

**BA-T1103**  
**Project Readiness Assessment for the Port of Barbados**  
**TC Document**

**I. Basic Information for TC**

▪ Country/Region:	BARBADOS
▪ TC Name:	Project Readiness Assessment for the Port of Barbados
▪ TC Number:	BA-T1103
▪ Team Leader/Members:	Suarez Aleman, Ancor Team Leader; Astesiano, Gaston Alternate Team Leader; Siqueira Moraes, Marcos Alternate Team Leader; Daniela Acevedo (LEG/CLA); Farinaccio, Alessandro (VPS/ESG); Fioravanti, Reinaldo Daniel (INE/TSP); Lucenti, Krista (INT/TIN); Paula Gamboa Leon (LEG/SGO); Persaud, Christopher (INE/TSP); Castrosin, Maria Pilar; Miryam Banda
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Barbados
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Global Infrastructure Facility(FGI)
▪ IDB Funding Requested:	US\$100,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	5 months
▪ Required start date:	August 1st 2023
▪ Types of consultants:	Firms
▪ Prepared by Unit:	VPC/PPP-Private-Public Partnership Unit
▪ Unit of Disbursement Responsibility:	VPC/PPP-Private-Public Partnership Unit
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Second Update of the Institutional Strategy 2020-2023:	Economic integration; Institutional capacity and rule of law; Environmental sustainability

**II. Objectives and Justification of the TC:**

- 2.1 The Technical Cooperation (TC) BA-T1103 aims to support the government of Barbados in the diagnostic of the scope and quality of the project studies through the implementation of the methodology developed by the Global Infrastructure Facility (FGI), named Project Readiness Assessment (PRA). The PRA assess the project in the following dimensions: i) technical solution, ii) commercial structure, iii) affordability, iv) governance, v) regulatory environment, and vi) social & environmental. The PRA outputs will allow the government to assess which gaps have to be close to allow the project to be ready for a successful bidding and implementation process. This TC is non-reimbursable.
- 2.2 The TC is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2), with the development challenges of Economic Integration, by improving

port competitiveness in Barbados and facilitating intraregional trade in goods, as well as promoting foreign direct investment. It also aligns with the cross-cutting areas of Institutional capacity and the rule of law, climate change (CC) and environmental sustainability, by promoting the adequate and comprehensive assessment of infrastructure projects that ultimately would result in the development of sustainable and resilient infrastructure, aligned with the Paris Agreement of the United Nations Framework Convention on Climate Change (Paris Agreement), which also takes into consideration the gender and diversity lens.

- 2.3 In addition, the TC is aligned with the Inter-American Development Bank (IDB) Group Country Strategy with Barbados 2019-2023 (GN-2953-1), which specifically mentions how the Bank will support proposed interventions center on facilitating private sector-driven investment that supports greater productivity, competitiveness, and growth in the medium and long term, including investments in ports to improve maritime connectivity. As for the indicators of the Country Strategy Results Matrix, this TC is aligned with the increase of investments in resilient infrastructure.
- 2.4 Furthermore, regarding the Sustainable Infrastructure Strategy for Competitiveness and Inclusive Growth (GN-2710-5), this TC contributes with the priority area of action to promote continuous improvements in infrastructure governance and regulatory framework to increase efficiency in the provision of infrastructure services. Likewise, this TC will contribute with various indicators of the Corporate Results Framework (GN-2727-12), namely: Intraregional trade in goods (%); Foreign direct investment net inflows as percentage of GDP (%); CO2 emissions from fuel combustible and annual reported economic losses from natural disasters, as it enables the implementation and execution of a sustainable port PPP that would address climate change mitigation and low carbon emissions; Government effectiveness, rule of law, control of corruption, and voice and accountability, as it strengthens the capacity of public entities to structure a port resilient infrastructure project through a PPP mechanism, which boosts transparency.
- 2.5 As IDB estimates show<sup>1</sup>, Barbados needs to invest more than USD 341 million in energy, telecommunications, and water and sanitation sectors, to meet Sustainable Development Goals (SDGs) by 2030. Besides, according to an internal market intelligence exercise, we estimate at least USD 187.5 million for the transport sector – summing up to USD 554 million in total. The macroeconomic and fiscal conditions of the Country (national debt in relation to GDP is above 120%) increase the difficulty of implementing infrastructure projects solely with public investment, and thus the private sector participation in infrastructure development is key to close the gap and meet SDGs.
- 2.6 Barbados is among the weakest countries when it comes to its environment for the implementation of efficient and sustainable Public-Private Partnerships (PPP). There is a broad agreement in the international community on the fact that the lack of adequately prepared projects is one of the biggest bottlenecks that the Latin America and the Caribbean (LAC) countries face in mobilizing private investment in the economic and social infrastructure sector. As analyzed in the Infrascopes 2021/2022 (IDB and The Economist Impact). Barbados ranks poorly in all categories related to its ability to implement efficient and sustainable PPP (regulations and institutions, project preparation, financing, risk management and contract monitoring, and performance evaluation and impact – Ex-post), but particularly on project preparation – being at the bottom of the 26 IDB countries list. Worth mentioning that project preparation category comprises project selection and prioritization, evaluation, selection standards,

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<sup>1</sup> <https://interactive-publications.iadb.org/La-brecha-de-infraestructura-en-America-Latina-y-el-Caribe>

preparation facilities and support, and the incorporation of environmental and social sustainability goals.

- 2.7 **Port Sector in Latin America and the Caribbean:** Since the 1960's most developing countries have been challenged with poor port infrastructure and management, leading to low productivity and expensive operations. Since 1980's port authorities worldwide started to involve the private sector in the development and operation of public ports in order to address cargo containerization trends and the shortcomings in efficiency and outdated infrastructure. Under the landlord model, port authorities keep the ownership of the infrastructure, and the private sector is responsible for its operation through PPP agreements.
- 2.8 According to IDB's PPP profile on ports in LAC, in the last decade there has been an average of three new PPP port projects developed per year, most of them being landlord agreements on existing infrastructure. These PPPs have been largely implemented through competitive tendering process. Until 2019, most PPPs were financially self-sustaining, providing a revenue stream for governments from fixed or revenue-based payments, thus generating fiscal space to address other public needs.
- 2.9 **Efficiency and innovation gains by incorporating private sector participation at ports:** As shown in TT-T1126, Private port operation has improved the competitiveness of this subsector in LAC. Evidence shows remarkable increases in efficiency and productivity indicators in cargo management. Particularly, since the beginning of the 21st century, ports in LAC have increased their operational efficiency in more than 20%. In fact, data suggests that private sector participation and port competition tend to be related to higher levels of operational and economic performance, and better maintained ports. The leading role of the private sector in incorporating technological advancements will be key for ensuring safety in the terminals, protecting food security, the supply of essential consumer goods and trade during the pandemic and post-pandemic. COVID-19 and its consequences up to date have heightened the need of technology to allow remote operation and autonomous computer control, and the private sector is well positioned to further deploy these advancements in the port sector. Examples range from paperless and remotely stationed operations to automated crane handling, autonomous or on remote pilotage, automated shuttling of containers and blockchain-enabled digital shipping platforms. Public sector projects aiming to incorporate the private sector for the development and operation of port infrastructures should be adequately structured in order to attract private investment and align incentives to maximize social returns.
- 2.10 Regarding the Port of Bridgetown, it is the sole commercial seaport in Barbados and handles more than 90% of all goods imported into the Country, with extensive facilities for handling a variety of cargo, including bulk, containers, liquid cargo, and general cargo. It was recently expanded and upgraded. As the only commercial port on the island, Bridgetown deals with over 1,000,000 tons of cargo, around 90,000 TEUs, 700 vessels, and more than 550,000 passengers every year. Currently, the port mostly handles containerized cargo followed by bulk commodities like sugar, cereals, grains, etc. It imports mineral fuels, petroleum goods, locally produced handicrafts and decorative items, food, light machinery, and transportation equipment.
- 2.11 The Government of Barbados (GoB) through Barbados Port Inc. (BPI) is seeking specialist technical advice to support early-stage development of a new berth and bulk handling facility for the Port of Bridgetown, under a PPP mechanism. To this end, the IDB and the Global Infrastructure Facility (FGI) have partnered to make funding and technical support available to prepare a Project Readiness Assessment (PRA) with the objective of assessing the status of the project preparation, reviewing the existing studies identifying any gaps and shortcoming that will need to be addressed, and

prepare strategic recommendations to ensure successful delivery of the Project. The project, together with the Port of Bridgetown strategic location, would increase its potential to become a cargo hub in this part of the Caribbean.

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

**3.1 Component I: Project Readiness Assessment (PRA) and Strategic Advice to Support Project Delivery (US\$100,000).** Diagnostic of the scope and quality of the project studies through the implementation of the methodology developed by the Global Infrastructure Facility (FGI). Besides, as a strategic advice to support project delivery, assessment of the draft concession agreement and shareholder agreement as well as the main associated risks and potential impact on project attractiveness. Terms of reference are attached for the selection of a firm that supports the development of the following activities:

- **Task 1 – Project Screening:** *The expectation, pending confirmation by the Consultant during the Inception Mission, is that this Project will map as PRA Stage 2. The Consultant should undertake an initial review of the information available to confirm whether a Stage 1 or Stage 2 assessment is more appropriate.*
- **Task 2 – PRA Assessment (Stage 2):** *The Consultant should apply the PRA Stage 2 (unless otherwise agreed) methodology as described in the attached appendices<sup>2</sup>, undertaking the necessary site visits, desktop review of available documentation, and interviews with government officials (see Section G of this TOR)<sup>3</sup>, and potentially private sector interested parties. This work will conclude with delivery of a PRA RAG (Red-Amber-Green) rating and standardized PRA report (see Section E Deliverables below).*
- **Task 3 – Action Plan:** *based on the PRA assessment, the Consultant should set out recommendations of key areas for further development.*
- **Task 4 – Strategic Advice to Support Project Delivery:** *This task encompasses two complementary subtasks.*
  - **Task 4a – Project contractual structure risk assessment:** *The current proposed project structure includes an expected equity participation of the public authority in the SPV, which introduces risks embodied in the shareholder's agreement that has already been drafted. The Consultant shall carry out an assessment of the draft concession agreement and shareholder agreement as well as the main associated risks and potential impact on project attractiveness and provide adequate mitigation measures and relevant recommendations to maintain the project bankability.*
  - **Task 4b – Comparative analysis of alternative structures:** *the Consultant, through the due diligence process and the consultations with the stakeholders, should provide a more in-depth understanding on the reasoning behind GoB proposed structure and conduct an analysis of potential alternative structures in terms of Government forms of participation in such project structures, to better inform the GoB decision making process. This comparative analysis of alternative structures shall include usual Port governance models such as the landlord model, and any other relevant*

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<sup>2</sup> PRA Handbook, PRA Action Plan Template, and PRA Excel Tool for RAG scoring

<sup>3</sup> GIF (or FGI by its Spanish acronym) and World Bank will provide guidance and facilitate introductions, but Consultant will retain responsibility for ensuring necessary interviews are completed.

*schemes with Government or Port Authority involvement as a shareholder or not and provide the pros and cons of each model against a set of pre-established criteria to be agreed upon with the FGI, IDB and the Client. If relevant, enriching the analysis with potential benchmarks of similar projects with their key success vs. failure factors would be a plus. Based on the risk assessment of the proposed structure and the comparative analysis of the potential alternative schemes, the Consultant shall formulate key recommendations on the most optimal scheme to adopt for the project.*

- **Task 4c – Climate considerations recommendations:** *The consultant shall undertake a desktop assessment on climate considerations to be considered and addressed throughout a potential project structuring. The assessment should include potential climate mitigation (reductions in GHG emissions) and adaptation (reductions in climate risk/vulnerability related to the project) as well as recommendations for the structuring stage.*
- **Task 5 – Comments on PRA Tool:** *given the tool is under ongoing review and development, the Consultant should provide feedback on the suitability, ease of use, and clarity of the PRA methodology, including any recommendations for improvement.*

3.2 The total amount of this TC is US\$ 100,000, all of which is included in the same component. The TC will be funded by the FGI.

#### **Indicative Budget**

Activity/Component	Description	IDB/Fund Funding	Total Funding
<b>Component I: Project Readiness Assessment (PRA) and Strategic Advice to Support Project Delivery</b>	Consultancy for the development of a Project Readiness Assessment for a new berth and bulk handling facility PPP project for the Port of Bridgetown, Barbados	US\$100,000.00	US\$100,000.00
Total		<b>US\$100,000.00</b>	<b>US\$100,000.00</b>

#### **IV. Executing agency and execution structure**

- 4.1 By request of the Government, according with the document Procedure for the Processing of Technical Cooperation and Related Matters (OP-619-4, Annex II), the IDB through VPC/PPP will be the executor of this TC and will oversee the studies in coordination with the Global Infrastructure Facility team involved and the focal points in the COF. The Project execution by the Bank is justified given the nature of the Fund, experience, and knowledge of the IDB on best practices and methodologies in PPPs.
- 4.2 According to the document Procedure for the Processing of Technical Cooperation and Related Matters (OP-619-4, Annex II), the Bank will act as executing agency according to its technical and operational capacity, considering the Barbados public sector institutional capacity. All contracted consultancies and other procurement activities relevant to the execution of the transaction shall be in accordance with the Bank's procedures and policies.

- 4.3 **Procurement:** All activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services.
- 4.4 The Government of Barbados, through the BPI, have requested the IDB to provide a non-reimbursable technical cooperation, according to the components and activities detailed in Section III of this TC document.
- 4.5 **Execution period.** The execution and disbursement period of the TC is estimated at 5 months.

## **V. Major issues**

- 5.1 Changes in the senior management and staff of BPI due to political instability. Insufficient management and PPP technical capacities in government. Delays in the approval process of the outputs of this support, considering the involvement of a public entity. This will be mitigated with periodic meetings with the stakeholders involved. Besides, it's worth mentioning that the PRA has a pre-structured process that by definition is implemented in a short period of time.

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

- 6.1 No exceptions to Bank policy.

## **VII. Environmental and Social Strategy**

- 7.1 The proposed TC will have no environmental or social impacts, as it will not finance direct investments in infrastructure, it will only fund prefeasibility studies. Taking into account the new Environmental and Social Policy Framework (ESPF) of IDB and due to the nature and objectives of the TC, the terms of reference and outputs of these studies would be consistent with the applicable ESPF requirements.

## **Required Annexes:**

[Request from the Client - BA-T1103](#)

[Results Matrix - BA-T1103](#)

[Terms of Reference - BA-T1103](#)

[Procurement Plan - BA-T1103](#)

\* If TC Document is sent for BOD approval, the only Annexes that need to be translated are the Results Matrix and the Procurement Plan. The Request from Client and the ToRs should be included as links and no translation is required.

## Annex 1: Gender Checklist

	Criterion	Yes/No	Justification(s)	Instructions for justification text
<b>Gender Equality</b>	1. Issue: The gender equality issue is described	No	The TC is for a preliminary stage of the project to address the existing studies identifying any gaps and shortcoming, for the future implementation of the project. The next step would be to perform feasibility studies, were the gender issue would be discussed.	<i>Describe the gender equality issue.</i>
	2. Activities: There is a proposed activity/intervention to address issue	No	Effective interventions to reduce gender inequality are not included, as this TC is for a preliminary stage of the project.	<i>List the activities/interventions that will address the gender equality issue.</i>
	3. Product: There is a product related to the gender equality activity/intervention	No	There are no specific products, as this TC is for a preliminary stage of the project and is more focus on the existing studies and their gaps for the project successful implementation. If there are no gender studies, those gaps would be addressed in the feasibility studies to be develop after this TC.	<i>Identify the product related to the gender activity/intervention.</i>
	<b>Meets requirements for alignment to gender equality strategic priority?</b>	<b>No</b>		

## Annex 2: Diversity Checklist

	Criterion	Yes/No	Justification(s)	Instructions for justification text
<b>Diversity</b>	1. Issue: The diversity issue is described	No	The TC is for a preliminary stage of the project to address the existing studies identifying any gaps and shortcoming, for the future implementation of the project. The next step would be to perform feasibility studies, were the diversity issue would be discussed.	<i>Describe the diversity issue.</i>
	2. Activities: There is a proposed activity/intervention to address issue	No	Effective interventions to consider diversity issues are not included, as this TC is for a preliminary stage of the project.	<i>List the activities/interventions that will address the diversity issue.</i>
	3. Product: There is a product related to the diversity activity/intervention	No	There are no specific products, as this TC is for a preliminary stage of the project and is more focus on the existing studies and their gaps for the project successful implementation. If there are no diversity studies, those gaps would be addressed in the feasibility studies to be develop after this TC.	<i>Identify the product related to the diversity activity/intervention.</i>
	<b>Meets requirements for alignment to diversity strategic priority?</b>	No		