

MEMORANDUM

To: Jaime Granados
Chief, Trade and Investment Division (TIN)

From: Krista Lucenti
Team Leader (INT/TIN)

Subject: REGIONAL. Digital Revolution of Trade Processes: Adoption of National and Regional Maritime Single Windows (RG-T3404). Request for increase of resources to finance operation and addition of Barbados as a beneficiary country to operation (ATN/OC-17611-RG).

Date: August 21, 2020

I. Background

The Caribbean Community (CARICOM) maritime transport faces serious challenges, including inadequate and poorly maintained port infrastructure, declining transshipment business as fleet size increases, and under-capitalization.¹ Maritime connectivity is mainly limited to the main transshipment hubs of Kingston, Freeport, San Juan, Port of Spain, and Caucedo.²

As Caribbean islands are sea locked, extra-regional trade is limited to air and maritime transport modes, logistics costs are generally higher, and natural disasters create disproportionate risk for disruption in transport service and trade flows. Ships, crewmembers and the goods and passengers that they carry are subject to controls that address a wide range of issues including ensuring public health, revenue protection, security, immigration, importing and exporting prohibited and restricted items, and sanctions enforcement. In most Caribbean countries, these bureaucratic requirements are onerous and manual with duplicate submission to multiple agencies hampering the flow of maritime transport. These factors drive up the price of investments in infrastructure and transport services, which ultimately affects the region's economic growth and competitiveness.³

In addition, the relatively low density of Caribbean markets severely limits the development of large infrastructure assets. The region lacks larger, denser, urbanized markets – only achievable by regional cooperation – to make long-life cycles and upfront capital investments – which are higher if climate resilient – cost effective.⁴

¹ See Caribbean Development Bank. Transforming the Caribbean Port Services Industry: Towards the Efficiency Frontier. https://www.caribank.org/sites/default/files/publication-resources/Study_Transformation-of-Caribbean-Maritime-Port-Services-Industry_1.pdf

² Economic growth and competitiveness are intertwined with air and maritime transportation. Caribbean Growth Forum. <https://www.caribank.org/publications-and-resources/resource-library/presentations/caribbean-port-efficiency>

³ [See link here](#)

⁴ [See link here](#).

Against this background, digital solutions such as Maritime Single Windows (MSWs) can mitigate the effect of these problems and provide a competitive edge to Caribbean countries. An MSW is a single point of entry for the exchange of all necessary information for maritime ship reporting and clearance and eliminates duplicate submission of declaration information to the applicable agencies. This contributes to reducing the time and cost of trade and maritime transport in the country. For example, an MSW facilitates simultaneous electronic submission of forms (1-7), required under the Convention on Facilitation of International Maritime Traffic (FAL Convention), to all corresponding agencies. This increases efficiency in the preparation of arrival and departure declarations for shipping agents, improves communication and coordination between shipping agents and regulatory agencies, and reduces paperwork and vessel dwell time due to electronic submission and clearance. As part of a package of 2016 amendments (entered into force on January 1, 2018) under the revised Annex to the FAL Convention, the International Maritime Organization (IMO) has mandated the electronic exchange of information from 9 April 2019 with a transition period of no less than 12 months.⁵ Some countries in the region have made significant strides to comply with this obligation – such as Antigua and Barbuda⁶ and Trinidad and Tobago⁷ – however, Caribbean countries are yet to fully comply with this obligation.

In addition to stand alone systems, MSWs can also be locally connected to other platforms such as Port Community Systems and Trade Single Windows and regionally to other MSWs in order to further enhance the efficiencies of these trade and transport digital solutions. A regional solution would ensure compliance with international obligations as well as further streamline maritime reporting requirements by reducing inefficiencies since ships submit the same forms at each port of call. A similar approach to a regional solution is being developed in the European Union and this model will follow closely the development of that EU Regional MSW.

II. Progress

The Bank approved a Regional Technical Cooperation (TC) on October 1, 2019 to support the implementation of National MSWs in Jamaica and Trinidad and Tobago and initiate the development of a Caribbean Regional MSW with the view to improve trade and transport facilitation in CCB countries. Suriname was added as a beneficiary country in 2019 and approved by GCM and LEG.

III. Objective of the Increase

The objective of the increase is to allow Barbados to participate as a beneficiary country to the TC. Prior to approval of the TC, Barbados showed interest and had been seeking endorsement from the Bank's liaison authority in the country to request inclusion. However, due to internal and external factors, this did not arrive in time for approval and was submitted to the Bank by the Ministry of Finance, Economic Affairs and Investment on June 29, 2020. Consequently, the addition of Barbados as a beneficiary country will require an increase of US\$50,000 in the overall budget of the TC to US\$400,000. This increase will be financed with additional funding from the OC Strategic Development Program for Integration (RIN).

IV. Justification of the Increase

Barbados is currently a member of IMO and is subject to the obligations to implement the electronic exchange of Maritime information. Barbados does not have an MSW and has not

⁵ <http://www.imo.org/en/OurWork/Facilitation/ConventionsCodesGuidelines/Pages/Default.aspx>.

⁶ <http://www.imo.org/en/MediaCentre/PressBriefings/Pages/07-IMO-maritime-data-solution-available-after-launch-in-Antigua-and-Barbuda-.aspx>.

⁷ <https://www.ttbizlink.gov.tt/trade/tnt/cmn/pdf/MODULE%20MARITIME.pdf>.

yet begun preparations to meet the IMO obligation. Therefore, it is essential that Barbados be added as a beneficiary to this TC so that the country can benefit from the National Gap Assessments and contribute to the conceptual design of the Regional MSW as part of the CCB group.

Secondly, Barbados has a robust maritime and trade agenda, as evidenced by the creation of a Ministry of Maritime Affairs and the Blue Economy under the current government administration. Therefore, this initiative will provide the country with the means to support that agenda and the Bank with the opportunity to assist. This will also help to further the dialogue between the Bank and Barbados in maritime trade and regional integration.

An increase in the approved budget is required in conjunction with the inclusion of Barbados as a beneficiary country, as that budget was based on the inclusion of three beneficiary countries. An original provision of US\$150,000 was anticipated for 3 gap assessments in component 1 and US\$50,000 was estimated for the regional workshop in Component 3 (Please see the approved Indicative Budget). Without the letters of request from Suriname and Barbados prior to approval, more resources were allocated to component 3 for a larger workshop and additional external experts from Europe and Asia. Therefore, the budget at approval was \$120,000 for 2 gap assessments in component 1 and \$80,000 for the regional workshop in component 3. In February 2020, subsequent to approval of the TC, resources were reallocated from component 3 to component 1 to include Suriname in the gap assessments. Now with the addition of Barbados, an increase of \$50,000 to the overall budget will be required. This increase will be allocated to component 1 to accommodate the gap assessments of 4 countries. This increase in the budget will be financed with additional funding from the OC Strategic Development Program for Integration (RIN).

V. Budget

The original approved Budget was adjusted when Suriname was incorporated by memo dated February 27, 2020. At that time, resources were reallocated from Component 3 to Component 1 in order to include Suriname in the gap analyses. A less ambitious workshop under Component 3 was therefore envisaged. To add Barbados, we will further increase the amount allocated to Component 1 using the increased resources approved by GCM.

Budget in US\$					
Components/Activities	Original Budget	Reallocated Budget (Feb 2020)	Available Amount	Increase Amount	Total Requested Amount
Component 1 Gap Assessments for National MSWs	120,000	150,000	115,342	50,000	200,000
Component 2 Conceptual Design of Regional MSW	100,000	100,000	100,000	0	100,000
Component 3 Regional Workshop	80,000	50,000	50,000	0	50,000
Component 4 Dissemination and Coordination	50,000	50,000	50,000	0	50,000
TOTAL	350,000	350,000	315,342	50,000	400,000

VI. Execution

The requested additional beneficiary country would alter the activities of component 1 to include a gap assessment for Barbados, representing a substantial change in the light of the guidelines established in the Operations Management Manual OA-430.

Component	Indicator	Unit of Measure	Base line	Goal	Means of Verification
Component 1: Gap Assessments for National Maritime Single Window Development	Diagnostics and assessments completed	Diagnostics (#)	0	4	Report to IDB
Component 2: Regional Maritime Single Windows	Strategies designed	Strategies (#)	0	1	Strategies
Component 3: Regional Workshop	Workshops organized	Workshops (#)	0	1	Validation by Coordinator
Component 4: Dissemination and Coordination	Project implementation unit strengthened	PIUs (#)	0	1	Contract

VII. Recommendation

Given the arguments presented in the previous sections and in accordance with the delegated authority established in the Bank's Operations Process and Administrations Manual OA-421 III.D, the Project Team Leader recommends that the Division Chief Trade and Investment (INT/TIN), approves the request for the addition of Barbados as a beneficiary country and the associated increase in resources by US\$50,000 to the TC RG-T3404 (ATN/OC-17611-RG).

Annex: [Barbados Request Letter](#)