

**INCREASING MARITIME TRADE AND TRANSPORT EFFICIENCY AND  
CONNECTIVITY IN THE CARIBBEAN: SHORT SEA SHIPPING NETWORKSR**

**RG-T2649**

**US\$450,000 (FIR)**

**RG-T2706**

**US\$150,000 (MFR)**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under the Fund for Initiatives for Regional Infrastructure Integration (**FIR**) and the Multi-donor Fund for Initiatives for Regional Infrastructure Integration (**MFR**) through a communication dated July 9, 2015 and signed by Felipe Caicedo, ORP/GCM. Also, I certify that resources from said fund are available for up to **US\$600,000** in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Signed

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October 13, 2015

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Sonia M. Rivera  
Chief

Date

Grants and Cofinancing Management Unit  
ORP/GCM

**APPROVAL**

Approved:

Original Signed

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October 14, 2015

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Nestor H. Roa  
Division Chief  
Transport Division  
INE/TSP

Date

## TECHNICAL COOPERATION DOCUMENT

### I. Basic Information for TC

▪ Country/Region:	Regional
▪ TC Name:	Increasing Maritime Trade and Transport Efficiency and Connectivity in the Caribbean: Short Sea Shipping Networks
▪ TC Number:	RG-T2649 and RG-T2706
▪ Team Leader/Members:	Sergio Deambrosi, Team Leader (INE/TSP); Krista Lucenti, Alternate Team Leader (INT/INT); Pablo Guerrero, Reinaldo Fioravanti, Giovanna Mahfouz, Jacob Veverka (INE/TSP); Brian McNish (TSP/CGY); Mario Umana (INT/TIU); Maria Teresa Soto-Aguilar (VPC/FMP); and Escarlata Baza Núñez (LEG/SGO)
▪ Taxonomy:	Research and dissemination
▪ Date of TC Abstract authorization:	July 6 <sup>th</sup> , 2015
▪ Beneficiary:	The Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago, Dominican Republic, Haiti, Panama, and Belize
▪ Executing Agency and contact name:	Inter-American Development Bank (IDB) through its Transport Division (INE/TSP)
▪ Donors providing funding:	Regional Infrastructure Integration Fund (RIIF also MFR) US\$150,000 Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII also FIR) US\$450,000
▪ IDB Funding Requested:	US\$600,000
▪ Local counterpart funding:	US\$150,000 (in-kind)
▪ Disbursement period:	30 months (execution period: 30 months)
▪ Required start date:	September 2015
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Units:	INE/TSP and Integration and Trade Sector (INT/INT)
▪ Unit of Disbursement Responsibility:	Infrastructure and Environment Sector (INE/INE)
▪ TC Included in Country Strategy:	No
▪ TC included in CPD:	No
▪ GCI-9 Sector Priority:	(i) Infrastructure for competitiveness and social welfare; and (ii) competitive regional and global international integration

### II. Objectives and justification of the TC

2.1 **Background/problem.** Geographical fragmentation has resulted in high trade and transportation costs, undermining competitiveness of the small Caribbean economies and inhibiting the growth of intra- and extra-regional trade. Intra-regional trade is relatively low, at 13% of total trade,<sup>1</sup> shipping costs are among the highest in the world<sup>2</sup> and the region's level and quality of infrastructure is weak in comparison to other developing countries. Although the high costs relative to the level of service for Caribbean countries are partly due to geography (relatively small markets are at a comparative disadvantage as they lack economies of scale), there

<sup>1</sup> INTradeBID.

<sup>2</sup> Freight rates are 20 percent higher than those in the rest of the world and rising, preventing countries from benefiting from economies of scale and ultimately, hampering participation in regional and global value. "In some cases it was found to be cheaper to ship a container to Hong Kong then to a neighboring Caribbean island. Isik, Gozde (2012) "Logistics Connectivity in the Caribbean: Current Challenges and Future Prospects."

is room for efficiency improvements through better information, coordination, regulation and more investment.

- 2.2 In the maritime transport sector, the region's connections to global markets are challenging, with the exception of The Bahamas, Jamaica, the Dominican Republic, and Trinidad and Tobago, most countries in the region are in the bottom 75 percent globally in terms of maritime connectivity.<sup>3</sup> Low port productivity, small and uneconomical vessel fleets, and one-way cargo flows feature predominantly.<sup>4</sup> The high concentration of small- and medium-sized enterprises means that most traders have insufficient volume to fill a container with their own exports, incurring high cargo tariffs. Additionally, the use of fixed exchange rates regimes in some countries keeps local costs high, favoring imports over exports and further contributing to the one-way cargo flows of shipping in the region. The resultant high unit costs and delays have significant effects on competitiveness.
- 2.3 Maritime transport trends in the region will both be an opportunity and a threat for Caribbean countries. The Panama Canal and the forecasted increase in global transshipment volumes will change the economic geography as larger ships displace smaller ones, benefiting a few well-placed Caribbean ports that will become larger hubs.<sup>5</sup> However, larger ships will raise costs in smaller ports and result in less frequent shipping services, contributing to poor connectivity and a favoring of feeder-hub systems.<sup>6</sup>
- 2.4 In this context, smaller ports need to become more efficient, less expensive, and reduce delays in order to keep the service they have and find opportunities to improve frequency especially with neighboring islands through smaller inter-island services. Infrastructure and service provision arrangements need improvement to deal better with the increased use of less-than-container load cargo, and the development of a local logistics industry that provides an efficient complement to operators should be promoted. Developing short sea shipping networks (in this case primarily small Roll-on/Roll-off vessels) may ensure continuity and reliability in service between the smaller islands.
- 2.5 The Bank has recognized the need to develop programs dedicated to supporting the integration of Caribbean countries and, in collaboration with member states, identified areas for cooperation on maritime transport and trade facilitation outlined in the Caribbean Strategic Agenda on Integration (SAI). The projects are aimed at strengthening weak infrastructure, improving maritime transport services, and increasing efficiency of goods clearance processes at ports.

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<sup>3</sup> UNCTAD Liner Shipping Connectivity Index, 2014. The Liner Shipping Connectivity Index (LSCI) aims at capturing a country's level of integration into the existing liner shipping network by measuring liner shipping connectivity. LSCI can be considered a proxy of the accessibility to global trade. The higher the index, the easier it is to access a high capacity and frequency global maritime freight transport system and thus effectively participate to international trade.

<sup>4</sup> IDB (2014). "The Caribbean Regional Strategy on Freight Logistics, Maritime Transport, and Trade Facilitation."

<sup>5</sup> See IDB (2014).

<sup>6</sup> Isik, Gozde (2012). An increase in ship size will increase the cost of returning empty or taking only a partially loaded ship while providing less frequent service as greater demand can be met with each ship. Additionally, new infrastructure to accommodate increased ship size will increase the cost of shipping from a port with little demand.

- 2.6 **Strategic alignment.** This TC is consistent with two sector lending priorities: (i) infrastructure for competitiveness and social welfare (transportation); and (ii) competitive regional and global integration. In the first case, the components of this TC are designed to advance progress in transportation networks, enhancing connectivity and ultimately the competitiveness of the region's goods and passenger traffic. With respect to the integration sector priority, the activities undertaken in this TC seek to improve the quality and connectivity of transport infrastructure. The development of a short sea shipping network in the Caribbean will increase commercial and passenger links between the islands and with larger ports in North, Central, and South America. This TC is regional and will support national and regional level policy reforms and investments as part of a wider Caribbean transport network (regional additionality).
- 2.7 This TC is also aligned with the SAI, responding to two Action Lines: "Air and Maritime Transport Connectivity" and the "Maritime TIM". These were validated at the national and regional level, and endorsed as areas of cooperation with the Bank at a workshop in Miami in December 2014. Externally, this TC also responds directly to priorities identified for Maritime Transport and Trade Facilitation in the CARICOM Regional Aid for Trade Strategy (2013) and subsequent work being undertaken at the CARICOM Transportation Committee.
- 2.8 Accordingly, this TC is aligned with the priorities of both the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII also FIR) and the Regional Infrastructure Integration Fund (RIIF also MFR). The activities are consistent with Caribbean integration initiatives that have been prioritized by the countries during programming exercises with the Bank, validated at Regional Policy Dialogues, and in line with regional and country Bank strategies.
- 2.9 **Objective.** The objective of this TC is to deepen knowledge and increase capacity in the Caribbean region to develop transport and trade integration policies and programs that increase the region's competitiveness and spur economic growth. The specific objectives are to: (i) increase knowledge and data availability on maritime transport and trade; (ii) analyze existing short sea shipping services across the region and through a small sample of selected case studies to diagnose constraints and weaknesses; (iii) develop a financial, institutional and legal analysis to govern a program of service and infrastructure investments in the inter-island maritime sector in the Caribbean; and (iv) improve the efficiency of the maritime customs processes.
- 2.10 **Additionality.** There is a paucity of data and rigorous empirical analysis of the trade and transport sector in the Caribbean. This TC will contribute to the literature in these two sectors, provide evidence-based recommendations, and create a repository of information for policymakers and researchers. This will create stronger capacity in the region for developing sound policies and programs which contribute to economic growth.
- 2.11 **Lessons learned.** Under RG-T1458 (ATN/AT-12538-RG), a study was undertaken on trade and shipping networks in the Caribbean but it was focused on the opportunities for transshipment and relay services (movement of large ships). Insights and trends with respect to the shipping industry are useful inputs, along with recommendations on trade facilitation, and they will need to be updated. A lesson learned from this activity is that the data collection period was much longer than anticipated and additional time should be built-in for future analyses.

- 2.12 The study RG-T1661 (ATN/OC 11551-RG) Feasibility Study for the Development of Short Distance Maritime Transport in Mesoamerica – provides useful specifications for the proposed work in the Caribbean, in particular the need to ensure the service level (i.e. frequency, routings, pricing) of proposed services is attractive to shippers and passengers, while retaining awareness of the need to remain commercially viable. The study indicates the need to include consideration of regulatory, inspection, and infrastructure improvements in order to facilitate the desired changes in service. In addition the study's current implementation phase could prove useful in terms of how any conclusions from the proposed activities could actually be implemented.
- 2.13 The RG-T2053 implemented TIM in Mesoamerica countries. The TIM component of this new TC is much more modest in its ambition in that it seeks only to develop a feasibility assessment for implementing the TIM in the Caribbean, not implementing the TIM itself, which would require significantly more resources. This feasibility assessment would not include countries previously included in the TIM Mesoamerica. INE/TSP will work closely with INT to understand the lessons learned and the good practices from implementing the TIM in Mesoamerica.
- 2.14 A shipping network feasibility analysis funded by the European Union was undertaken externally in 2009-2010 for the OECS region that contains valuable insights and recommendations for the smaller island economies, but stops short of identifying the business model and financing mechanisms. Still, the study provides a good overview of short sea shipping possibilities in the OECS.

### III. Description of activities/components and budget

- 3.1 **Component I: Stakeholder database and linking service providers through ConnectAmericas.** This component will create: (i) a Caribbean transport and trade stakeholders' database that includes experts in the private and public sector and academia, small vessel owners, and organizations working in the transport and trade sectors for all countries participating in this TC; and (ii) establish a link to ConnectAmericas to link stakeholders (ship owners, consignees, shippers, shipping agents etc.) and to create opportunities for the pooling of transport services.
- 3.2 **Component II: Short Sea Shipping Network Model for the Caribbean.** This component will: (i) develop case studies of existing short sea shipping networks and analyze their business model, costs, fares and governance, taking special note of how the networks are or are not applicable to a potential Caribbean network; and (ii) collect data on inter-island trade, and trade with continental partners, transport services and infrastructure in the Caribbean in order to identify current trade networks with a view to proposing possible short-sea shipping routing and networks.
- 3.3 **Component III: Recommendations for Institutional, Financial, and Legal Measures to Develop a Caribbean Inter-Island Maritime Network.** This component will propose a viable financial, institutional and legal framework to develop a program of transport services and infrastructure investments in the maritime sector in the Caribbean. To achieve this, the institutional form and the legal basis governing the sector will be examined. Financial framework alternatives will be analyzed to determine potential schemes for integrating technical and economic aspects within these institutional and legal frameworks. Furthermore, international practices, schemes, models and systems will be reviewed to determine which institutional, legal, and financial frameworks have been used to successfully, or

unsuccessfully, implement initiatives of a similar nature and scope to that of the maritime sector in the Caribbean.

- 3.4 **Component IV: International Maritime Transit of Goods System (Maritime TIM).** The Maritime TIM is a system that facilitates the sharing of information between customs agencies tasked with the clearance of goods. This component will identify the legal and fiscal aspects necessary for this cooperation as a first step towards the eventual interoperability of electronic single windows in the Caribbean region.
- 3.5 **Component V: Dissemination.** This component will serve to share the results of the studies and feasibility assessments undertaken in this TC with a view to increasing the capacity of stakeholders to design policies and programs to strengthen the maritime and trade sectors in the Caribbean.

**Table 1. Indicative Results Matrix<sup>7</sup>**

Activities	Expected Outputs	Expected Outcomes
Stakeholder database and link to ConnectAmericas	1 stakeholder database	Improved knowledge and skills among individuals involved in cross-border and regional infrastructure initiatives
Disseminate results of assessments	2 workshops 30 professionals trained	
Short Sea Shipping Network Model for the Caribbean	1 analysis of short sea shipping in the Caribbean	Prioritized investments in transport, logistics, energy, and telecommunications by national- and regional-level public authorities
Recommendations for Institutional, Financial, and Legal Measures to Develop a Caribbean Inter-Island Maritime Network	1 Institutional, Financial, and Legal Recommendations	
Complete a Feasibility Assessment for Implementing the Maritime TIM	1 Feasibility Assessment of TIM	

- 3.6 The total estimated cost of the TC is US\$750,000 of which up to the amount of US\$150,000 will be financed by the RIIF (MFR) on a non-reimbursable basis, US\$450,000 will be financed by the FIRII (FIR) on a non-reimbursable basis, and US\$150,000 by the beneficiaries by means of an in-kind contribution. The US\$150,000 is expected to consist of the in-kind cost of country governments and regional organizations, such as staff time to work with the studies' teams and collect and provide any requested information, office space for meetings and conferences.

**Table 2. Indicative Budget (US\$)**

Activity/Component	Description	RIIF	FIRII	Counter-part	Total
<b>Component I:</b> Stakeholder database and linking service providers through ConnectAmericas	A Database of trade and transport stakeholders and establishment of a link with ConnectAmericas	0	0	40,000	40,000
<b>Component II:</b> Short Sea Shipping Network Model for the Caribbean	A technical note on current maritime trade, infrastructure condition, and service quality	0	280,000	50,000	330,000

<sup>7</sup> A more detailed explanation of the expected results can be found in the [Results Framework](#).

Activity/Component	Description	RIIF	FIRII	Counter-part	Total
<b>Component III:</b> Recommendations for Institutional, Financial, and Legal Measures to Develop a Caribbean Inter-Island Maritime Network	A technical note that proposes recommendations for Institutional, Financial, and Legal Measures to Develop a Caribbean Inter-Island Maritime Network	150,000	90,000	50,000	290,000
<b>Component IV:</b> Maritime TIM	A technical note that assesses the feasibility of implementing the Maritime TIM in the Caribbean	0	40,000	10,000	50,000
<b>Component V:</b> Dissemination	Two workshops to disseminate the findings from the studies and assessments	0	40,000	0	40,000
<b>Total</b>		<b>150,000</b>	<b>450,000</b>	<b>150,000</b>	<b>750,000</b>

#### IV. Executing agency and execution structure

- 4.1 The executing agency of this TC will be the Bank, through the Transport Division (INE/TSP). The studies to be contracted will be used to prepare future operational programs and inform policy dialogues. These studies will be supervised and overseen by Bank specialists from INE/TSP and INT/INT.
- 4.2 The Bank is justified in executing this TC due to the level of coordination needed across countries and Ministries and of technical expertise required in both trade and transport. Based on previous experience, there is no regional organization with a sufficiently strong execution record. The TC will involve coordination with all participating country governments, including the relevant ministries of transport, trade, customs, and port authorities, and the CARICOM Secretariat. Many of the studies to be implemented will cross the domain of one or more of these entities. The no-objection from each liaison entity in each country will be obtained prior to initiating the implementation of the TC activities, in the corresponding country.
- 4.3 In order to meet the objective of increasing capacity and knowledge in the Caribbean for identifying sustainable trade and transport integration programs and investments, technical advice and consensus-building from the Bank to government authorities are essential. Accordingly, this TC will finance eligible costs incurred during implementation of the TC to that end. More specifically, the Bank's participation is essential and necessary, as Executor of this TC, to organize, present at, or moderate two dissemination events (falls under components 2, 3, and 4) to showcase the knowledge gained by the studies and build the capacity of regional government officials in the area of maritime transport.<sup>8</sup> In addition, staff missions will be required to harness support and cooperation from countries to provide data and information related to the TC. In some cases, technical assistance will be required on the part of Bank staff to collect this information.

<sup>8</sup> The TC policy GN-2470-2 does allow for the financing of staff travel with resources from technical co-operations (within certain parameters) when the funding source does not entail any special financing restrictions. This TC will not support or complement the Bank's administrative budget and will be used for the indicated purposes only when no other ways to finance staff participation in the dissemination events will be available, hence not constituting Bank's ordinary or routine activities, as stated in the document GA-220-12 ("Criteria for determining the eligibility of Bank programs for funding with Ordinary Capital (OC) resources for special programs and grants").

- 4.4 The project team will prepare monitoring and evaluation reports every six months, including products delivered and results achieved. A meeting with the RIIF and FIRII representatives and country departments will be conducted to share the results.
- 4.5 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with current Bank procurement policies and procedures.

## **V. Major issues**

- 5.1 The main risk of this TC will be the difficulty of coordinating the activities among the countries in the region, determining lines of joint action to ensure the continuity of this initiative and future efforts, and completing operations or partnerships in this area. To mitigate these risks the TC will be implemented through the Bank and the first step will be to develop a database of stakeholders that will be used to socialize the projects and findings.
- 5.2 An additional risk is a reticence to share information, which may limit the ability of consultants to collect primary trade and transport data. This TC will mitigate these risks by engaging with government officials and private sector representatives early in the process and ensuring regular dissemination of the components. Further, a lesson learned from the study undertaken in the RG-T1458 (ATN/AT-12538-RG) is that additional time should be built in for data collection. Accordingly the period of disbursement is 30 months.
- 5.3 In regards to the implementation of TIM, there is a risk that the implementation process will not be supported by national customs agencies, especially when it comes to sharing data and information. This risk will be mitigated by only implementing TIM in those countries that have agreed in advance to share their customs data and information.

## **VI. Exceptions to Bank policy**

- 6.1 No exceptions to Bank policy were identified.

## **VII. Environmental and social strategy**

- 7.1 In accordance with the guidelines of the Policy Environment and Safeguards Compliance Policy (OP-703) and considering that this TC consists of the elaboration of studies, it has been classified as category "C" according to the Bank's environmental and social screening process. It is estimated that this TC will not generate significant negative environmental and/or social impacts (see [Safeguard Policy Filter Report](#) and [Safeguard Screening Form](#)).

## **VIII. ANNEXES**

- 8.1 The annexes required are as follow:

Annex I: [Terms of Reference](#)

Annex II: [Procurement Plan](#)



## TERMS OF REFERENCE

### SHORT SEA SHIPPING NETWORK MODEL FOR THE CARIBBEAN

#### I. Background

- 1.1 Geographical fragmentation has resulted in high trade and transportation costs, undermining competitiveness of the small Caribbean economies and inhibiting the growth of intra- and extra-regional trade. Intra-regional trade is relatively low, at 13 percent of total trade, shipping costs are among the highest in the world and the region's level and quality of infrastructure is weak in comparison to other developing countries. Inefficiencies, such as high port charges and the deteriorated condition of roads act as further impediments to trade.
- 1.2 In the maritime transport sector, low port productivity, small and uneconomical vessel fleets, and one-way cargo flows feature predominantly. Given the concentration of small- and medium-sized enterprises in the Caribbean, the impact on competitiveness is significant as most have insufficient volume to fill a container with their own exports (incurring high cargo tariffs) and incur long delays waiting for shipments to be dispatched, with a serious degradation in the quality of service they can offer. The region's connections to global markets are challenging; with the exception of The Bahamas, Jamaica, the Dominican Republic, and Trinidad and Tobago, most countries in the region are in the bottom 75 percent globally in terms of maritime connectivity.
- 1.3 Maritime transport trends in the region will either be an opportunity or a threat for Caribbean countries. The Panama Canal and the forecasted increase in global transshipment volumes will change the economic geography as larger ships displace smaller ones. However, this will likely only benefit a few well-placed Caribbean ports. Predominantly high costs in smaller ports in the region and low frequency shipping services will contribute to poorly connected islands and favor feeder-hub systems, while the growth in average ship sizes in the region--without subsequent increases in shipping demand--will likely further decrease shipping frequencies.
- 1.4 Going forward, smaller ports will have to become more efficient, less expensive, and more expedient in order to keep the service they have and find opportunities to improve frequency especially with neighboring islands through smaller inter-island services. Infrastructure and service provision arrangements need improvement to deal better with the increased use of less-than-container load (LCL) cargo, and the development of a local logistics industry that goes beyond the large operators should be promoted. Developing short sea shipping networks (in this case primarily small Roll-on/Roll-off (RORO) vessels may ensure continuity and reliability in service between the smaller islands.

#### II. Objective and scope of work

- 2.1 The objective of this consultancy is to deepen existing knowledge and to increase capacity in the Caribbean region to develop transport and trade integration policies and programs that increase the region's competitiveness and spur economic growth. The specific objectives are to: (i) increase knowledge and data availability on maritime transport and trade; and (ii) undertake an analysis on short sea shipping.

- 2.2 The product resulting will be a model/study of a short sea shipping network for the Caribbean that will: (i) develop case studies of existing short sea shipping networks and analyze their business model, costs, fares and governance, taking special note of how the networks are or are not applicable to a potential Caribbean network; and (ii) collect data on intra-island trade, and trade with continental partners, transport services and infrastructure, and tourism in the Caribbean in order to identify current trade networks with a view to proposing possible short-sea shipping routing and networks.

### III. Characteristics of the consultancy

- a) **Type of consultancy:** International Consulting Firm
- b) **Starting date and duration:** 180 nonconsecutive consultant days
- c) **Place of work:** Offices of the Firm. Trips to selected countries will be required.
- d) **Citizenship:** The firm must be of a member state of the IDB
- e) **Qualifications:** The firm and their primary leads in the sector must have Company with experience in sector planning and development of logistics projects and Short Sea Shipping. Advanced writing skills in English is a must. Previous experience in the Caribbean region is required

### IV. Schedule of payment

- 30% upon the signature of the contract
- 30% upon the delivery of the draft of deliverable and approval by IDB
- 40% upon the delivery of the final draft of deliverable and approval by IDB

### V. Coordination

- 5.1 The coordination of consultant work will be managed by INE/TSP.

## TERMS OF REFERENCE

### IMPLEMENTING THE MARITIME TIM IN THE CARIBBEAN

#### I. Background

- 1.1 Geographical fragmentation has resulted in high trade and transportation costs, undermining competitiveness of the small Caribbean economies and inhibiting the growth of intra- and extra-regional trade. Intra-regional trade is relatively low, at 13 percent of total trade, shipping costs are among the highest in the world and the region's level and quality of infrastructure is weak in comparison to other developing countries. Inefficiencies, such as high port charges and the deteriorated condition of roads act as further impediments to trade.
- 1.2 In the maritime transport sector, low port productivity, small and uneconomical vessel fleets, and one-way cargo flows feature predominantly. Given the concentration of small- and medium-sized enterprises in the Caribbean, the impact on competitiveness is significant as most have insufficient volume to fill a container with their own exports (incurring high cargo tariffs) and incur long delays waiting for shipments to be dispatched, with a serious degradation in the quality of service they can offer. The region's connections to global markets are challenging; with the exception of The Bahamas, Jamaica, the Dominican Republic, and Trinidad and Tobago, most countries in the region are in the bottom 75 percent globally in terms of maritime connectivity.
- 1.3 Maritime transport trends in the region will either be an opportunity or a threat for Caribbean countries. The Panama Canal and the forecasted increase in global transshipment volumes will change the economic geography as larger ships displace smaller ones. However, this will likely only benefit a few well-placed Caribbean ports. Predominantly high costs in smaller ports in the region and low frequency shipping services will contribute to poorly connected islands and favor feeder-hub systems, while the growth in average ship sizes in the region--without subsequent increases in shipping demand--will likely further decrease shipping frequencies.
- 1.4 Going forward, smaller ports will have to become more efficient, less expensive, and more expedient in order to keep the service they have and find opportunities to improve frequency especially with neighboring islands through smaller inter-island services. Infrastructure and service provision arrangements need improvement to deal better with the increased use of less-than-container load (LCL) cargo, and the development of a local logistics industry that goes beyond the large operators should be promoted. Developing short sea shipping networks (in this case primarily small Roll-on/Roll-off (RORO) vessels may ensure continuity and reliability in service between the smaller islands.

#### II. Objective and scope of work

- 2.1 The objective of this consultancy is to deepen existing knowledge and to increase capacity in the Caribbean region to develop transport and trade integration policies and programs that increase the region's competitiveness and spur economic growth. The specific objectives are to improve the efficiency of the maritime customs process.

- 2.2 The product resulting will be a Feasibility Assessment for Implementing the Maritime TIM that identify the legal and fiscal aspects necessary for this cooperation as a first step towards the eventual interoperability of electronic single windows in the region. The Maritime TIM is a system that facilitates the sharing of information between Customs agencies tasked with the clearance of goods.

### III. Characteristics of the consultancy

- a) **Type of consultancy:** Individual
- b) **Starting date and duration:** 60 nonconsecutive consultant days
- c) **Place of work:** Residence of the consultant. Trips to selected countries will be required
- d) **Citizenship:** Consultant must be a citizen of a Member state of the IDB
- e) **Qualifications:** The consultant must have at least 15 years of experience in implementing customs systems; must contain a master's degree in economics or another relevant sector. Advanced writing skills in English is a must. Previous experience in the Caribbean region is required

### IV. Schedule of payment

- 30% upon the signature of the contract
- 30% upon the delivery of the draft of deliverable and approval by IDB
- 40% upon the delivery of the final draft of deliverable and approval by IDB

### V. Coordination

- 5.1 The coordination of consultant work will be managed by INT/INT.

## TERMS OF REFERENCE

### INSTITUTIONAL, FINANCIAL, AND LEGAL FRAMEWORK FOR A CARIBBEAN INTER-ISLAND MARITIME NETWORK

#### I. Background

- 1.1 Geographical fragmentation has resulted in high trade and transportation costs, undermining competitiveness of the small Caribbean economies and inhibiting the growth of intra- and extra-regional trade. Intra-regional trade is relatively low, at 13 percent of total trade, shipping costs are among the highest in the world and the region's level and quality of infrastructure is weak in comparison to other developing countries. Inefficiencies, such as high port charges and the deteriorated condition of roads act as further impediments to trade.
- 1.2 In the maritime transport sector, low port productivity, small and uneconomical vessel fleets, and one-way cargo flows feature predominantly. Given the concentration of small- and medium-sized enterprises in the Caribbean, the impact on competitiveness is significant as most have insufficient volume to fill a container with their own exports (incurring high cargo tariffs) and incur long delays waiting for shipments to be dispatched, with a serious degradation in the quality of service they can offer. The region's connections to global markets are challenging; with the exception of The Bahamas, Jamaica, the Dominican Republic, and Trinidad and Tobago, most countries in the region are in the bottom 75 percent globally in terms of maritime connectivity.
- 1.3 Maritime transport trends in the region will either be an opportunity or a threat for Caribbean countries. The Panama Canal and the forecasted increase in global transshipment volumes will change the economic geography as larger ships displace smaller ones. However, this will likely only benefit a few well-placed Caribbean ports. Predominantly high costs in smaller ports in the region and low frequency shipping services will contribute to poorly connected islands and favor feeder-hub systems, while the growth in average ship sizes in the region--without subsequent increases in shipping demand--will likely further decrease shipping frequencies.
- 1.4 Going forward, smaller ports will have to become more efficient, less expensive, and more expedient in order to keep the service they have and find opportunities to improve frequency especially with neighboring islands through smaller inter-island services. Infrastructure and service provision arrangements need improvement to deal better with the increased use of less-than-container load (LCL) cargo, and the development of a local logistics industry that goes beyond the large operators should be promoted. Developing short sea shipping networks (in this case primarily small Roll-on/Roll-off (RORO) vessels may ensure continuity and reliability in service between the smaller islands.

#### II. Objective and scope of work

- 2.1 The objective of this consultancy is to deepen existing knowledge and to increase capacity in the Caribbean region to develop transport and trade integration policies and programs that increase the region's competitiveness and spur economic growth. The specific objectives are to develop a financial, institutional and legal analysis to govern a program of service and infrastructure investments in the inter-island maritime sector in the Caribbean.

- 2.2 The resulting product will be a study of the appropriate Institutional, Financial, and Legal Framework for a Caribbean Inter-Island Maritime Network that will: (i) propose a viable financial, institutional and legal framework to develop a program of transport services and infrastructure investments in the maritime sector in the Caribbean; (ii) review the institutional form and the legal basis governing the sector will be examined; (iii) Identify financial framework alternatives to determine potential schemes for integrating technical and economic aspects within these institutional and legal frameworks; and (iv) Review international practices, schemes, models and systems to determine which institutional, legal, and financial frameworks have been used to successfully, or unsuccessfully, implement initiatives of a similar nature and scope to that of the maritime sector in the Caribbean.

### III. Characteristics of the consultancy

- a) **Type of consultancy:** International Consulting Firm
- b) **Starting date and duration:** 180 nonconsecutive consultant days
- c) **Place of work:** Offices of the Firm. Trips to selected countries will be required.
- d) **Citizenship:** The firm must be of a member state of the IDB
- e) **Qualifications:** The firm and their primary leads in the sector must have Company with experience in sector planning and institutional financial and legal frameworks in the maritime sector. Advanced writing skills in English is a must. Previous experience in the Caribbean region is required

### IV. Schedule of payment

- 30% upon the signature of the contract
- 30% upon the delivery of the draft of deliverable and approval by IDB
- 40% upon the delivery of the final draft of deliverable and approval by IDB

### V. Coordination

- 5.1 The coordination of consultant work will be managed by INE/TSP.

PROCUREMENT PLAN FOR NON-REIMBURSABLE TECHNICAL COOPERATIONS										
Country: Regional				Executing agency: IDB			Public or private sector: Public			
Project number: RG-T2649 and RG-T2706				Title of Project: Increasing Maritime Trade and Transport Efficiency and Connectivity in the Caribbean: Short Sea Shipping Networks						
Period covered by the plan: Sep-15 to Dec-17										
Threshold for ex-post review of procurements:				Goods and services (in US\$):		Consulting services(in US\$): 560,000				
Item N°	Ref. AWP	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Review of procurement (3)	Source of financing and percentage		Estimated date of the procurement notice or start of the contract	Technical review by the PTL (4)	Comments
						IDB/MIF %	Local/other %			
1		<b>Component 1 &amp; 2</b>								
		<b>Consulting services</b>								
		Consulting Firm to perform an analysis of current maritime trade, infrastructure condition and service quality in the Caribbean with the intent to propose new short sea shipping route possibilities and a stakeholder database	280,000	QCBS	Ex post	100	0	Nov-15		
2		<b>Component 3</b>								
		<b>Consulting services</b>								
		Consulting firm to perform an analysis and resulting recommendations of institutional, financial, and legal measures to better govern inter-island maritime trade in the Caribbean.	240,000	QCBS	Ex post	100	0	Nov-15		
3		<b>Component 4</b>								
		<b>Consulting services</b>								
		Individual Consultant to perform an assessment of the feasibility of implementing the Maritime TIM in the Caribbean	40,000	IICQ	Ex post	100	0	Oct-15		
4		<b>Component 1-4</b>								
		Logistics and material reproduction for two workshops	20,000	PC	Ex post	100	0	Mar-16		
5		<b>Other</b>								
		Travel logistics	20,000	PC	Ex post	100	0	Mar-16		
Total			600,000	Prepared by: Jacob Veverka			Date: September 23, 2015			
(1) Grouping together of similar procurement is recommended, such as computer hardware, publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value of US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and X1".										
(2) <b>Goods and works:</b> CB: Competitive bidding; PC: Price comparison; DC: Direct contracting.										
(2) <b>Consulting firms:</b> CQS: Selection Based on the Consultants' Qualifications; QCBS: Quality and cost-based selection; LCS: Least Cost Selection; FBS: Selection under a Fixed Budget; SSS: Single Source Selection; QBS: Quality Based selection.										
(2) <b>Individual consultants:</b> IICQ: International Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection.										
(2) <b>Country system:</b> include selection Method										
(3) <b>Ex-ante/ex-post review:</b> In general, depending on the institutional capacity and level of risk associated with the procurement, ex-post review is the standard modality. Ex-ante review can be specified for critical or complex process.										
(4) <b>Technical review:</b> The PTL will use this column to define those procurement he/she considers "critical" or "complex" that require ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.										