



Trade Sector Support Programme

(BH-L1016; 2756/OC-BH)

Project Completion Report

(PCR)

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PCR Team: Mario Umaña, Team Leader (INT/TIN); Syreta Roberts (CCB/CBH); Oscar Vasco (INT/TIN); Samantha Pérez and Juan Labraga (external consultants).

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1. Electronic Links

1. [Development Effectiveness Matrix \(DEM\) Summary](#)
2. [Final version of the Progress Monitoring Report \(PMR\)](#)
3. [PCR Checklist](#)

2. Optional Electronic Links

1. [Minutes of the project's Exit Workshop](#)
2. [Final evaluation](#)

3. Acronyms and Abbreviations

BCD	Bahamas Customs Department
CARICOM	The Caribbean Community
CP	Competition Policy
EPA	Economic Partnership Agreement
EU	European Union
ESW	Electronic single windows
GOBH	Government of the Bahamas
CARIFORUM CARICOM	Countries plus Dominican Republic
ICES	Capacity Assessment System
IDB	Inter-American Development Bank
IPR	Intellectual Property Rights
MoF	Ministry of Finance
TIM	Trade Information Management System
TBT	Technical Barriers to Trade
SPS	Sanitary and Phytosanitary standards
WP	Working Party
WTO	World Trade Organization

BASIC PROJECT INFORMATION

^BH-L1016 Trade Sector Support Programme

Country Beneficiary Bahamas	Loan Instrument Investment Loan	Borrower BH-BH - THE COMMONWEALTH OF THE BAHAMAS	Loan(s) 2756/OC-BH	Sector Trade	Sub-Sector Trade Facilitation, Trade Logistics And Customs
Date of Board Approval Jul 18, 2012	Date of Eligibility for First Disbursement Jun 28, 2013	Date of Closure (CO) Jun 16, 2020	Loan Amount - Original 16,500,000.00	Loan Amount - Current 16,390,397.96	Pari Passu
Total Project Cost 16,500,000.00	Months In Execution from Approval 95	Months In Execution from First Disbursement 83	Original Date of Final Disbursement Aug 30, 2017	Actual Date of Final Disbursement Sep 30, 2019	Cumulative Extension(Months)
Total Amount Disbursed 16,390,397.96	Total Percentage of Disbursement 99%				

^ Ratings of project Performance in PMRs



Has This Project Received Funds from another Project? ☐ Yes ☒ No

Has This Project Sent Funds to Another Project? ☐ Yes ☒ No

Development Effectiveness Classification Successful

No	PMR Date	PMR Stage	Classification	Disbursement Percentage (As of Dec 31)
1	May 14, 2015	Second period Jan-Dec 2014	Problem	25%
2	Apr 04, 2016	Second period Jan-Dec 2015	Alert	25%
3	May 05, 2017	Second period Jan-Dec 2016	Alert	33%
4	Apr 17, 2018	Second period Jan-Dec 2017	Satisfactory	69%
5	May 17, 2019	Second period Jan-Dec 2018	Satisfactory	82%
6	Apr 30, 2020	Second period Jan-Dec 2019	Satisfactory	100%

^ Bank Staff



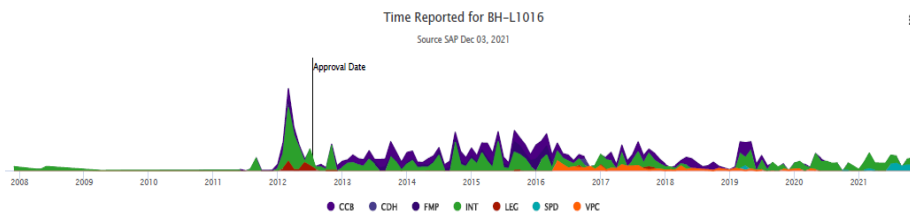
Positions	At PCR Jun 16, 2020	At Approval Jul 18, 2012
Vice-President VPS	Rodriguez-Ortiz, Ana	Levy, Santiago
Vice-President VPC	Rosa, Alexandre	Vellutini, Roberto
Country Manager	Turner-Jones, Therese (CCB/CCB)	Gerard Johnson
Sector Manager	Opertti, Fabrizio (INT/INT)	Estevadeordal, Antoni (INT/INT)
Division Chief	Granados, Jaime (INT/TIN)	N/A
Country Rep	Carrera Marquis, Daniela (CCB/CBH)	Wynter, Astrid (CCB/CBH)
Project Team Leader	Umana, Mario Alberto (INT/TIN)	Umana, Mario Alberto (INT/TIU)
PCR Team Leader	Umana, Mario Alberto (INT/TIN)	Umana, Mario Alberto (INT/TIN)

^ Staff Time and Cost



Stage Project Cycle	# of Staff Weeks	USD (including Travel and Consultant Costs)
Preparation	30.5	0.00
Supervision	195.0	701,081.61
Total	225.4	701,081.61

^ Time



I. INTRODUCTION

A. Country's and sector's context

- 1.1 In 2012, The Bahamas net inflows amounted to USD 526 million (BoP, IMF).¹ And while the Bahamas has attracted foreign investment especially in the tourism sectors, its economy heavily depends on imports to the US (around 85% of its international trade is with the US). Despite its strategic location, The Bahamas has pursued a gradual/incremental approach for acceding international trade organizations. The country is still not a member of the World Trade Organization (WTO)² and while it is part of the Caribbean Community (CARICOM), it is not a partner of the Caribbean Single Market.
- 1.2 The WTO accession process and the implementation of the Economic Partnership Agreement (EPA) had been hindered by serious institutional and operational limitations at the Bahamas Customs Department (BCD) and other trade related institutions. Customs procedures were cumbersome, manual and lengthy; and technology systems were outdated. This lack of modernization had a twofold impact. First, there were frequent data entry errors that resulted in improper classification/valuation and incorrect and unaccountable use of government exemptions. Second, it negatively affected the time and cost of movement of goods across borders. All the above, together with limited tools for enforcement and anti-smuggling control, adversely affected the revenue collection capacity of BCD which stood at 50% of the total income collected by the government.

B. Project's context and main stakeholders

- 1.3 On July 18, 2012, the IADB and the GOBH entered a US\$16.5M loan agreement to finance activities designed to modernize the Bahamas Customs and Excise Department (BCD) and strengthen the country's capacity for international trade. The general objective was to improve the facilitation of trade while strengthening the ability of customs to collect revenue and protect the borders by the enhancement and modernization of customs operations and the international trade institutional platform of The Bahamas. Three specific objectives were established as follows: (i) strengthening the institutional capacity of Customs; (ii) modernizing customs operations; and (iii) enhancing the international trade platform.
- 1.4 Originally, the execution of the programme was in charge of the BCD, who was responsible mainly for components 1 and 2. Technical coordinators were assigned for each component within the BCD. While the arrangement largely worked for Components 1 and 2, there was turnover of the technical coordinator for Component 3, a role that was played by staff from the Trade Unit who had other substantive responsibilities and limited capacity for project management. Therefore, at the end, the Trade Unit at the Ministry of Financial Services was the institution in charge of component 3. For supporting the programme's governance, a steering committee was formed by the Financial Secretary, the Customs Controller and the Chairman of the Trade Commission.

¹ Obtained from: <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=BS>.

² The current status in the accession process can be accessed at: <https://accessions.wto.org/acc/bhs>.

II. CORE CRITERIA. PROJECT PERFORMANCE

A. Relevance

- 2.1 **Alignment with country development needs.** The programme design was aligned to the country's need to promote international trade as a means to boost economic growth,³ especially in an economy that is heavily dependent on tourism and related services, as portrayed in the government's trade report.⁴ At the moment of approval, the Bahamas didn't count with a national strategy, but the programme followed previous efforts to improve trade such as the first trade agreement, the EPA, in 2008. In addition, the Bahamas had attempted to accede to the WTO in three previous times (2001, 2010, 2012) unsuccessfully due to limited negotiation leverage, low trade volumes, high logistical costs, and tariffs. This situation had prevented the country from reaping benefits such as better perception from foreign investors, access to the WTO's trade dispute settlement body, among others (Knowles, Mathias, & Chen, 2019). According to the IDB diagnosis, operational BCD limitations and other trade related institutions were hindering the trade environment. The total clearance time of imported goods from the time of physical arrival to exit from Customs facilities was 72 hours (Customs System CAS 2, 2012 recorded in the Result Matrix), and there was a negative impact in the revenue collection of US\$5.5 million because of direct revenue related offenses and contraband (BCD-MOF annual report, 2011-2012).
- 2.2 In 2011, The Bahamas issued a revised Customs Management Act, a customs law that laid the operations of the Customs Department and the Government of The Bahamas. However, for the bill to be fully realized, Customs was required to undertake radical reforms to its business processes and to transition from manual, paper-based systems to digital/e-government systems. As a matter of example, at the moment of approval, the IT system used at Customs (CAS) had been built in 1989 and it provided only basic functionality, did not communicate directly to brokers and traders, and data had to be manually processed⁵. Therefore, the programme's objectives were aligned with the Customs' efforts to modernize customs as per the 2011 Act, which indicated: "to enhance and protect the economic welfare and security of the people of The Bahamas through provision of appropriate Customs services in accordance with best international practices consistent with the requirements of international agreements relating to Customs activities to which the Bahamas is party".⁶
- 2.3 At implementation and closure, the programme's relevance was framed by the [Bahamas National Development Plan 2040](#), an initiative of the GOBH in collaboration with the IDB that provided a roadmap for the development of the country for a period of 25 years, and included the following indicators related to trade⁷ : (i) actively pursue entering into bilateral and multilateral trade agreements including the WTO; (ii) strengthen investment promotion and trade facilitation;

³ According to Were (2015), a one percent rise in the average trade to GDP ratio leads to an increase in the average GDP per capita growth by about one-half (0.47) percentage points.

⁴ For more information: <https://www.bahamas.gov.bs/wps/wcm/connect/48f7bb2a-0092-481a-baad-f8d542650768/Trade+In+Goods.pdf?MOD=AJPERES>

⁵ World Customs Organization Diagnostic: Implementation of the SAFE Programme. Angelo Merola and Chole Fairfax. Columbus Programme. Final Report to the Ministry of Finance. (2007), and IMF report: The Bahamas Revenue Administration-A program for reform (2009).

⁶ Page 29.

⁷ Bahamas National Development Plan 2040 pages 485-488.

- (iii) ensure effective use of existing trade relationships/agreements such as the European Union's, Economic Partnership Agreement (EPA) with the CARIFORUM; (iv) strengthen strategic bilateral foreign and trade relation; and (v) improve the export regime to reduce the number of days it takes to export goods through revision of export procedures and by encouraging the use of ICT to improve efficiency.
- 2.4 **Conclusion.** According to the presented analysis, the programme was relevant for addressing the country's development needs by facilitating trade through the provision of Customs services in accordance with best international practices that are part of the requirements of international agreements.
- a. Strategic Alignment**
- 2.5 At the moment of approval, the programme was aligned to the Second Update of the Institutional Strategy 2010-2020 (AB-3008) by promoting alignment instruments and integration policies and it was consistent with the challenge of a lagging economic integration and the transversal aspect of strengthening the institutional capacity and the rule of law. It was also aligned to The Bahamas Country Strategy 2010-2014 (GN-2558) through the IDB strategic objective 4.2 *Improve and facilitate access to trade*; and The Bahamas Country Strategy 2013-2017 (GN-2731) through the country's development goal of eliminating the obstacles to trade so the government can facilitate its expansion. The programme was also consistent with the IDB's Competitive Global and Regional Integration Strategy (GN-2565) overall objective of promoting global and regional integration as a strategic development policy tool.
- 2.6 At execution and closure, the programme was consistent with the updated Country Strategy for the Bahamas 2018-2022 (GN-2920-1) and its strategic objective of addressing information asymmetries and high transaction costs.
- 2.7 **Conclusion.** The analysis concludes that the programme was aligned to the Bank's update of the Institutional Strategy, the country strategy, and the IDB's competitive global and regional integration strategy during design, implementation, and closure.

b. Relevance of Design

- 2.8 **Context at the moment of programme design.** At the moment of design, BCD had limited ability to facilitate trade, collect revenue and protect the borders. The design was based mainly on three documents that analyzed the country's situation. A first assessment⁸ observed the need to enhance the ownership to the modernization process by customs senior management, and a need to strengthen the following areas: (i) organization required restructuring in order improve to manage change and effectively deliver programs and services; (ii) the cargo clearance system implemented in the late 1980's provided basic functionality without communicating directly with brokers, traders and financial institutions while relying heavily on hard copy documents and cumbersome manual procedures; (iii) the passenger program used outdated methodologies and operated outside of any structured application of risk-managed procedures; (iv) BCD did not have a

⁸ Ledrew, W & Johnston, J. (2011). Modernization of the Bahamas Customs Department. <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36501579>

centralized enforcement organization and an enforcement strategy had not been developed; and lastly, (v) need to improve the relations between BCD and its clients, especially with the customs brokerage community.

- 2.9 Regarding custom's regulatory processes, a second Vulnerability Assessment Study⁹ identified some of the main challenges as the following: (i) there was an obsolete information and communication technology management system to support modern customs operational processes; (ii) limited use of risk analysis model and its system, Trade Information Management System (TIM), with only 5% of efficiency in the positive hits, which leads to excessive use of physical inspections, up to 80% of the cargo, that affect the efficient and timely clearance of goods at the border; (iii) outdated institutional/operational framework and business processes; (iv) outdated organization structure and human resources model and management; (v) inefficient cargo clearance of 24 hour per import declaration and entry passenger processing and outdated operational processes; (vi) limited border control coordination and need of an enforcement strategy; and (vii) challenging relationship with the private sector. On the other hand, the institutional platform for international trade which has the exclusive responsibility for trade matters was underdeveloped and understaffed, relying on other ministries and institutions to carry out its work. Other countries in the region had moved in terms of modernizing customs operations and introducing one single point of entry regionally called electronic single windows for their export-import processes to maximize the benefits from data harmonization and speed documentation filing required by all stakeholders to the international border transaction.¹⁰
- 2.10 Lastly, a consultation with the Ministry of Finance (MoF), the Ministry of Agriculture and Marine Resources, the Office of the Attorney General, the Office of Consumer Protection, The Bahamas Trade Council, and the Ministry of Foreign Affairs,¹¹ among others revealed three main needs in terms of international trade policy: (i) the development of the institutional and technical capacity at the International Trade Unit of the Ministry of Finance and trade related agencies; (ii) technical support to increase the country's ability to manage technical Barriers to trade, sanitary and phytosanitary measures, and implement competition policy and the protection of intellectual property rights; (iii) Technical support for the WTO accession process, including the elaboration of sector analysis for goods and services to determine offensive and defensive interests
- 2.11 **Solution design.** Based on these problems, the team designed a set of solutions grouped under three components. For the purposes of this report, we map out these components to the following three specific objectives: strengthening of customs management; modernizing customs operations; and enhancing the institutional trade platform. In what follows, we examine hypotheses linking the use of products under each specific objective to the problem they address, as well as the evidence supporting these linkages:
- 2.12 **SO1. Strengthening of customs management.** Among many factors, border times that facilitate trade depend on (i) the coordination among agencies involved, (ii) the design of regulations and procedures (whether they are streamlined or cumbersome), and (iii) the resources available to the agencies, including in

⁹ [Technical Analysis \(BH-L1016\), 2012.](#)

¹⁰ [IDB \(2010\). Electronic Single Window: Coordinated Border Management - Best Practices Studies. Technical Notes No. IDB-TN-296.](#)

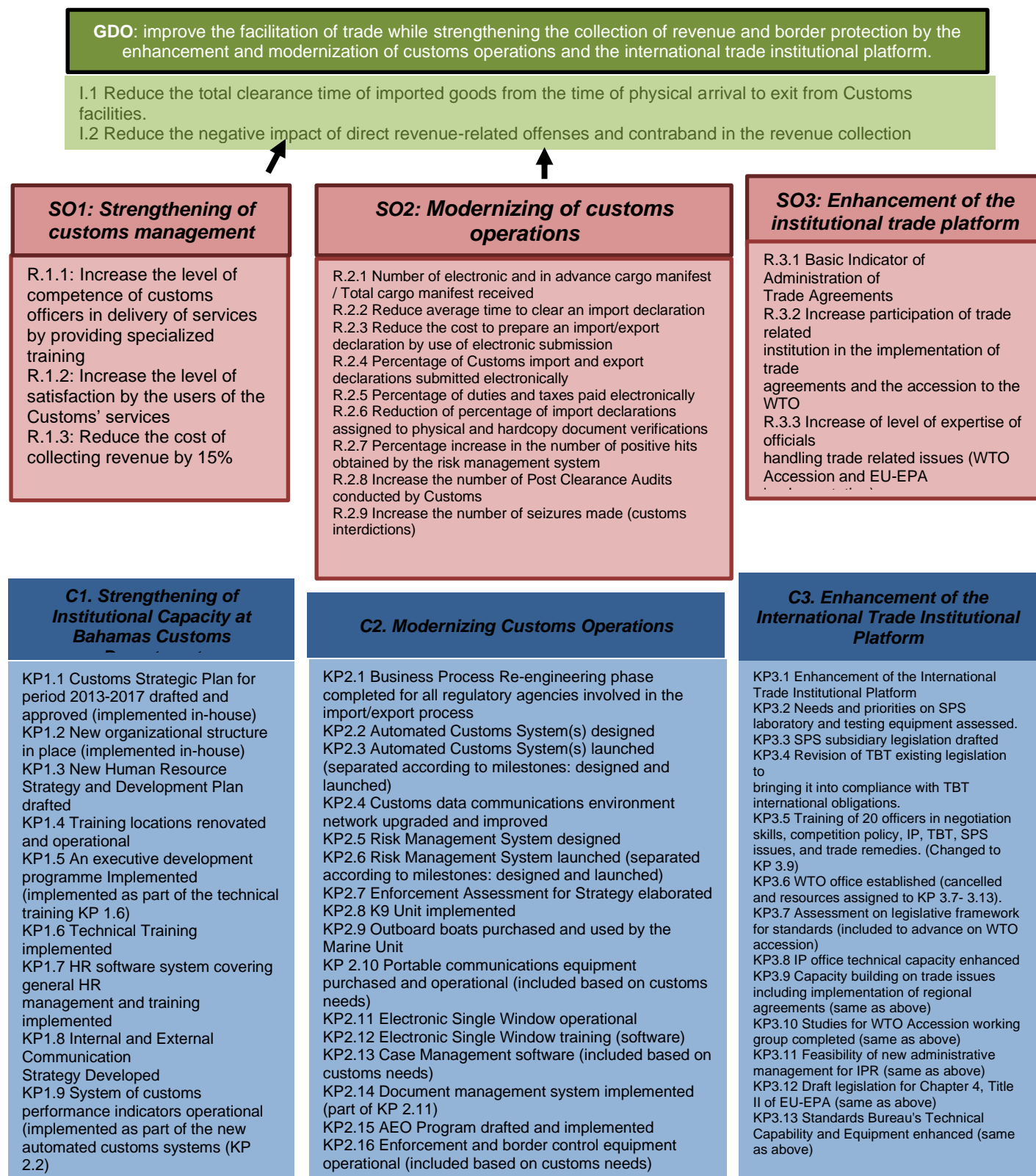
¹¹ [Strengthening of the International Trade institutional and regulatory platform Report.](#)

- particular the quantity and quality of personnel (Carballo J., Graziano, Schaur, & Volpe Martincus, 2016). Even if there is no experimental evidence that supports the idea of strengthening the agency in charge of trade transactions to improve trade, the literature has explored the extent at which countries have made efforts to improve their Customs institutions. Peterson (2017) examines the motivation of several countries to undertake customs reforms, which include agreements made as part of the World Customs Organization Kyoto Convention and the World Trade Organization's Trade Facilitation Agreement. Particularly, Holloway (2008) analyzed the importance of capacity building supporting customs reform to modernize trade facilitation.
- 2.13 In Component 1, outputs were designed to provide BCD with three specific resources that according to the evidence are critical to strengthening the functioning of customs management: an institutional framework, human capital and the software required to carry on their activities in a more efficient manner. In the first area, the programme included a customs strategic plan (KP 1.1) -which was ultimately financed with the country's resources-, a new human resources strategy and development plan (KP 1.3) and a new organization strategy (KP 1.2) -also financed in house-. In terms of building human capital, the programme financed training locations (KP 1.4) and the technical training (KP 1.6), which also included training for executives so there was no need to pay for a specific training (KP 1.5). Instead, these resources were allocated towards the Click2Clear mechanism. Lastly, the design included an HR system (KP 1.7) and a communication strategy (KP 1.8) which completed the necessary design to accomplish this SO. The major risk for the accomplishment of this SO was for the lack of interest in training and cultural change. Mitigation actions included the identification and training and promising staff via "train the trainer" workshops, and the development of a schedule of training workshops to assign BCD headquarters staff to family islands for at least two weeks to provide hands-on training at those ports of entry.
- 2.14 **SO2. Modernizing of customs operations.** Another factor that is relevant for increasing efficiency in customs operation is the access to technology to complete trade transactions (Carballo J., Graziano, Schaur, & Volpe Martincus, 2016). In component 2, all outputs aimed at modernizing operations through the single point of entry tool called "Click2Clear" and related software. On the one hand, the programme financed a business process re-engineering (KP 2.1) and new systems to modernize customs (KP 2.2, 2.3, 2.4, 2.5, 2.6, 2.10 and 2.15), including the Click2Clear (KP 2.11 and 2.12) which is one of the main components of the programme and that included a document management system (KP 2.14). On the other, the programme financed the required equipment for BCD to comply with its functions of enforcement and border control (KP 2.16) and included other outputs to satisfy additional needs such as other equipment including portable communications equipment (KP 2.10), and a case management software to follow up on cases identified by the risk management system (KP 2.13). This component had a simpler structure that included all the required systems for customs to operate with higher efficiency.
- 2.15 The implementation of Click2Clear was the main activity for the success of this SO. Therefore, the higher risk of the project was potential delays in the deployment of the Click2Clear, which occurred due to Hurricanes Maria in September 2017, and Dorian in September 2019. Currently, Click2Clear is fully implemented at

Grand Bahama Island, including specific features. Deployment in the rest of the islands, including New Providence, have been covered and implementation is nearly 100%. Another action to mitigate the potential negative implementation issues of the Click2Clear, was the incorporation of adjustments based on early feedback from the private sector and the media.

- 2.16 **SO3: Enhancement of the institutional trade platform.** The aim of Component 3 was to strengthen the country's international trade platform by strengthening the institutional framework of trade related institutions, increasing their capacity for trade (mainly through training, and increasing their ability to manage technical barriers to trade. During execution, this component experienced several adjustments due to changes in the priorities of the Ministry of Financial Services, in charge of the trade area. The outputs shifted somewhat from training and building of personnel capacity and supporting logistics for trade related institutions to putting in place the resources (physical, legislative, and operational) to being able to comply with specific EPA/WTO provisions related to Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT), Intellectual Property Rights (IPR) and Competition Policy. Outputs 3.1, 3.2, 3.3 and 3.4 were included with the objective of setting the foundation of an international trade platform by having the adequate legislation (KP 3.1, 3.3 and 3.4) and the equipment (KP 3.2). Training was relevant for this topic as well (KP 3.5), but the output was changed to (KP 3.9) to be more specific on the training aim. The output of a WTO office (KP 3.6) was cancelled by the Minister of Financial Services, due to changes in priorities and because some of the same functions were handled by the Trade Unit itself from Nassau. However, a set of outputs were included to keep progressing towards the requirements compliance and facilitate the ongoing trade negotiations (KP 3.7, 3.8, 3.10, 3.11, 3.12 and 3.13). All these outputs strengthened the trade regulatory framework of The Bahamas as reflected in the Basic Indicator of Administration of Trade Agreements.
- 2.17 **Conclusion.** The programme objectives were aligned to the country's needs and the Country Strategy valid at the approval and closure. The design was adequate to respond to the problem at customs and the international trade institutional platform. Overall, the theory of change maintained constant for the rest of the programme execution as it can be evidenced by the adjustments to the original design. As mentioned previously, changes in components 1 and 2 were to reallocate resources due to efficiency gains in training, and the only significant changes were in component 3 where KP 3.6 was cancelled, and 6 other outputs were included to achieve the original objective. The three specific objectives, as well as the general objective, remained the same as defined at the project proposal. Accordingly, the score for the relevance section is **Satisfactory** (See Table 1).

Figure 1



Note: Elaborated by the authors. GDO: General Development Objective. SO: Specific Objective, C: Component. I: Indicator. KP: Key product.

2.18 **Matrix results analysis. There were no changes in the results matrix during the execution (See Table 1).** Therefore, the vertical logic remained unchanged. As indicated in Figure 1, all results indicators were aligned with the general and the expected outcomes.

Table 1. Results Matrix (@ approval, Startup plan and @exit)

Indicators	At approval			Startup plan			At project completion (PCR)			Comments
	Unit of measure	Baseline	EOP (P)	Unit of measure	Baseline	EOP (P)	Unit of measure	Baseline	EOP (A)	
Specific Objective 1: Customs management strengthened										
Increase the level of competence of customs officers in delivery of services by providing specialized training	# ¹²	5 ¹³	9	#	5	9	#	5	9	Target: based on team assessment, field visits and dialogue with BCD
Increase the level of satisfaction by the users of the Customs' services	# ¹⁴	3 ¹⁵	9	#	3	9	#	3	8	Target: based on team assessment, field visits and dialogue with BCD
Reduce the cost of collecting revenue by 15%	%	2.8 ¹⁶	2.4	%	2.8	2.4	%	2.8	2.50	Fiscal impact is always a goal considered along in Trade Facilitation programs. Target based on expert opinion from consultants in agreement with BCD

¹² Scale of values: Low from 1 to 4; Medium from 5 to 7; High from 8 to 10.

¹³ Project Team estimate based on assessments, field visits and dialogue with BCD.

¹⁴ Ibid supra note 13.

¹⁵ Ibid supra note 13.

¹⁶ Ratio of personnel cost/revenue collected.

Specific Objective 2: Customs operations modernized										
Number of electronic and in advance cargo manifest / Total cargo manifest received	%	25	85	%	25	85	%	25	95¹⁷	In alignment with the goal of digital processes. Target based on expert opinion of consultants, project team in agreement with BCD
Reduce average time to clear an import declaration	Hour	24	7.2	Hour	24	7.2	Hour	24	6h35min	Time reduction is at the essence of the problem/solution. Target based on expert opinion of consultants, team members in agreement with BCD
Reduce the cost to prepare an im-port/export declaration by use of electronic submission	US\$	\$20/page	\$0/page	US\$	\$20/page	\$0/page	US\$	\$20/page	\$0/page	Target: Automatization would imply 0 costs. This cost was associated with the paper-based form
Percentage of Customs import and export declarations submitted electronically	%	2	100	%	2	100	%	2	95¹⁸	Part of the digital transformation. Target based on expert opinion of consultants, team members in agreement with BCD
Percentage of duties and taxes paid electronically	%	0	80	%	0	80	%	0	50¹⁹	Part of the digital transformation and the need to move away from cash transactions. Target based on

¹⁷ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 100% of electronic/advance cargo manifest

¹⁸ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 100% of import/export declarations

¹⁹ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 90% of duties and taxes paid electronically

										expert opinion of consultants, team members in agreement with BCD
Reduction of percentage of import declarations assigned to physical and hardcopy document verifications	%	80	10	%	80	10	%	80	13	Part of the automation goal and reduction in physical inspections. Target based on expert opinion of consultants, team members in agreement with BCD
Percentage increase in the number of positive hits obtained by the risk management system	%	5	50	%	5	50	%	5	20 ²⁰	strengthening of risk management and improve enforcement of Customs Law to prevent illicit trade. Target based on expert opinion of consultants, team members in agreement with BCD
Increase the number of Post Clearance Audits conducted by Custom	# of audits	0	25 (100% major importers)	# of audits	0	25 (100% major importers)	# of audits	0	1690	The goal is to reduce pre inspection but increased post clearance supervision in line with modern practices. Target based on expert opinion of consultants, team members in agreement with BCD
Increase the number of seizures made	# of seizures per year	60	120	# of seizures per year	60	120	# of seizures per	60	129	In line with the need to improve enforcement of the customs law. Target based on

²⁰ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 50% of increase in positive hits obtained by the Risk Management System.

(customs interdictions)							year			expert opinion of consultants, team members in agreement with BCD
Specific Objective 3: The institutional trade platform enhanced										
Basic Indicator of Administration of Trade Agreements	Point	550 ²¹	675 ²²	Point	550	675	Point	550	639	Based on methodology developed by INT/TIN. The baseline was based on a proxy with a country that has a more developed institutional framework, and it is already a member of the WTO (Nicaragua). Target based on assessment by project team in agreement with MOFS
Increase participation of trade related institution in the implementation of trade agreements and the accession to the WTO	# of institutions	0	5	# of institutions	0	5	# of institutions	0	9	A measure of health of the institutional ecosystem. Target based on assessment of Project Team in agreement with MOFS
Increase of level of expertise of officials handling trade related issues (WTO Accession	# ²³	2 ²⁴	9	#	2	9	#	2	9	Capacity building goals to improve the chances to benefit from Trade agreements. Target based on assessment of

²¹ This baseline is a proxy from a similar intervention by the Bank in Nicaragua (2244/BL-NI – NI-L1016).

²² This is a proxy projection from the same indicator based on a similar intervention by the Bank in Nicaragua (2244/BL-NI – NI-L1016).

²³ Scale of values: Low from 1 to 4; Medium from 5 to 7; High from 8 to 10.

²⁴ Project Team estimate.

and EU-EPA implementati on)										Project Team in agreement with MOFS
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B. Effectiveness

a. Statement of project development objectives

- 2.19 The programme's general objective was to improve the facilitation of trade while strengthening the ability of customs to collect revenue and protect the borders by the enhancement and modernization of customs operations and the international trade institutional platform of The Bahamas. The original design did not include specific objectives according to the newest effectiveness guidelines. However, for the purposes of the PCR we map out each component to each of the following specific objectives: (i) strengthening of customs management. (ii) modernizing of customs operations; and (iii) enhancement of the institutional trade platform.
- 2.20 The three specific objectives point towards the same objective, as measured by the impact indicators of a reduction in the total clearance time of imported goods from the time of physical arrival to exit from Customs facilities from 72 hours to 2 hours and 42 minutes (Customs, 2012), and (ii) a reduction in the negative impact in the revenue collection of US\$5.5 million to US\$3.5 million because of direct revenue related offenses and contraband (BCD-MOF annual report, 2011-2012).

b. Results Achieved

- 2.21 **SO1. Strengthening of customs management.** One of the main factors to improve trade transactions relate to the capacity of the institution to coordinate with other agencies involved, the design of their regulations and procedures, as well as the resources available to the agencies to administratively process the shipments, including the quantity and the quality of personnel (Carballo J., Graziano, Schaur, & Volpe Martincus, 2016). The achievement ratio for this SO is 86% with a classification of satisfactory.
- 2.22 **Result 1. Increase the level of competence of customs officers in delivery of services by providing specialized training.** Custom officers declared themselves with a competence level of 9 (out of a scale of 10) on the delivery of services. Responses were collected in an in-class course completion surveys after receiving specialized training.
- 2.23 **Result 2. Increase the level of satisfaction by the users of the Customs services.** According to a survey sent to customs users, they indicated being "satisfied" with the services provided.²⁵ 5 responses were collected from users of the following services: import declaration, payment of duties and export declaration.
- 2.24 **Result 3. Reduce the cost of collecting revenue by 15%.** According to BCD's annual report, this indicator went from 2.80 to 2.50, with an impact 25% lower than expected (target was a reduction up to 2.40).²⁶

²⁵ The survey was designed with a five-point liker scale and results were converted into a ten-point scale.

²⁶ The cost of collecting is calculated: Amount assigned by Customs for personnel cost (A) and revenue collected by Customs (B). The indicator measures customs' efficiency if the amount of A decreases or

- 2.25 **SO2. Modernizing of customs operations.** 9 indicators were included to measure the increase in trade facilitation while balancing control and security. The achievement ratio for this SO is 86% with a classification of satisfactory.
- 2.26 **Result 4. Number of electronic and in advance cargo manifest as a percentage of total cargo manifest received increases.** As the Click2Clear indicates, this percentage went from 25% to 95%²⁷, showing better results than specified in the original target (85%).
- 2.27 **Result 5. Percentage of Customs import and export declarations submitted electronically increases.** This indicator was accomplished as expected going from 2% to 95%²⁸.
- 2.28 **Result 6. Percentage of duties and taxes paid electronically increases.** Initially aimed at 80%, this indicator reached only 50%²⁹ for the programme period.
- 2.29 **Result 7. Reduction of percentage of import declarations assigned to physical and hard-copy document verifications.** According to the Risk Management System data, this indicator went from 80 to 13% (versus a target set at 10%).
- 2.30 **Result 8. Percentage increase in the number of positive hits obtained by the risk management system.** This indicator increased from 5 to 20%, with a lower achieved than planned (50%).
- 2.31 **Result 9. Increase the number of Post Clearance Audits conducted by Customs.** As expected, the shift from a declaration-by-declaration method to a post audit control allowed for a significant increase from 0 to 1,690 audits according to the Click2Clear, including all major importers.
- 2.32 **Result 10. Increase the number of seizures made (customs interdictions).** This indicator surpassed the target set during design, going from 60 to 129 seizures (versus 120 planned initially).
- 2.33 **Result 11. Reduce average time to clear an import declaration.** This indicator was reduced from 24 hours to 6 hours 35 minutes, exceeding the target of 7 hours 20 minutes.
- 2.34 **Result 12. Cost to prepare an import/export declaration by use of electronic submission decreases.** As the paper declaration form was eliminated and the process is now done electronically, the cost was reduced from 20 to 0 dollars.
- 2.35 **SO3. Enhancement of the institutional trade platform.** Three indicators aimed to measure the strengthening of trade related institutions and the country's capacity for trade strategy formulation and policy making. The achievement ratio for this SO is 87% with a classification of satisfactory.

remains the same and B remains the same or increases. This indicator measures the efficiency in the use of resources necessary to collect duties and taxes. It is expressed by a ratio where the numerator is the cost of personnel, and the denominator is the total of revenue collected. The efficiency increases if the numerator decreases or does not increase, and the denominator increases or does not decrease.

²⁷ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 100% of electronic and in advance cargo manifest.

²⁸ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 100% of import/export declarations submitted electronically

²⁹ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 90% of duties and taxes paid electronically

- 2.36 **Result 13. Basic Indicator of Administration of Trade Agreements.** This Indicator is based on a comprehensive questionnaire prepared by the Trade and Investment Division of the Bank that includes a self- assessment from the trade-related institutions and the IDBs evaluation for the following topics: Rules of Origin, Safeguards, Antidumping, Subsidies and Countervailing Duties, Sanitary and Phyto-sanitary Measures, Technical Barriers for Trade, Services, Investment, Intellectual Property, Public Procurement, Environment, Dispute Settlement, Labor, Competition Policy, Customs and other institutional issues (transparency). Even so, the results from the questionnaire, although lower than originally expected, show solid progress, especially in areas where the project directly intervened (Standards and TBT, Sanitary and Phytosanitary rules (SPS) and lab and testing needs, Intellectual Property, and Competition Policy³⁰), with an improvement of 13.92% over the baseline.³¹ These topics are part of the backbone of trade policy implementation and correspond to the modern structure of NAFTA-like Free Trade Agreements, originally focused only on tariff reduction. The impact of the intervention is moderate when compared to the results directly related to Customs as the latter received substantially more attention under components 1 and 2 and they were under the turf of one institution, in contrast with the coordination effort that requires policy actions in multiple institutions like the Ministry of Financial Services Trade Unit, the Intellectual Property Registrar, The Bahamas Bureau of Standards and Quality, The Ministry of Agriculture and Marine Resources, or the Utilities Regulation and Competition Authority (URCA).
- 2.37 **Result 14. Increase participation of trade related institutions in the implementation of trade agreements and the accession to the WTO.** The programme had great achievement in terms of collaboration between the public institutions as according to the MoF, 9 institutions were involved in the WTO process.
- 2.38 **Result 15. Increase of level of expertise of officials handling trade related issues (WTO Accession and EU-EPA implementation).** Based on a survey conducted to officials at the Trade Unit, they indicated having, on average, a level of expertise of 8.3 out of 10. This represented an increase of 300% but an accomplishment of only 90% of the expected target.
- 2.39 In general, results show an improvement in the institutional trade platform, although with asymmetric outcomes. There is a high performance from customs in trade facilitation, rules of origin and market access, a medium performance in the enforcement of intellectual property, antidumping, safeguards and subsidies/countervailing duties, SPS and procurement, and low or no improvement in dispute settlement, competition and transparency. The main explanation for this is the relation of the first group of indicators of the Basic Indicator of Administration of Trade Agreements to the first two components of the programme and as such, the leadership of the stronger institution (Customs). The other trade-related institutions are smaller and have less financial and technical resources. The Trade Unit inside the Ministry of Financial Services remains understaffed and weak to adequately coordinate all the efforts to implement a modern trade policy. Despite these problems, the new administration is better prepared to finalize the negotiation inside the Working Party of the WTO accession process, as it has a fresh political capital to spend and overall stronger regulatory/institutional

³⁰ Outputs 3.1 through 3.10.

³¹ [Questionnaire](#).

framework. Regarding the accession process, progress has been made although WTO accession seemed stagnant for years due to perceived negative results such as a decline in government revenues due to tariffs reductions and a perception of the loss of sovereignty with respect to national policies. Before the pandemic started, negotiations were advancing as the fourth meeting of the Working Party (WP) was held on April 2019³². The idea was to have a negotiated offer to be discussed during the XII WTO Ministerial of 2020, in Kazakhstan, subsequently moved to November 2021 in Geneva. The negotiations inside the WP are on pause while The Bahamian cabinet discusses part of the proposal. There seems to be some renovated interest to proceed with the process as the WP has appointed a new Chair from Jamaica and two recent studies have backed the need to complete the accession as a condition to address the structural challenges of the economy exacerbated by the pandemic³³.

- 2.40 **Conclusion.** Average of the results indicators of the three specific objectives is 86.8%. With respect to the third objective, the program was able to strengthen the trade related apparatus, including part of the regulatory framework required by WTO and EPA. Therefore, the effectiveness of the programme was classified as satisfactory.

³² https://www.wto.org/english/news_e/news19_e/acc_bhs_09apr19_e.htm

³³ An Economic Recovery Committee has been appointed to address this problem and recently has issued a strong technical report advocating for the completion of the accession process that started 21 years ago. <https://www.thebahamaschamber.com/post/economic-recovery-committee-s-executive-summary-report> . Another study: [Oxford Report for the Chamber of Commerce](#) backed the same conclusions related to the need to update the trade policy, with the support of the International Trade Center -by request from the Ministry of Financial Services.

Table 2. Results Achieved Matrix

Specific Objectives/Indicator	Unit of Measure	Baseline value	Baseline year	Targets and Actual achievement		% Achieved	Means of verification
Specific Objective #1: Customs management strengthened							
Indicator #1: Increase the level of competence of customs officers in delivery of services by providing specialized training	# ³⁴	5 ³⁵	2012	P	9	100%	Completed survey
				P(a)	9		
				A	9		
Indicator #2: Increase the level of satisfaction by the users of the Customs' services	# ³⁶	3	2012	P	9	83%	Completed survey
				P(a)	9		
				A	8		
Indicator #3: Reduce the cost of collecting revenue by 15%	%	2.8 ³⁷	2012	P	2.4	75%	BCD's Annual Report
				P(a)	2.4		
				A	2.5		
Specific Objective #2: Customs operations modernized							
Indicator #1: Number of electronic and in advance cargo manifest / Total cargo manifest received	%	25	2012	P	85	117%	BCD's Annual Report
				P(a)	85		
				A	95		
Indicator #2: Reduce average time to clear an import declaration	Hrs.	24	2012	P	7.2	105%	Data from new customs system (CAS2)
				P(a)	7.2		
				A	6.35		
Indicator #3: Reduce the cost to prepare an import/export declaration by use of electronic submission	\$ per page	20	2012	P	0	100%	Availability of Electronic Declaration forms free of cost The declaration currently has no cost as submission is done via Clear2Click
				P(a)	0		
				A	0		
Indicator #4: Percentage of Customs import and export declarations submitted electronically	%	2	2012	P	100	95% ³⁸	BCD's Annual Report
				P(a)	100		
				A	95		
Indicator #5: Percentage of duties and taxes paid electronically	%	0	2012	P	80		BCD's Annual Report
				P(a)	80		

³⁴ Scale of values: Low from 1 to 4; Medium from 5 to 7; High from 8 to 10.

³⁵ Project Team estimate based on assessments, field visits and dialogue with BCD.

³⁶ Project Team estimate based on assessments, field visits and dialogue with BCD.

³⁷ Ibid supra note 13.

³⁸ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 100% of import/export declarations submitted electronically

				A	50	62.5% ³⁹	
Indicator #6: Reduction of percentage of import declarations assigned to physical and hardcopy document verifications	%	80	2012	P	10	96%	BCD's Annual Report
				P(a)	10		
				A	13		
Indicator #7: Percentage increase in the number of positive hits obtained by the risk management system	%	5	2012	P	50	33%	BCD's Annual Report
				P(a)	50		
				A	20		
Indicator #8: Increase the number of Post Clearance Audits conducted by Custom	# audits	0	2012	P	25	6,436%	BCD's Annual Report
				P(a)	25		
				A	1609		
Indicator #9: Increase the number of seizures made (customs interdictions)	# seizures per year	60	2012	P	120	115%	BCD's Annual Report
				P(a)	120		
				A	129		
Specific Objective #3: Institutional trade platform enhanced							
Indicator #1: Basic Indicator of Administration of Trade Agreements	Point	550 ⁴⁰	2012	P	675 ⁴¹	71.2%	Trade Unit at MFS
				P(a)	675		
				A	639		
				P	5		
Indicator #2: Increase participation of trade related institution in the implementation of trade agreements and the accession to the WTO	# of institutions	0	2012	P(a)	5	180%	Data from the Trade Unit at MOF
				A	9		
Indicator #3: Increase of level of expertise of officials handling trade related issues (WTO Accession and EU-EPA implementation)				P	9		Trade Unit at MOF / Survey
	# ⁴²	2	2012	P(a)	2	90%	
				A	8.3		

³⁹ Data in the table reflects information available at the date of approval of the PCR. Subsequent update provided by BCD shows 90% of duties and taxes paid electronically

⁴⁰ This baseline is a proxy from a similar intervention by the Bank in Nicaragua (2244/BL-NI – NI-L1016)

⁴¹ This is a proxy projection from the same indicator based on a similar intervention by the Bank in Nicaragua (2244/BL-NI - NI-L1016)

⁴² Scale of values: Low from 1 to 4; Medium from 5 to 7; High from 8 to 10.

Outputs	Unit of Measure	Baseline value	Baseline year	Targets and Actual achievement		% Achieved	Means of verification
Component #1							
P.1.1. Output #1: New Human Resource Strategy and Development Plan drafted	Strategy	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.1.2. Output #2: Training locations renovated and operational	Locations	2		P	2	100%	
				P(a)	2		
			2014	A	2		
P.1.3. Output #3: Technical Training implemented	program	1	2019	P	1	100%	
				P(a)	1		
				A	1		
P.1.4. Output #4: HR training management software implemented	system	1	2017	P	1	100%	
				P(a)	1		
				A	1		
P.1.5. Output #5: Public Awareness Campaign implemented	campaign	1	2014	P	1		
				P(a)	1		
				A	1		
Component #2							
P.2.1. Output #1: Business Process Re-engineering phase completed for	Report	1	2013	P	1	100%	
				P(a)	1		

all regulatory agencies involved in the import/export process				A	1		
P.2.2. Output #2: Automated Customs System(s) designed	systems	1	2015	P	1	100%	
				P(a)	1		
				A	1		
P.2.3. Output #3: Automated Customs System Launched	Launch	1	2018	P	1	100%	
				P(a)	1		
				A	1		
P.2.4. Output #4: Customs data communications environment network upgraded and improved	networks	1	2015	P	1	200%	
				P(a)	2		
				A	2		
P.2.5. Output #5: Risk Management System designed	systems	1	2016	P	1	100%	
				P(a)	1		
				A	1		
P.2.6. Output #6: Risk Management System Launched	Launch	1	2018	P	1	100%	
				P(a)	1		
				A	1		
P.2.7. Output #7: Enforcement Assessment for Strategy elaborated	strategies	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.2.8. Output #8: K9 Unit implemented	Units	1	2015	P	1	100%	
				P(a)	1		

				A	1		
P.2.9. Output #9: Outboard boats for the Marine Unit purchased and operational	boats	3	2015	P	3	166%	
				P(a)	5		
				A	5		
P.2.10. Output #10: Portable communications equipment purchased and operational	equipment	1	2014	P	1	100%	
				P(a)	1		
				A	1		
P.2.11. Output #11: Electronic Single Window operational	Electronic single window	1	2016	P	1	100%	
				P(a)	1		
				A	1		
P.2.12. Output #12: Electronic Single Window Training (software)	Training	1	2019	P	1	100%	
				P(a)	1		
				A	1		
P.2.13. Output #13: Case Management software	systems	1	2016	P	1	100%	
				P(a)	1		
				A	1		
P.2.14. Output #14: AEO Program implemented	programs	1	2014	P	1	100%	
				P(a)	1		
				A	1		
P.2.15. Output #15: Enforcement and border control equipment operational	Equipment	1	2015	P	1	100%	
				P(a)	1		
				A	1		

Component #3							
P.3.1. Output #1: EU- EPA compliant legislation in competition policy assessed and drafted	laws	1	2015	P	1	100%	
				P(a)	1		
				A	1		
P.3.2. Output #2: Needs and priorities on SPS laboratory and testing equipment assessed	Report	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.3.3. Output #3: SPS subsidiary legislation drafted	Laws	1	2015	P	1	100%	
				P(a)	1		
				A	1		
P.3.4. Output #4: Revision of TBT existing legislation to bringing it into compliance with TBT international obligations	Report	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.3.5. Output #5: IP office technical capacity enhanced	IP office	1	2014	P	1	100%	
				P(a)	1		
				A	1		
P.3.6. Output #6: Capacity building on trade issues including implementation of regional agreements	Training	1	2015	P	1	100%	
				P(a)	1		
				A	1		
P.3.7. Output #7: Studies for WTO accession working group completed	Studies	1	2015	P	1	100%	
				P(a)	1		
				A	1		

P.3.8. Output #8: Feasibility of new administrative management for IPR	Study	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.3.9. Output #9: Draft legislation for Chapter 4, Title II of EU-EPA	Legislation	1	2013	P	1	100%	
				P(a)	1		
				A	1		
P.3.10. Output #10: Standards Bureau's Technical Capability and Equipment enhanced	technical capability and equipment	1	2018	P	1	100%	
				P(a)	1		
				A	1		

Where: P = Start-Up Plan; P (a) = Revised Annual Target; A = Actual.

c. Counterfactual Analysis

- 2.41 It seems clear that the implementation of Click2Clear electronic single point of entry would potentially streamline various business and trade processes, the primary target for improvement is processing of import and exports permits and licenses. Specifically, it is expected that the program activities reduced the number of hours that importers and exporters of goods spend on document preparation, customs clearance, and inspections and the costs associated with these processes. These mechanisms can result in a significant reduction in the time spent on preparing trade documents. Existing evidence indicates that the number of days required to prepare these documents is 40 percent lower (8 versus 14 days) in countries with trade single window schemes (World Bank 2014).
- 2.42 For the case of Costa Rica, Volpe Martincus (2016) shows that upgrading technology from a paper-based to an electronic single point of entry does not change the information demanded by regulators, but rather how this information is submitted and processed. This likely results in lower administrative processing costs, as firms can manage trade-related documentation in a more efficient way and thus minimize clerical efforts. More importantly, electronic single window tools are associated with an increase in the speed, timeliness, and accuracy of information submission and processing, and a reduction in response times.
- 2.43 The original design did not include ex-post impact evaluations. However, attribution of results is based on the existing literature that support the intervention in three areas. Firstly, although there are no impact evaluations regarding customs modernization outside the implementation of electronic systems, literature supports the idea of investing in improving customs operations. A comparative review of the interventions facilitating trade in the region (Carballo J. et al., 2016) has showed that border times depend on a series of factors related to the entity in charge of trade in the country and the related agencies that conform the trade environment: (1) the coordination and articulation among the agencies involved and specifically their regulations and procedures; (2) the design of these regulations and procedures (i.e., whether they are streamlined or cumbersome) and the specific aspects of their implementation (e.g., operation times of 24/7 versus 8 hours, share of shipments subject to physical inspection, etc.); (3) the technology available to complete those procedures (e.g., paper-based versus electronic forms and declarations) and whether this technology is common to or interoperable across all agencies or agency-specific; (4) the existence of special schemes for firms, shipments, and trade flows such as those for authorized economic operators, postal exports, and international transit; and (5) the resources available to the agencies to administratively process the shipments, including in particular the quantity and quality of personnel.⁴³ Additionally, the literature has explored the extent at which countries have made efforts to improve their Customs institutions. Peterson (2017) examines the motivation of several countries to undertake customs reforms, which include agreements made as part of the World Customs Organization Kyoto Convention and the World Trade Organization's Trade Facilitation Agreement. Particularly, Holloway (2008) analyzed the

⁴³ This programme has addressed four of the five areas. The development of special schemes for firms, shipments, and trade flows was not part of the programme design.

importance of capacity building supporting customs reform to modernize trade facilitation.

- 2.44 Secondly, there is an extensive body of literature that supports the implementation of electronic single point of entry to facilitate trade. Martincus, Carballo & Graziano (2015) find that ESWs can make it possible to increase shipping frequency and thereby exports. ESWs are also associated with faster times, timeliness and accuracy of information submission and processing, and a reduction in response times (The World Bank, 2014). An impact evaluation of the ESW implemented in Costa Rica showed that the new system was associated with an expansion in the number of exporting firms and in their exports, as well as in the shipment extensive margin and the buyers' extensive and intensive margins (Carballo J., Graziano, Schaur, & Volpe Martincus, 2016). Additionally, the Bank coordinates the Red Vuce, an initiative that serves as a regional forum for government and private sector as a platform to disseminate best practices and advance the development of single point of entry systems in the Region. In 2012, Mexico joined this network and has an operating ESW since 2013. Preliminary benefits points to a reduction in the times of waiting for a resolution (3.7 days); in the submission of requisites (13 hrs, 27 min); a reduction in the administrative load due to digitalization (32.63% measured as times of several activities done by the user); a reduction in the opportunity cost (14.72% measured as a reduction of times in the paperwork), for a total of savings for 14 million of dollars per year (Secretaria de Economia, 2015). Uruguay also joined the Red Vuce and now has an ESW with 8 organisms connected and more than 600 users. Some examples in the reduction of times in procedures are fishing (from 24 to 4 hours); radio and electronic (from 72 to 2 hours); and paintings (from 124 to 120 hours). Trinidad and Tobago also launched TTBizLink with support of the Bank (3575/OC-TT – TT-L1044) and although it has not been evaluated, it already has 7,200 registered users. All these country-specific examples support the attribution hypothesis for the interventions designed in the project.

d. Unanticipated outcomes.

- 2.45 **Strengthening Bahamas's position to comply with EPA/WTO provisions and ownership of the private sector.** As mentioned previously, component 3 focus shifted somewhat from training and building of personnel capacity and managing WTO accession to putting in place the resources (physical, legislative and operational) to comply with specific EPA/WTO provisions related to SPS, TBT, IPR and Competition Policy. The original design didn't recognized the lack of resources and appropriate environment for the WTO accession to be accomplished in such a short term. However, due to the programme, the Bahamas now have the technical capacity in house to comply with the specific requirements. This will have an impact on the Bahamas' position at the WTO. Lastly, thanks to the activities that promoted the participation of the private sector, such as the Vulnerability Assessment Study, the private sector took a greater ownership of this process.

C. Efficiency

a. Cost-Benefit Analysis

- 2.46 On the absence of data to perform a cost effectiveness analysis, a cost benefit analysis showed that the target reductions to processing time, and costs for foreign

trade were achieved, and so the economic returns to the stakeholders justify the investment in the development of the Click2Clear. There are a number of transaction costs related to the time spent in processing, including the cost of rent, utilities and insurance, handling costs, deterioration and obsolescence (particularly in the case of perishables), and the opportunity cost of capital of the inventory for the duration that it is held. As a simplifying assumption, this analysis focuses on the opportunity cost of capital (time value of money) to quantify the transaction cost savings. The choice to limit analysis to the primary economic impact of the project avoids the use of more tenuous assumptions due to data availability and represents a conservative approach which understates total benefits in the analysis. The counterfactual scenario is the opportunity cost of capital without the implementation of the Click2Clear.

2.47 **Methodology.** The methodology is based in the opportunity cost of capital over the period of hours saved by merchandise importers and exporters and the savings of money for border and documents compliance for exports and imports through implementation of the program, the estimation of the number of hours and costs for processing both exports and imports each year of analysis is critical to the estimation of benefits. These types of variables also were included as results indicators of the specific objective 2 in the results matrix. Component 1 was complementary to the component 2 initiative, this component being the core and the essential component of the project. In other words, Component 1 aimed to establish the environment for the Click2Clear to operate and maximize its benefits, while having clearer processes. Component 3 is very difficult to associate with specific economic results. Therefore, the present economic study will base the measurement of the economic impact on the implementation of the Electronic Click2Clear.

2.48 Therefore, the benefits estimation is based on the marginal savings of time to exporters and importers as a result of project implementation, measured in the opportunity cost of money, are estimated as follows for year 2013 to 2019:

$$Benefit(time)_n = IM_n * UM_n * \left((1 + COC_x)^{\left(\frac{HI_n}{8,760}\right)} - 1 \right) + EX_n * UX_n * \left((1 + COC_x)^{\left(\frac{HE_n}{8,760}\right)} - 1 \right) \quad (1)$$

Where:

- IM_n is the value of total imports,
- EX_n is the value of total exports,
- UM_n is the percentage of imports using the Click2Clear in the year n.
- UX_n is the percentage of exports using the Click2Clear in year n.
- COC_x is the annual cost of capital for country x.
- HI_n is the marginal number of hours saved in processing imports over the baseline and
- HE_n is the marginal number of hours saved in processing exports over the baseline.

- 2.49 The project is to be financed with a US\$ 15,240 million loan. It was disbursed over 6 years as indicated by the draft Project Execution Plan at the time of analysis.
- 2.50 **Main assumptions.** The choice to limit analysis to the primary economic impact of the project avoids the use of more tenuous assumptions due to data availability and represents a conservative approach which understates total benefits in the analysis.
- 2.51 The time horizon of the analysis reflects that the programme started implementation in 2013 and ended in 2019 but improvements to the platform, once implemented, will enable users to accrue the marginal benefits for the long term. It is also assumed that over the 5-year or 10-year timespan, regular maintenance to the Click2Clear will take place whose costs would not exceed the maintenance that would have occurred if the project not been implemented, and that any additional upgrading of the Click2Clear would occur beyond the 5-year horizon. The full utilization of the benefit of the Click2Clear mechanism was established in 2017 in accordance with the effective implementation of the initiative in New Providence.
- 2.52 Since a country-specific opportunity cost of capital (12%) was calculated for the analysis, this was also utilized as the discount rate for assessing the present value of the costs and benefits of the program.
- 2.53 **Sensitivity analysis.** Since the best available data sources were used and there are no major technical, environmental, and social risks associated, the sensitivity analysis assumes changes only in the project discount rate. Results show that even with a discount rate of 16%, the programme still offers positive returns.

Table 3. Sensitivity analysis

	12	13	14	15	16	17	18	19	20	21	22
Total Benefits (Export benefits + Import benefits)	0,00	0,40	1,50	1,82	2,15	3,16	4,06	4,46	4,46	4,46	4,46
Total Costs		0	1,81	1,58	0,87	5,62	2,46	3,04	0	0	0
Net	0,00	0,40	-0,31	0,24	1,28	-2,46	1,60	1,42	4,46	4,46	4,46
Net Present Cost (12%)	10,00										
Net Present Value (12%)	6,00										
Net Present Value (14%)	5,19										
Net Present Value (16%)	4,51										
ERR (%)	14,52										

- 2.54 **Conclusions.** With a discount rate of 12%, the project has a net present value of US\$ 6 million and an economic rate of return (ERR) of 14,52% in a 10-year horizon. The project's efficiency was very positive despite the difficult macroeconomic conditions with a contraction of 3% in 2013, stagnation through 2017 and very modest growth in 2018 mostly spurred by the Opening of the Baha-Mar project but falling again in 2019 due to the impact of Hurricane Dorian⁴⁴. This is particularly relevant in an economy where the trade/GDP ratio is closer to 80%.

b. Time and costs analysis.

- 2.55 The programme is classified as Satisfactory in the Project Monitoring Report (PMR). Products in the project were used appropriately by focusing heavily on the modernization of Customs and the deployment of the Click2Clear Single Window, as the main contributors to the project's goals of trade facilitation. The programme was extended 25 months, due to initial delays in the first 2 years of execution, and the effect of major Hurricanes in 2017 and 2019, not allowing the total deployment of the Click2Clear in all islands in the timeline originally planned. There were some outputs that experienced efficiency wins and others that experienced over costs and thus, efficiency was not affected. In Component 1, there were savings in almost all products (1.1, 1.3, 1.4 and 1.5 in Table 3). In Component 2, there were efficiency wins in the development of systems (2.1, 2.2, 2.4, 2.7) and in the training providers that allowed the investment in the K9 Unit (2.8). Reductions were seen in Component 3 products such as 3.1, 3.2, 3.3, 3.4, 3.6, and 3.9 that allowed the reassignment in Component 3 towards strengthening the technical capacity at MoF's Trade Unit. On the other hand, there were some savings in products with a total disbursement lower than initially planned (3.5, 3.8). The small partial cancellation of funds (around 1%) did not affect the project's capacity to deliver and achieve the main results.
- 2.56 **Execution indicators.** The PMR each semester estimates the "Cost Performance Index" and the "Schedule Performance Index" to measure execution (in terms of disbursements and outputs accomplishment). Table 3 presents the estimated values for these indicators along the project cycle, as well as the disbursement percentage and their classification. Even if from 2013 to 2018, the project was in alert by disbursing below the original planned levels, by 2019 the project accomplished to finalize execution as satisfactory.

Table 4. Historic of the project performance classification

	2013	2014	2015	2016	2017	2018	2019	2020
CPI	1.00	0.60	1.30	0.96	1.30	1.16	1.22	1.22
SPI	0.03	0.25	0.27	0.27	0.84	0.94	1.23	1.23
CPI (a)	1.00	0.43	0.97	1.12	1.06	0.71	1.00	1.00
SPI (a)	0.03	0.39	0.45	0.85	0.68	0.58	1.00	1.00
Disbursement	-	0.25	0.25	0.33	0.69	0.82	1.00	1.00
Validated classification	Alert	Problem	Alert	Alert	Satisfactory	Alert	Satisfactory	Satisfactory

⁴⁴ <https://sgp.fas.org/crs/row/IF10666.pdf>

Table 5. Costs of the Project

Component 1: Strengthening of Institutional Capacity at Bahamas Customs Department										
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
1.1	New Human Resource Strategy and Development Plan drafted	P	200,000.00	100,000.00						300,000.00
		P(a)	100,000.00	0.00	144,535.25	0.00	0.00	0.00	0.00	245,010.00
		A	0.00	100,474.75	144,535.25	0.00	0.00	0.00	0.00	245,010.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
1.2	Training locations renovated and operational	P		430,000.00						430,000.00
		P(a)	120,000.00	80,000.00	400,000.00	110,689.59	149,168.00	76,939.09	0.00	481,620.55
		A	0.00	35,843.59	219,759.00	25,879.00	123,199.72	76,939.24	0.00	481,620.55
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
1.3	Technical Training implemented	P	150,000.00	450,000.00	100,000.00					700,000.00
		P(a)	70,000.00	0.00	130,000.00	50,000.00	680,331.00	250,000.00	124,750.00	499,000.00
		A	0.00	0.00	0.00	0.00	0.00	374,250.00	124,750.00	499,000.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
1.4	HR training management software implemented	P			370,000.00					370,000.00
		P(a)		0.00	270,000.00	20,000.00	370,000.00	0.00	0.00	0.00
		A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
1.5	Public Awareness Champaign implemented	P		40,000.00	10,000.00	10,000.00				60,000.00
		P(a)		0.00	21,000.00	21,776.00	110,000.00	0.00	0.00	36,182.00
		A	0.00	21,224.00	14,958.00	0.00	0.00	0.00	0.00	36,182.00
Component 2: Modernizing customs operations										
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.1	Business Process Re-engineering phase completed for all regulatory agencies involved in the import/export process	P	100,000.00	500,000.00	100,000.00					700,000.00
		P(a)	700,000.00	600,000.00	271,414.00	0.00	0.00	0.00	0.00	501,950.00
		A	0.00	250,536.00	251,414.00	0.00	0.00	0.00	0.00	501,950.00

Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.2	Automated Customs System(s) designed	P		4,700,000.00	1,000,000.00	300,000.00				6,000,000.00
		P(a)	600,000.00	0.00	2,000,000.00	1,000,000.00	3,751,539.98	0.00	0.00	2,261,281.25
		A	0.00	0.00	0.00	0.00	1,193,750.00	1,067,531.25	0.00	2,261,281.25
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.3	Automated Customs System Launched	P								0.00
		P(a)						3,050,000.00	1,436,422.12	2,141,890.87
		A					0.00	705,468.75	1,500,000.00	2,205,468.75
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.4	Customs data communications environment network upgraded and improved	P	945,000.00							945,000.00
		P(a)		400,000.00	504,297.00	200,000.00	0.00	0.00	0.00	886,455.00
		A	0.00	403,187.37	192,032.26	291,235.37	0.00	0.00	0.00	886,455.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.5	Risk Management System designed	P		600,000.00	300,000.00	300,000.00				1,200,000.00
		P(a)		0.00	200,000.00	100,000.00	2,245,171.90	0.00	0.00	1,000,000.00
		A	0.00	0.00	0.00	0.00	1,000,000.00	0.00	0.00	1,000,000.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.6	Risk Management System Launched	P								0.00
		P(a)						1,256,250.00	1,256,250.00	1,256,250.00
		A					0.00	0.00	1,200,000.00	1,200,000.00
Output Definiton			2013	2014	2015	2016	2017	2018	2019	Cost
2.7	Enforcement Assessment for Strategy elaborated	P	120,000.00							120,000.00
		P(a)		102,000.00	0.00	0.00	0.00	0.00	0.00	97,172.39
		A	0.00	97,172.39	0.00	0.00	0.00	0.00	0.00	97,172.39
Output Definiton			2013	2014	2015	2016	2017	2018	2019	Cost
2.8	K9 Unit implemented	P	460,000.00	100,000.00	40,000.00					600,000.00
		P(a)		100,000.00	400,000.00	200,000.00	709,547.00	124,000.00	115,000.00	1,030,819.14
		A	0.00	0.00	18,829.00	329,606.91	539,004.90	28,378.33	96,000.00	1,011,819.14

Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.9	Outboard boats for the Marine Unit purchased and operational	P		600,000.00						600,000.00
		P(a)		150,000.00	450,000.00	0.00	0.00	0.00	0.00	995,255.50
		A	0.00	316,201.00	535,305.54	143,748.96	0.00	0.00	0.00	995,255.50
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.10	Portable communications equipment purchased and operational	P	320,000.00							320,000.00
		P(a)		100,000.00	115,000.00	0.00	0.00	0.00	0.00	448,572.96
		A	0.00	325,114.70	123,458.26	0.00	0.00	0.00	0.00	448,572.96
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.11	Electronic Single Window operational	P		600,000.00	200,000.00	200,000.00				1,000,000.00
		P(a)		0.00	0.00	0.00	2,276,316.80	0.00	0.00	2,061,179.20
		A	0.00	0.00	16,246.00	29,170.00	2,015,763.20	0.00	110,562.60	2,171,741.80
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.12	Electronic Single Window Training (software)	P								0.00
		P(a)						0.00	87,427.93	87,427.93
		A					0.00	0.00	0.00	0.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.13	Case Management software	P		45,000.00						45,000.00
		P(a)		0.00	45,000.00	10,000.00	20,000.00	0.00	0.00	0.00
		A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.14	AEO Program implemented	P			115,000.00					115,000.00
		P(a)		0.00	0.00	0.00	10,000.00	0.00	0.00	0.00
		A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
2.15	Enforcement and border control equipment operational	P		200,000.00						200,000.00
		P(a)		20,000.00	300,000.00	370,000.00	27,000.00	0.00	0.00	249,845.00
		A	0.00	227,153.00	22,692.00	0.00	0.00	0.00	0.00	249,845.00

Component 3: Enhancement of the international trade institutional platform										
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.1	EU- EPA compliant legislation in competition policy assessed and drafted	P	20,000.00							20,000.00
		P(a)	20,000.00	0.00	30,000.00	0.00	40,000.00	78,000.00	0.00	46,262.00
		A	0.00	0.00	0.00	1,067.00	0.00	45,195.00	0.00	46,262.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.2	Needs and priorities on SPS laboratory and testing equipment assessed	P	10,000.00							10,000.00
		P(a)	10,000.00	0.00	20,000.00	0.00	125,000.00	0.00	0.00	141,266.15
		A	0.00	0.00	0.00	488.00	140,778.15	0.00	0.00	141,266.15
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.3	SPS subsidiary legislation drafted	P	10,000.00	10,000.00						20,000.00
		P(a)	10,000.00	0.00	0.00	0.00	39,449.20	14,692.00	0.00	67,085.41
		A	0.00	0.00	0.00	11,841.06	55,244.35	0.00	0.00	67,085.41
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.4	Revision of TBT existing legislation to bringing it into compliance with TBT international obligations	P	10,000.00							10,000.00
		P(a)	15,000.00	0.00	60,000.00	0.00	0.00	0.00	0.00	55,208.88
		A	0.00	0.00	38,646.00	16,562.88	0.00	0.00	0.00	55,208.88
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.5	IP office technical capacity enhanced	P	211,250.00	145,000.00	33,750.00					390,000.00
		P(a)	156,000.00	0.00	100,000.00	15,000.00	300,000.00	0.00	0.00	348,169.64
		A	0.00	0.00	0.00	0.00	346,709.32	1,460.32	0.00	348,169.64
Output Definiton			2013	2014	2015	2016	2017	2018	2019	Cost
3.6	Capacity building on trade issues including implementati on of regional agreements	P	15,000.00	65,000.00	55,000.00					135,000.00
		P(a)		25,000.00	100,000.00	100,000.00	20,000.00	12,000.00	0.00	147,806.31
		A	0.00	0.00	0.00	24,161.56	115,544.75	8,100.00	0.00	147,806.31
Output Definiton			2013	2014	2015	2016	2017	2018	2019	Cost
3.7	Studies for WTO accession working group completed	P	33,333.00	33,333.00	33,333.00					99,999.00
		P(a)		20,000.00	0.00	0.00	100,000.00	30,000.00	0.00	99,995.00
		A	0.00	0.00	0.00	0.00	69,996.50	29,998.50	0.00	99,995.00

Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.8	Feasibility of new administrative management for IPR	P	30,000.00							30,000.00
		P(a)		30,000.00			0.00	45,000.00	0.00	29,310.41
		A	0.00	29,310.41	0.00	0.00	0.00	0.00	0.00	29,310.41
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.9	Draft legislation for Chapter 4, Title II of EU-EPA	P	25,000.00							25,000.00
		P(a)		20,000.00	20,000.00	0.00	30,000.00	50,000.00	0.00	49,995.00
		A	0.00	0.00	0.00	0.00	0.00	49,995.00	0.00	49,995.00
Output Definition			2013	2014	2015	2016	2017	2018	2019	Cost
3.10	Standards Bureau's Technical Capability and Equipment enhanced	P								0.00
		P(a)				10,000.00	100,000.00	122,000.00	27,000.00	112,714.54
		A			0.00	0.00	16,999.76	68,714.78	7,537.45	93,251.99

D. Sustainability

a. General Sustainability Aspects

Result	Sustainability
Increase the level of competence of customs officers in delivery of services by providing specialized training	Results were partially achieved. Promising staff have been trained as trainers in various core customs operations. On-going skills development will take place via WCO's online learning portal. Training capacity was built in-house to allow for BCD staff to deliver training both internally and to external stakeholders. The continued existence of tech support and the help desk is critical to continued success of operating the Click2Clear and dealing with stakeholder queries.
Increase the level of satisfaction by the users of the Customs' services	
Reduce the cost of collecting revenue by 15%	Results were achieved and partially achieved. The Click2Clear was rolled out and procedures were updated. However, for sustaining the results and achieving greater ones, customs must regain credibility lost in the delayed roll out of Click2Clear and continuously engage with the private sector as a matter of course
Number of electronic and in advance cargo manifest / Total cargo manifest received	
Reduce average time to clear an import declaration	
Reduce the cost to prepare an import/export declaration by use of electronic submission	
Percentage of Customs import, and export declarations submitted electronically	

Percentage of duties and taxes paid electronically	
Reduction of percentage of import declarations assigned to physical and hardcopy document verifications	
Percentage increase in the number of positive hits obtained by the risk management system	The Risk Management System was set up. However, for results to sustain, customs should address concerns about network stability and cyber security. Investments must be made to ensure reliability and security of the network and the data.
Increase the number of Post Clearance Audits conducted by Custom	
Increase the number of seizures made (customs interdictions)	
Basic Indicator of Administration of Trade Agreements	There was a partial success in this area. The programme allowed for progress about WTO and EPA requirements compliance. Trade institutions and officials involved in the WTO process and EPA implementation have enhanced their technical trade tools and expertise due to the programme.
Increase participation of trade related institution in the implementation of trade agreements and the accession to the WTO	
Increase of level of expertise of officials handling trade related issues (WTO Accession and EU-EPA implementation)	

b. Environmental and Social Safeguards

- 2.57 According to the Bank's safeguard classification tool, the programme was classified as Category "C", meaning the activities were not deemed to have direct or significant impacts on the environment or on the country's natural resources.

Table 6. Sustainability classification

Satisfactory	Out of the ten achieved results, all have a low probability of deteriorating. Four indicators were partially achieved, and one was not achieved.	3
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c. Total classification

Table 7. Total classification

Core criteria				Total
Relevance	Effectiveness	Efficiency	Sustainability	
Satisfactory	Satisfactory	Excellent	Satisfactory	Successful

III. NON-CORE CRITERIA

a. Bank Performance

- 3.1 The Bank faced significant challenges at design and execution, and it included actions to mitigate negative outcomes. However, there are lessons to be drawn for future projects. At the moment of design, the IDB team expected possible delays

due to a medium low fiduciary capacity of the BCD, as resulted from the Institutional Capacity Assessment System (ICAS). The ICAS highlighted the complexity of the procurement involved, administration of deliverables and financial management coordination with several entities, plus the lack of experience managing and administering a program following Bank policies and procedures. In response, the Bank included mitigation actions at the project document such as procurement training for the PMU and specialized support that eased this problem. Nevertheless, in August 2017 due to the impact of the initial delays in previous years, the team received a request for a special extension of 25 months (additional delays were caused by the devastation of hurricane Dorian in September 2019). In response to some integrity risk indicators identified concerning activities financed by the programme, the Project Team adopted a heightened supervision approach, which resulted in an enhanced review of Non-Objection requests by the Bank.

- 3.2 Including WTO accession within the programme design was a potential risk as this outcome is a result of several factors outside the reach of the programme. Although adjustments were made during execution that permitted the accomplishment of the specific objective, the design team could have benefited from a deeper analysis on the internal processes at the Bahamas to better understand the requirements by the trade institutions. Coordination in component 3 also imposed a challenge at design and execution due to the turnover in personnel within the Ministry of Financial Services/Trade Unit who interfaced with the programme and the fact that Customs was not directly involved. The Bank could have reduced the scope of component 3 during design to ameliorate the complexity of the activities. Even if a budget line item was reallocated during the second half of the project to provide for resources to hire a project coordinator within the Trade Unit for focusing on component 3, the programme could have benefited more by including hiring a full-time coordinator with trade experience and procurement training only for this component since the beginning.
- 3.3 According to a survey to the country's stakeholders, IDB's performance has been largely satisfactory. In particular, the survey asked about the team's performance during design and supervision:
 - Design. 100% of partners responded that the objective of improving trade facilitation was achieved.
 - Supervision. 80% of respondents indicated that IDB's performance during execution was very satisfactory while 20% said it was satisfactory. 60% of partners indicated being very satisfied and 40% were satisfied with the IDB's team capacity to address the country's needs. 100% respondents indicated that the IDB's supervision team identified and proactively resolved threats to accomplish project results.

b. Borrower Performance

- 3.4 The program suffered from performance challenges by of the PEU, in particular its ability to adequately administer the complexities of the project that involved multiple agencies and sectors.
- 3.5 In 2017 and in response to red flags of integrity risk, the IDB's Office of Institutional Integrity undertook an analysis and identified weaknesses in the PEU internal procedures and controls that increased the integrity risk, affected the Program's

progress, and posed a reputational impact for the Borrower and the IDB. The biggest gaps concerned systems to i) keep the programme's records, ii) manage conflict of interest; iii) uphold the integrity of the programme's documents; iv) confirm bidders' technical and financial capacity; and v) manage inventory of assets. In response to these findings, the Bank worked with the Borrower on a mitigation strategy that was subsequently implemented.

- 3.6 The fact that component 3 was coordinated by an entity outside Customs (Trade Unit of the Ministry of Financial Services), also proved to add to the complexity and challenges with execution. The PM contract expired prior to the financial closure of the project and was not renewed. Changes in the Ministry of Finance, Customs Comptroller and Ministry of Financial Services also contribute to the complex execution process. Despite these constraints, the leadership of the current Customs Comptroller and the quality of Custom's technical team, made possible to bring the project to a satisfactory completion.
- 3.7 The survey responded by partners also showed that areas for improvement during execution from the side of the borrower were related mostly to the coordination between the public and the private sector. The overall score for the performance of the borrower was satisfactory. Results are as follows:
 - Commitment. In a self-assessment exercise, 80% of respondents indicated being satisfied and 20% very satisfied with the ownership and commitment to the project from their side.
 - Coordination. 40% of respondents said the coordination between public and private institutions to accomplish project indicators were satisfactory, 40% said it was somewhat satisfactory and 20% very satisfactory.
 - Problem solution. 80% agreed that the timely resolution to problems risen during project execution was satisfactory, while 20% said they were very satisfied.
 - Project knowledge. 40% agreed that the timely resolution to problems risen during project execution was satisfactory, while 60% said they were very satisfied.

IV. Findings and Recommendations

a. Dimensions 1 to 5

- 4.1 The following table (Table 4) presents the findings and recommendations with regards to the design and implementation of the programme involved in four dimensions: organizational and managerial, fiduciary, public processes and actors, and risk management.

Table 8 Findings and Recommendations

Findings	Recommendations
Dimension 1: Organizational and managerial	
Finding # 1: The programme's logic required the activities included in Component 3. However, the scope was too broad and there were difficulties to execute this component.	Recommendation # 1: the component should have been a stand-alone project as the PEU structure and concentration on customs modernization did not lend itself to integration within the project.
	Recommendation # 2: consider financing activities of this nature with a technical cooperation agreement.
Finding # 2: The programme included an institutional capacity assessment, but this only analyzed the executing agency fiduciary capacity. The Trade Unit at the Ministry of Financial Services did not have the capacity to comply with WTO requirements at the moment of design.	Recommendation # 3: it is important that the institutional capacity assessment include other institutions that will be involved in the project, and not only the executing agency.
Dimension 2: Fiduciary	
Finding # 3: While the project design correctly identified the lack of procurement capacity within the PMU as an implementation risk, the risk extends beyond the executing agency to all the other actors involved in procurement.	Recommendation # 4: it is important to assess the procurement and the institutional capacity of the entire procurement 'ecosystem' to identify potential bottlenecks, including all the government agencies involved (the recipient agency, tenders board and cabinet). Consider a technical assistance cooperation during the design for readiness of the project in terms of institutional capacity
	Recommendation # 5: Typical 5-year loans are often not sufficiently long enough to accommodate project mobilization and procurement timelines, particularly for projects with numerous and complex procurement in countries with limited procurement capacity. Consider having a more realistic scenario of the project's disbursement period.
Finding # 4: The procurement capacity gaps were different across the stakeholders and were manifested at different times during the procurement process. It was not necessarily one of lack of expertise or knowledge of the process, but also the constraints of time and length of approval processes. The development of TORs in some cases take	Recommendation # 6: For projects with complex procurement plans and limited national procurement capacity, additional time should be considered to accommodate procurement and contract negotiation for larger complex contracts, within the project timeframe
	Recommendation # 7: Consider advance on the development of the TORs -at least in the critical activities- as part of the project design.

exceptionally long time for Component 3 projects.	Recommendation # 8: offer external procurement training and technical support, additional to the IDB's guidance in procurement rules.
	Recommendation # 9: revise whether all types of procurement need ex-ante approval. Low procurement thresholds should be applied with ex-post review where they comply with national procurement rules.
Finding # 5: The project benefitted from innovative elements of the Click2Clear procurement, including comparison of multiple approaches: government funding of the tool and fee-based approach (PPP)	Recommendation # 10: Procurement for complex IT systems like Click2Clear require specialized expertise and flexible rules to ensure the best fit for purpose option is selected. The preliminary results of this flexibility indicate that the project received better value for money as a result; and was able to negotiate a better deal with the vendor. Additionally, the inclusion of technical expertise to support Click2Clear procurement was necessary for a positive outcome.
Dimension 3: Public processes or actors	
Finding # 6: the transition provoked a degree of resistance by some. Furthermore, the archipelagic nature of Bahamas would make buy-in for modernization more challenging.	Recommendation # 11: Customs leadership had to expend much effort to provide training at the time of the roll out, however a more targeted change management programme preferably executed under the supervision and expertise of experienced professionals may have mitigated this internal resistance.
Finding # 7: The general public and stakeholders needed to know "What's in it for me?" in order to incentivize the actions required from them. Private sector stakeholders needed to know the costs for integration far in advance to allow for sufficient lead time to meet the roll out deadlines. The importance of a communication budget and communication strategy for programmes such as this cannot be overstated. The current PR campaign while of good quality should have taken place much sooner.	Recommendation # 12: an intensive communication campaign is needed at least 6 months before the roll out to prepare the general public and industry stakeholders, particularly as the change required action from them.
	Recommendation # 13: Offer a space for private sector stakeholders concerns, as they may express that some unique import/export situations outside of the norm such as imports of samples, consignment goods and refund return issues are not considered.
	Recommendation # 14: have a visible high level government champion, especially where interagency cooperation is necessary. The visibility of the Financial Secretary was important to reassure stakeholders of the GOB's commitment to the project, and to encourage buy-in of Other Government Agencies (OGAs) and to provide

	cover to software developer to engage with the relevant Government agencies.
Dimension 4: Risk management	
Finding # 8: The design did not take into account budget and time implications regarding transformation from completely paper-based systems across the whole of government, with which the Click2Clear had to be integrated, and the need for extensive training of BCED staff and stakeholders.	Recommendation # 15: in future similar projects, include the following budget line items: i) stakeholder engagement and public relations, (ii) training expenses attributable to the archipelagic nature of The Bahamas (e.g., overnight/travel and subsistence costs for teams of 2-6 persons on site for 1 week to 4 months); and infrastructure costs outside of Customs for facilitate integration of OGAs within the Click2Clear.

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