this broader group.

4. Component 4. Strengthening Public-Private Dialogue (PPD) on competitiveness (US\$830,000).

- 1.38 Barbados has a solid structure of PPD in the form of a “Social Partnership” (SP), a tripartite consultative arrangement between unions, public and private institutions. Established in 1993, the SP has proven to be a valuable forum for reaching social consensus, particularly on difficult policy choices. The SP, however, does not have a special commission to address issues of private sector development and competitiveness, nor does it have the mandate or capacity to propose or implement competitiveness strategies.
- 1.39 Recognizing these limitations, the GoBA established in October 1999 a Commission on Competitiveness to foster PPD on issues of productivity and competitiveness. However, in the decade since its inception, the commission has met less than 5 times, having little or no effect in shaping a medium-term competitiveness strategy or agenda.
- 1.40 Competitiveness and private sector development issues are always present in the political discourse and over the last 5 years a large number of reports and studies have been commissioned, but a competitiveness strategy has not been developed formally.
- 1.41 The GoBA has decided to develop and implement a medium-term competitiveness strategy, reinvigorate the Commission on Competitiveness, and establish a Technical Unit to assume the coordination, formulation and implementation of recommendations resulting from the dialogue. The BCP will finance the following activities:

- 1.42 **Sub-component 4.1: Design and strengthening of the Commission on Competitiveness and establishment of its Technical Unit.** This sub-component will support: (i) the redesign of the Commission on Competitiveness, chaired by the Prime Minister, to serve under the umbrella of the SP as the main articulator of PPD on the country's competitiveness; and (ii) the establishment of its Technical Unit. This sub-component will also support the Technical Unit's core staff for the first two years as well as capacity building (training and study tours to other similar entities), and the establishment of a monitoring and evaluation system. During the third and subsequent year of the Program, Bank financing will diminish as the GoBA incrementally assumes these recurring costs. The Technical Unit for the Commission on Competitiveness will be integrated into the Division of Economic Affairs, Ministry of Economic Affairs and Empowerment, Innovation, Trade, Industry and Commerce (METIC).
- 1.43 **Sub-component 4.2: National Competitiveness Strategy and Action Plan.** This sub-component will support the services required to provide inputs for the elaboration of an integral/systemic medium term NCS –a proactive vision of the future in terms of opportunities for, and structural restrictions on, economic growth and development. The NCS will not only express national goals but will also serve as a vehicle for prioritizing and coordinating relevant government policies. This NCS will provide the mandate for the work of the Technical Unit.
- 1.44 This sub-component will also support the process of dialogue and the development of an effective communication strategy for informing not only all participants in the SP but also the general public, of the work of the institutional arrangement proposed, thus assuring full returns on the time and effort invested in dialogue. This will include: (i) a national consultative process to ensure that the final NCS will be extensively vetted among all sectors and endorsed as a pluralistic national vision that will guide the country's development over the medium to long-term; (ii) events such as town hall meetings and focus groups; (iii) the preparation of publicity materials; and (iv) an interactive website.

C. Key Results Indicators

- 1.45 The components of the Program are expected to achieve the following results: **Component 1:** (i) tax policy formulated with the help of the quantitative tools developed by this Program; and (ii) substantial reduction in time spent by businesses obtaining physical investment permits. **Component 2:** a more coordinated BDS system that better satisfies private sector needs. **Component 3:** (i) more efficient and timely processing of goods through the port and entire logistical chain; (ii) improved planning and programming of transport sector interventions; and (iii) PPP as a viable procurement modality for selected investment projects. **Component 4:** improved PPD and consensus on competitiveness issues, including a NCS.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Cost and Financing

- 2.1 This is an investment loan consisting mainly of technical assistance activities, including an investment component in the trade logistics and trade facilitation area (Electronic Single Window). The total cost of the operation is US\$11.8 million. Of this amount, the Bank will finance US\$10 million, while the GoBA will provide US\$1.8 million as local counterpart. Counterpart resources will finance the core team for the Project Coordination Unit as well as in-kind expenses related to Program administration, such as office space and supplies. The following table contains a summary of the costs for each of the major components and sub-components disaggregated by source of funding. A 5% revolving fund will be established. Program administration includes US\$75,000 for funding of audits (See [Detailed Budget](#)).

Table 1. Program Cost

Component	Costs (in US\$ thousands)			
	IDB	C'part	Total	%
1. Ensuring a coherent framework for business development: incentives and regulations.	1,150		1,150	10
2. Ensuring a coherent BDS architecture for business development.	1,180		1,180	10
3. Improving trade logistics & facilitation and access to infrastructure.	5,870		5,870	49
4. Strengthening PPD on competitiveness.	830		830	7
Program administration	310	1,800	2,110	18
Subtotal: Program costs	9,340		11,140	94
Contingencies	660		660	6
GRAND TOTAL: BCP	10,000	1,800	11,800	100
TOTAL %	85%	15%		100

B. Environmental and Social Safeguard Risks

- 2.2 Since the Program focuses mainly on technical assistance, and the investment component is focused on the establishment of an Electronic Single Window, no negative environmental or social impact is expected, and the Program may have potential positive environmental effects, deriving from the concerted technical assistance actions to increase competitiveness. The ESR classified this project as Category “C” and did not require further environmental or social analysis. (Annex IV and [Environmental and Social Safeguard Strategy](#)).

C. Fiduciary Risk

- 2.3 As with any large and complex technical support program, fiduciary risks are present. In the case of Barbados, these risks are substantially reduced by advances in the GoBA’s official financial management system software, Smart Stream. This will allow for the identification of the Program’s transactions by source of

funding and investment categories consistent with the Chart of Accounts approved by the Bank, and should be independent from the rest of the METIC's activities with the option of being able to integrate with the overall accounts of the METIC. (See [Detailed Project Implementation Arrangements](#) and [Financial Analysis Questionnaire](#)).

- 2.4 The procurement plan for the BCP covering the first 18 months of project execution has been agreed between the Bank and METIC. The plan, which is summarized in Annex III, indicates the procedures to be used for the procurement of works, goods and related services, and consulting services. It also indicates cases requiring prequalification; the estimated cost of each contract or group of contracts; the requirement for prior or post review by the Bank; and estimated dates for the publication of specific procurement notices and completion of the contracts included in this Program. The procurement plan will be updated at least annually or whenever necessary or as required by the Bank or the Borrower. (See Annex III and [Procurement Plan](#)). It should also be noted that the Modernization of the National Procurement System project (BA-L1004), currently in execution, enhances the national procurement framework, including creating standard national bidding documents, modernizing the national procurement policies, and creating a modernized regulatory framework.

D. Other Key Issues and Risks

- 2.5 The most important risks for this operation are the possible failures in coordination among the multiple participating agencies. The design of the BCP has drawn on the experience of similarly complex programs in Barbados (*e.g.*, the Administration of Justice Programme – BA0055) and will rely on a Program Steering Committee (PSC) comprising decision-makers in their respective agencies. As noted below, the PSC will take responsibility for both strategic and operational management and will be accountable for the timely execution of the Program. (For a list of participating Ministries and agencies see [Detailed Project Implementation Arrangements](#)).

III. PROGRAM EXECUTION

A. Summary of Implementation Arrangements

- 3.1 **Executing Agency.** METIC will be the executing agency for the Program and will delegate day-to-day responsibilities to a Program Coordination Unit (PCU) taking into account the existing decision-making model applied to project implementation by the GoBA, *i.e.*, the creation of a PSC that will assume an advisory and strategic role as well as provide general coordination support as the members will be decision-makers in their respective agencies. The Permanent Secretary (PS) of Economic Affairs in METIC will continue to be the focal point for the counterpart on this Program and will have the discretion to refer matters of policy or Program strategy that exceed the mandate of the PSC, to the Economic

Policy Committee of the Cabinet. The Cabinet will be the ultimate authority regarding the direction of the Program.

- 3.2 The Program Technical Committee (PTC) will consist of representatives from the participating agencies at the technical level. This forum will be responsible for providing technical advice to the PCU and other agencies that are conducting activities and will be accountable to the PSC.
- 3.3 The responsibility for coordinating day-to-day implementation of the Program's activities will lie with the PCU.¹³ The PCU, headed by the Coordinator, who will report directly to the PS of Economic Affairs. The core team of the PCU will also include a Deputy Coordinator, a Senior Accountant, and a clerk/typist. These four (4) posts will be civil service positions financed by the GoBA. The PCU will also be supported by three long-term consultants, a Procurement Specialist, a M&E Specialist, and a Trade Facilitation Coordinator for activities under sub-component 3.1, as well as other short-term consulting services, including two external evaluations, and cost-benefit and cost-effectiveness analyses as well as project management services. Also, a Program Operations Manual, setting forth the details regarding Program implementation in accordance with Bank and national policies and regulations, will be agreed upon.
- 3.4 CMF/CBA will have responsibility for the Program. (For details see [Detailed Project Implementation Arrangements](#)).
- 3.5 **The following will be conditions prior to first disbursement: Acceptance by the Bank of evidence that (i) the PCU has been established and that the four core staff have been employed; (ii) the PSC and the PTC have been established and terms of reference for each committee have been approved; (iii) the Operations Manual has been approved by the PSC, and (iv) the PSC has approved the first Annual Operating Plan.**

B. Summary of Arrangements for Monitoring Results

- 3.6 Of particular importance is the setting up of a monitoring and evaluation function within the PCU to ensure that progress can be tracked throughout implementation. A M&E Specialist will be contracted at the start of Program implementation to: (i) review the baselines and indicators identified during preparation; (ii) set up a simple monitoring system that will rely as much as possible on existing data sources; and (iii) establish the methodology for the mid-term and final evaluations of the Program. Protocols will be established between METIC and relevant institutions to facilitate a timely transfer of data.

¹³ See Detailed Project Implementation Arrangements (Optional link 2) for complete description of PCU functions.

- 3.7 Program monitoring will be based on the implementation of Annual Operating Plans, the Results Framework and Matrix of Indicators. On November 30th of each year, the PCU will prepare an operating plan for the following year. The first operating plan has been prepared and agreed upon with the Bank. (See [POA & PEP](#). For more details, please see [Monitoring & Evaluation Arrangements](#)).

Development Effectiveness Matrix Summary

The content of this document is confidential.

Results Framework

Project Goal	Increase the competitiveness of Barbados.		
Project Objective	(i) Rationalize the incentive system and regulations to ensure a coherent framework to support business development; (ii) rationalize the institutional architecture of Business Development Services (BDS) and introduce a framework for clustering initiatives ¹ ; (iii) improve logistics and trade facilitation, lowering the cost of the movement of goods and people, and enhance access to infrastructure through Public Private Partnerships (PPPs), among other modalities; and (iv) strengthen public-private dialogue to develop and implement a medium-term competitiveness strategy.		
Outcome Indicators	Base Level	Target Level	Comments
Efficiencies in the Goods Markets	WEF/GCR Index of Goods Market Efficiency equal to 72/133 = 54 th percentile.	Goods Market Efficiency index increased to the 45 th percentile.	The Goods Market Efficiency index measures a number of factors affecting business operation that the BCP will address directly or indirectly including intensity of local competition, time required to start a business, burden of customs procedures, etc.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Component 1. Ensuring a coherent framework for business development: incentives and regulations							
1.1 Taxes and incentives							
Outputs: Tax policy models fully operational based on Public-Private consensus on 20 policy recommendations. 1. Updated I-O and SUT tables and staff trained in their use.	0	0	Partial	Partial	Fully operational tax policy models	Fully operational models and staff fully trained	Final consultants' reports and independent interviews of technical staff at beneficiary agencies will provide data to measure outputs.
Intermediate Outcomes: 1. Models in use on trial basis utilizing previous input-output information e.g. Supply and Use Table	0	0	Initial trial version of model in use	Revised trial version of model in use	Trial version replaced by final version	Trial version replaced by final version	Utilization of these analytical tools will become more widespread as they are perfected and more professionals within and outside government are trained

¹ Clusters arise in the presence of "Marshallian externalities," according to which firms benefit from the production and innovation activities of neighboring firms in the same and related industries. Rodríguez -Clare, "Clusters and Comparative Advantage: Implications for Industrial Policy". IDB 2005.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
(SUT) based on 1990 data and earlier I-O table.							in and otherwise become more familiar with their analytical benefits. Data will be collected through follow-up interviews of trainees.
Outcomes: 1. Tax policy decisions directly influenced by analysis utilizing tax policy models.	0	0	0	At least one tax policy decision influenced by model analysis	At least two tax policy decisions influenced by model analysis	Policy recommendations being utilized by government decision makers with the objective of improving tax efficiency indicators	Following announcements of new or adjustment in existing tax policies. Ministry tax policy analysts and other senior Ministry officials will be queried as to whether and how the tax policy models were used in the decision-making. To the extent possible, improvements in tax efficiency indicators will be quantified.
1.2 Business Climate Reforms							
1.2.1 Physical investment permits							
Outputs: 1. Fully trained staff and new procedures in place at TCPDO and collaborating agencies.	0	0	Initial	Partial	Training completed, reengineered procedures in place	Staff fully trained and applying new procedures	Final consultants' reports and independent interviews of technical staff at beneficiary agencies will provide data to measure outputs.
Intermediate Outcomes: 1. Time required for processing normal applications reduced by at least 10%.	0	0	0	Time reduced by 5%	Time reduced by 10%	Time reduced by more than 10%	Analysis of throughput time requirements will be based on time required for final disposition of normal applications during baseline period. Data will be obtained from TCDPO records.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Outcomes: 1. Time required for processing complex applications reduced by at least 10%.	0	0	0	0	Time reduced by 10%	Time reduced by more than 10%	Analysis of throughput time requirements will be based on time required for final disposition of complex applications during baseline period. Data will be obtained from TCDPO records. <u>Note:</u> "Normal" vs. "Complex" applications will be defined based on TCDPO experience.
1.2.2 Rationalization of development funds							
Outputs: 1. Completed diagnostic and agreed action plan including implementation schedule.	0	Action plan in preparation	Consensus building on action plan	Action plan fully agreed	Initial implementation of action plan	Full implementation of action plan	Consultancy will prepare a diagnostic and a proposed action plan. Stakeholders must discuss changes and agree on final action plan and schedule for implementation. Data consists of formally approved action plan and implementation schedule.
Intermediate Outcomes: 1. Half of the development funds (measured by portfolio size) have been reformed (merged, consolidated, eliminated).	0	0	30%	60%	100%	100%	Depending on implementation plan. Data will be obtained from follow-up visits to affected development funds.
Outcomes: 1. Reduction in the number of funds. All development funds targeted have been reformed according to agreed action plan and financial services to SMSEs are being provided according to agreed plan.	27 funds	0	0	0	At least a reduction of 20% in the number of funds	At least a reduction of 20% in the number of funds	Reform process will require sensitization of clients of funds. Data will be collected from operations audits of fund restructurings and consolidations and from surveys of clients of the new development finance entity(ies).

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Component 2: Ensuring a coherent BDS architecture for business development							
Subcomponent 2.1 Improving business development services (BDS) and innovation							
Outputs: 1. Mapping of BDS organizations and systemic interactions with other relevant actors in the Barbadian competitiveness system.	0%		Mapping completed	Mapping completed	Mapping completed	Mapping completed	The Barbadian competitiveness system refers to all the organizations that play a critical role in supporting business development. (e.g. Banks, Universities, R&D, Bureau of Standards, Training Centers, Port, Customs, etc.).
2. Diagnostic and action plan for reform of BDS providers.	0%	Diagnostic in process	Diagnostic and action plan completed	Diagnostic and action plan completed	Diagnostic and action plan completed	Diagnostic and action plan completed	Comprehensive evaluation of the institutions and instruments being offered to support business development.
3. Lead BDS institution established and strengthened.	0%	Lead BDS identified or established	Institutional strengthening action plan implemented 20%	Institutional strengthening action plan implemented 50%	Institutional strengthening action plan implemented 100%	Institutional strengthening action plan implemented 100%	The lead BDS institution may be the result of restructuring an existing BDS (e.g.BIDC) or the result of establishing a new one.
4. Complementary selected BDS organizations strengthened.	0%	Percentage of core BDS organizations strengthened. 20%	Percentage of core BDS organizations strengthened. 50%	Percentage of core BDS organizations strengthened. 75%	Percentage of core BDS organizations strengthened. 100%	Percentage of core BDS organizations strengthened. 100%	The mapping exercise as well as the BDS diagnostic will establish an action plan to improve the services of a core group of BDS organizations.
Intermediate Outcomes: 1. Individual reformed institutions are perceived to be working more effectively and efficiently.	0% (baseline to be established)	0%	20% improvement over baseline	30% improvement over baseline	40% improvement over baseline	50% improvement over baseline	An “opinion survey” of the pertinence and quality of the services offered by these institutions will be carried out at the beginning of implementation to use as a baseline, and periodic updates will be commissioned to monitor impact.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Outcomes: 1. Improvement of the perceived effectiveness and efficiency of the BDS system.	% (Original percentage to be established by diagnostic study)	0% improvement over baseline	10% improvement over baseline	20% improvement over baseline	30% improvement over baseline	50% improvement over baseline	An “opinion survey” will be carried out at the beginning of implementation to use as a baseline, and periodic updates will be commissioned to monitor impact. The consultants in charge of the diagnostic and action plan will be asked to produce a metric on key parameters that define how well the system is working based on international good practices. Mid-term and final evaluation will be required to measure change on these same key parameters.
Subcomponent 2.2 Pilot cluster program							
Outputs: 1. Identification of priority clusters and selection of one pilot cluster.	0	Cluster identification and pilot selection completed	Cluster identification and pilot selection completed	Cluster identification and pilot selection completed	Cluster identification and pilot selection completed	Cluster identification and pilot selection completed	The pilot cluster should be selected not only because of its importance for the Barbadian economy, but also because of the willingness of its members to collaborate and be used as a case study to draw lessons learned of the best approaches to promote clustering initiatives in Barbados.
2. Preparation of Cluster Competitiveness Improvement Strategic Plan.	0	Plan in development	Plan completed	Plan completed	Plan completed	Plan completed	Cluster Competitiveness Strategic Plans take time because the initial phase of getting the multiple players on-board is time consuming.
3. Implementation of Cluster Competitiveness Improvement Strategic Plan.	0	0	0	20% of action plan implemented	40% of action plan implemented	40% of action plan implemented	Cluster Competitiveness Improvement Strategic Plans identify a broad list of activities and some reforms take longer to implement than others.
Intermediate Outcomes: 1. Provision of strategic “club goods.”	0	0	0	One strategic “club good” begins implementation	At least two strategic “club good” implemented	At least two strategic “club good” implemented	Part of the joint work between Program officials, international consultants and representative firms in each cluster will be to identify strategic “club goods”

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
				mentation	mented	mented	that have the potential of improving the collective competitiveness of the cluster.
Outcomes: 1. Improved competitiveness of selected clusters.	XX% (Original percentage to be established by diagnostic study)			5% improvement over base-line	10% improvement over base-line	10% improvement over base-line	The consultants in charge of the diagnostic and action plan will be asked to produce a metric on key parameters that define how well the system is working based on international best practices. Mid-term and final evaluation will be required to measure change on these same key parameters.
Component 3: Improving trade logistics and trade facilitation and enhancing access to infrastructure							
3.1 Trade logistics and trade facilitation							
Outputs: 1. Cargo Examination Facility Conceptual Design Concluded.	0%	Cargo Examination Facility Design CEF Implementation Plan CEF Service Economy Report	Training Visit to Regional CEF			Complete Conceptual Design of the CEF Train 4 Officials in CEF	The consultant will measure the time required to release goods from point of origin to the final consumer providing detailed information on dwell times. Base is partial because there is some data already available. The final product provides a conceptual design of the Cargo Examination Facility based on the volume of TEUs per year in Barbados, the number of agencies involved in the examination of goods and the available space and location. The training will provide the necessary knowledge to coordinate the deployment of the CEF locally.
2. Electronic Single Window (ESW) fully implemented and functioning.		Technical Tender Docs for ESW Produced	CED IT system Upgraded	Electronic Single Window partially implemented	Electronic Single Window fully implemented	Electronic Single Window fully implemented	

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
		Technical Tender Docs for the Acquisition of software and hardware for agencies connected to the ESW Produced	BPI IT system upgraded Agency wide Document Management System established	(50%)	(100%)	(100%)	
Intermediate Outcomes: 1. Define Cargo Examination Facility procedures to reduce inspection time.	0	CEF procedures partially defined	CEF procedures fully defined	CEF procedures fully defined	CEF procedures fully defined	CEF procedures fully defined	
2. Reduce the percentage of repeated fields in trade-related forms. (i.e. licenses, certificates, declarations, etcetera).	100%	75%	50%	25%	Zero duplication of data input from Private Sector and Public Sector	Zero duplication of data input from Private Sector and Public Sector	Several trade required forms are currently created on a blank paper so it was difficult to define the exact number of fields combining all forms. We have a close estimation of over 2500 fields, with over 1000 of those being repetitions. The base takes 100% of repetitions and a goal of 0% (no repetitions). Any duplicate information won't be typed twice, just collected from the original input.
3. Move from a paper-based into a paperless environment.	15%	35%	50%	75%	90% of all trade data inputs in electronic format	90% of all trade data inputs in electronic format	There are certain forms and documents that are provided by the private sector originating in other countries such as purchase bills in paper. It is outside the scope of a national ESW to make them paperless. Nonetheless the ESW will be ready to accept any digital form. Therefore a target of 90% instead of 100%.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Outcomes: 1. Reduce the time it will take the private sector to comply with trade data requirements.	15 days	15 days	15 days	10 days	5 days	5 days	Reductions on time won't be significant until the ESW is implemented and a large percentage of public and private sector has been trained.
2. Improve the trade logistics and trade facilitation by reducing the time to comply with trade requirements and increase the volume of total declarations processed per year by 15%.	0% Improvement	0% Improvement	25% Improvement	50% Improvement	75% Improvement	100% Improvement	We base the target in a percentage as there are many factors that can change the actual value of declarations per year.
3. Improve the data collection capabilities of all government trade agencies, providing more accurate and time bound trade data to the Ministry of Finance.	0%	25%	75%	100%	0%	100%	
3.2 Transportation sector improvements							
Outputs: 1. Transport Sector Study.	0%	Overall sector study completed	Overall sector study completed	Overall sector study completed	Overall sector study completed	Overall sector study completed	Determined by the Ministry of Transport, based on the semiannual progress report.
2. Road Infrastructure Analysis.	0%	0%	0%	Road Infrastructure analysis completed	Road Infrastructure analysis completed	Road Infrastructure analysis completed	Determined by the Ministry of Transport, based on the semiannual progress report.
Outcomes: 1. Improved planning and programming of transport sector interventions.	Diagnostic and action	0%	0%	0%	At least one major transportation	At least one major transportation	Determined by the Ministry of Transport, based on the semiannual progress report.

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
	plan: out of date No major transportation project being implemented				project in development	project in development	
3.3. Enhanced access to infrastructure through Public Private Partnerships (PPPs)							
Outputs: 1. PPP project awarded to a private agent and in execution.	Zero projects are being carried out through PPP	1 project prepared 1 potential PPP project analyzed and selected 1 set of technical, financial and legal documentation prepared and key staff trained	1 project negotiated and awarded	1 PPP project under execution	1 PPP project under execution	1 PPP project under execution	
Intermediate Outcomes: 1. PPP project attracts new investment in infrastructure in a more efficient manner.	Zero investment in infrastructure through PPP projects	1 PPP project under satisfactory execution	Lessons learned applied to subsequent PPP projects		10% Increased investment in infrastructure	10% Increased investment in infrastructure	

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Outcomes: 1. Increased investment in economic infrastructure through a selected PPP project and reduction in user costs associated with new facilities.	Zero investment in infrastructure through PPP projects	PPP project under satisfactory execution	Lessons learned applied to subsequent PPP projects		20% Increased investment in infrastructure 10% reduction in user costs	20% Increased investment in infrastructure 10% reduction in user costs	
Component 4: Strengthening Public-Private Dialogue on competitiveness							
4.1 Design and strengthening of the Commission on Competitiveness and establishment of its Technical Unit							
Outputs 1. Assessment and redesign of the institutional structure (including the Technical Unit) completed.	Commission on Competitiveness not functioning and not related to the Social partnership	Assessment completed and design of the institutional structure agreed and fully operational				Assessment completed and design of the institutional structure agreed and fully operational The Social Partnership, established in 1993, has been a successful instrument to promote dialogue and consensus building among the unions, public and private institutions, however it has not been able to establish and implement a long-term agenda on private sector development and competitiveness issues. Recognizing the long-term nature and complexity of reforms to improve competitiveness and to develop the private sector, the Government of Barbados established a Commission on Competitiveness in October, 1999, as a “stand alone” institution, not under the umbrella of the Social Partnership. The activities will support the redesign of the Commission on Competitiveness to serve under the umbrella of the Social Partnership as the main articulator of public-private dialogue on the country’s competitiveness and the establishment of its Technical Unit.	

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Intermediate Outcomes	No policy recommendations are agreed					10 Policy recommendations produced	
Outcomes 1. The institutional architecture with the necessary knowledge and capacity for: (i) formulation of and achievement of broad consensus on a long-term agenda and action plan on competitiveness issues, and (ii) the effective implementation of the actions agreed in the agenda and action plan is in place and operating.	Institutional arrangement facilitating Public-Private Dialogue in place. No consensus on a Public-Private competitiveness agenda	Institutional arrangement facilitating Public-Private Dialogue in place	Consensus on the National Competitiveness strategy and action plan	Consensus on the National Competitiveness strategy and action plan	Consensus on update to the National Competitiveness strategy and action plan	Public-Private consensus on 20 policy recommendations.	
4.2 National Competitiveness Strategy and Action Plan							
Output 1. A National Competitiveness Strategy (NCS) – a proactive vision of the future in terms of opportunities for and structural restrictions on economic growth and development is adopted by stakeholders and serves as a vehicle for prioritizing and coordinating relevant government policies on competitiveness.	There are several documents on competitiveness issues but there is no comprehensive approach and tools	Diagnostic work and analysis being implemented	Draft NCS and action plan for discussion	NCS approved	NCS and action plan being implemented	NCS and action plan being implemented	

	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
	for prioritizing actions						
Outcomes 1. NCS Action Plan agreed upon by stakeholders, private sector, public sector, unions, and population in general aware of the importance of competitiveness in economic development for BA, engaged and informed via printed and virtual media.	0	0	0	15% NCS action plan implemented	30% NCS action plan implemented	30% NCS action plan implemented	

Summary Procurement Table
Period included in this Procurement Plan: January 2010 until June 2011

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex- ante or ex- post)	Source of financing and percentage		Pre-qualifi- cation ³ (Yes/N o)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	GOODS										
	Component 3.1: Trade Logistics and Facilitation										
	Document Management System and IT upgrade of all other trade related agencies to connect to the Electronic Single Window.	600	ICB	Ex-ante	100		Yes	4Q 2010	4Q 2011	Pending	
	Software upgrade for Asycuda and BPL.	750	ICB	Ex-ante	100		Yes	4Q 2010	4Q 2013	Pending	

¹ If a number of similar individual contracts were to be executed in different places or at different times, these can be grouped together under a single heading, with an explanation in the comments column indicating the average individual contract amount and the period during which they would be executed. For example, an education project that includes school construction might include an item “school construction” for a total of US\$20 million, and an explanation in the comments column such as: “This encompasses some 200 contracts for school construction averaging US\$100,000 each, to be awarded individually by participating municipal governments over a three-year period between January 2006 and December 2008.”

² **Goods and Works:** **ICB:** International competitive bidding; **LIB:** limited international bidding; **NCB:** national competitive bidding; **PC:** price comparison; **DC:** direct contracting; **FA:** force account; **PSA:** Procurement through Specialized Agencies; **PA:** Procurement Agents; **IA:** Inspection Agents; **PLFI:** Procurement in Loans to Financial Intermediaries; **BOO/BOT/BOOT:** Build, Own, Operate/Build, Operate, Transfer/Build, Own, Operate, Transfer; **PBP:** Performance-Based Procurement; **PLGB:** Procurement under Loans Guaranteed by the Bank; **PCP:** Community participation procurement. **Consulting Firms:** **QCBS:** Quality- and Cost-Based Selection **QBS:** Quality-Based Selection **FBS:** Selection under a Fixed Budget; **LCS:** Least-Cost Selection; **CQS:** Selection based on the Consultants’ Qualifications; **SSS:** Single-Source Selection. **Individual Consultants:** **NICQ:** National Individual Consultant selection based on Qualifications; **IICC:** International Individual Consultant selection based on Qualifications

³ In the case of new Policies it applies only for Goods and Works. In the case Old Procurement Policies it applies for Goods, Works and Consulting Services.

⁴ This column “Status” should be used for retroactive procurement and for procurement plan updates.

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex-ante or ex-post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	Implementation of Electronic Single Window.	3,000	ICB	Ex-ante	100		Yes	4Q 2010	4Q 2013	pending	
	Component 4: Strengthening the Social Partnership to develop consensus on competitiveness issues										
	Set up of the Technical Unit (Equipment, Hardware, Software, Furniture).	40	NCB	Ex-post	100		No	2Q 2010	2Q 2010	Pending	
	Program Administration										
	Hardware, software and equipment for the Project Coordination Unit.	60	NCB	Ex-post	100		No	1Q 2010	1Q 2010	Pending	
	CONSULTING SERVICES										
	Component 1: Ensuring a coherent framework for business development: incentives and regulations										
	Input-Output matrix construction and Supply and Use Table updating. (consulting firm or specialized agency).	175	ICB	Ex-ante	100		No	2Q 2010	2Q 2011	Pending	A specialized agency/organization may be contracted rather than a firm.
	Construction of CGE model and training (individual consultant(s)).	150	IICC	Ex-ante	100		No	2Q 2011	2Q 2013		This activity will start once the I/O Matrix is completed
	Revenue implications of tax incentives, analysis, report and training (individual consultant(s)).	200	IICC	Ex-ante	100		No	1Q 2010	1Q 2011		

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex-ante or ex-post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	Analysis of requirements for institutional strengthening of Town and Country Development Planning Office (TCDPO) (individual consultant).	60	NCB	Ex-ante	100		No	3Q 2009	1Q 2010	In process	This activity is being financed with resources of the Bank's Country Office in Barbados, therefore this activity is not included in the BCP budget
	Design and execution of institutional strengthening of TCDPO & collaborating agencies (consulting firm).	450	ICB	Ex-ante	100		No	3Q 2010	2Q 2011		
	Rationalization of development funds (consulting firm).	175	ICB	Ex-ante	100		No	1Q 2010	2Q 2011		
	Component 2: Ensuring a coherent BDS architecture for business development										
	Evaluation of the current BDS system and blueprint for reform - Consulting Firm	200	QCBS	Ex-ante	100	0	No	1Q 2010	4Q 2010	Pending	The contract should be processed shortly after first disbursement
	Implementation of New BDS Architecture (Consulting firms).	400	QCBS	Ex-post	100	0	No	4Q 2010	4Q 2011	Pending	These contracts will include services for institutional strengthening, , improved M&E, strategy development, & staff training Only contracts above \$200K will be reviewed ex-ante.

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex-ante or ex-post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	Design and set up of Pilot cluster implementation unit (Individual consultants).	60	NICQ/IICC	Ex-post	100	0	No	2Q 2010	4Q 2010	Pending	
	Cluster selection (Consulting firm).	100	QCBS	Ex-post	100	0	No	1Q 2010	3Q 2010	Pending	
	Cluster support, including strategic plan.	420	FBS	Ex-post	100	0	n/a	4Q 2010	4Q 2013	Pending	Only contracts above \$200K will be reviewed ex-ante
Component 3.1: Trade Logistics and Facilitation											
	Conceptual design of the Cargo Examination Facility.	225	ICB	Ex-ante	100		No	1Q 2010	1Q 2011	Pending	
	Produce Technical Tender Documents for ESW and Hardware/Software for all agencies.	150	ICB	Ex-ante	100		No	1Q 2010	4Q 2010	Pending	
Component 3.2: Transportation Sector Improvements											
	Overall sector study: Technical assistance to develop a transport sector strategy document.	300	NICQ/IICQ	Ex-ante	100		No	2Q 2010	2Q 2011	Pending	

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex-ante or ex-post)	Source of financing and percentage		Pre-qualification ³ (Yes/No)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	<u>Road Infrastructure analysis</u> Technical assistance to analyze the medium to long-term plan with respect to major highways, and secondary, feeder and link roads, considering the possibilities of extending, widening, upgrading and improving them.	100	QCBS	Ex-post	100		No	1Q 2011	1Q 2013	Pending	Least Cost Selection may be considered.
Component 3.3: Enhanced Access to Infrastructure through Public Private Partnerships											
	Consultancy services for the selection of a pilot project and hands on training for the design of the legal, technical and financial scheme for PPP project.	745	QCBS-ICB	Ex-ante	100		No	1Q 2010	4Q 2011	Pending	
Component 4: Design and strengthening of the Commission on Competitiveness and establishment of its Technical Unit.											
	Design and strengthening of Competitiveness Technical Unit (individual consultancies).	140	IICC/NICC	Ex-post			No	1Q 2010	4Q 2013	Pending	This includes Assessment and design of Technical Unit, Set up, training, study tours for TU.
	Core staff remuneration for Technical Unit (consultancy - individual).	360	NICC	Ex-post			No	2Q 2010	3Q 2013	Pending	This item will include a number of contracts, none of them above \$200K.

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					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	National Competitiveness Strategy (consultancy - firm).	300	QCBS	Ex-ante			No	3Q 2010	4Q 2011	Pending	
	Consultation Process and communication strategy (consultant – individual).	30	IICC/NICC	Ex-post			No	2Q 2010	4Q 2011	Pending	
	Program Administration										
	Selection & contracting of Project Coordination Unit: Project Coordinator, Deputy Coordinator, Senior Accountant, and Clerk/typist.	1,320	NICC	n/a		100	No	1Q 2010	1Q 2014	Pending	
	Selection and contracting of a Procurement Specialist, Coordinator for Trade Logistics and Facilitation activities (individual consultants).	300	NICC/IICC	Ex-ante	100		No	1Q 2010	4Q 2013	Pending	
	M&E capacity strengthening and support.	355	NICC/IICC QCBS	Ex-ante	100		No	1Q 2010	2Q 2013	Pending	These contracts cover an M&E specialist, mid-term and final evaluations, and cost-benefit and cost effectiveness analysis. Contracts for the latter two activities may be let to firms.

Ref. No. ¹	Description and type of the procurement contract	Estimated Contract Cost (US\$000)	Procurement method ²	Review (ex- ante or ex- post)	Source of financing and percentage		Pre- qualifi- cation ³ (Yes/N o)	Estimated dates		Status ⁴ (pending, in process, awarded, cancelled)	Comments
					IDB %	Local/ Other %		Publication of specific procurement notice	Completion of contract		
	Selection of external auditors and execution of annual audits of the Program.	75	NICC	Ex-ante	100		No	1Q 2010	2Q 2014	Pending	