



Operations Manual

Barbados National Tourism Program

BA-L1033

Manual Prepared by:

James Campbell

April 12, 2016

Manual Revised by:

Project Execution Unit – National Tourism Program

Ministry of Tourism and International Transport

December 23, 2019

TABLE OF CONTENTS

I. INTRODUCTION	5
II. PROJECT DESCRIPTION.....	5
Objectives	5
Components.....	5
Cost and Financing Structure	7
Disbursement Period	8
III. INSTITUTIONAL FRAMEWORK.....	8
IV. PROJECT EXECUTION.....	9
Project Co-ordinator	12
Financial Specialist	14
Procurement Specialist	16
Product Specialist.....	17
Administrative Officer I.....	18
Program Steering Committee	19
V. PROCUREMENT OF WORKS, GOODS AND SERVICES	20
Procurement Framework.....	20
Procurement Planning	21
International Competitive Bidding.....	21
Other Procurement Procedures.....	22
Additional Procurement Requirements.....	22
Bank Review	22
1. Goods and Works.....	23
2. Consulting Services	25
VI. PROJECT MONITORING AND REPORTING.....	26
Monitoring Responsibilities	26
Reporting Requirements.....	28
VII. ADMINISTRATIVE AND FINANCIAL GUIDELINES	29
Sources of Finance	29
Financial Management	30
Bank and Cash Management	31
1. Requirements.....	31

2. Budget Control and Transfer.....	31
Financial Flow.....	31
1. Financial Plan	31
2. Disbursement Projections.....	32
3. Disbursements	32
4. Requests for Disbursements	33
5. Final Justification Period and Closing Date	35
Accounting	35
1. Budgetary-Financial Execution.....	35
2. Chart of Accounts.....	36
Inspection and Supervision	36
VIII. MODIFICATIONS OF THE PROGRAM OPERATIONS MANUAL.....	36

ABBREVIATIONS

AFS	Audited Financial Statements
AOP	Annual Operations Plan
BCCI	Barbados Chamber of Commerce and Industry
CBB	Central Bank of Barbados
CEO	Chief Executive Officer
EA	Executing Agency
EPD	Environmental Protection Department
FIDIC	International Federation of Consulting Engineers
GHG	Greenhouse Gas
GoB	Government of Barbados
LAC	Latin America and the Caribbean
IDB	Inter-American Development Bank
MCCS	Ministry of Creative Economy, Culture and Sports
MFEI	Ministry of Finance, Economic Affairs and Investment
MTI	Ministry of Tourism and International Transport
MTWM	Ministry of Transport, Works and Maintenance
OC	Ordinary Capital
OM	Operations Manual
PEU	Project Execution Unit
PMR	Project Monitoring Report
PS	Permanent Secretary
PSC	Program Steering Committee
SSA	Sanitation Service Authority
TCDPO	Town and Country Development Planning Office
UNESCO	United Nations Educational Scientific and Cultural Organization

I. INTRODUCTION

- 1.1 This Operations Manual (OM) establishes the procedures that will apply during the execution of the National Tourism Program. It includes a description of the objectives of the Program as well as guidelines for project execution, procurement of goods and services, requirements for monitoring and reporting, and administrative and financial guidelines.
- 1.2 Consequently, this Manual seeks to define the institutional and technical framework of the Program and the level of responsibilities of the institutions and individuals involved in its implementation, in order to achieve the objectives defined in the Loan Contract.

II. PROJECT DESCRIPTION

Objectives

- 1.1 The overall objective of the Program is the reinvigoration of the Barbados tourism industry, with a focus on increasing tourism receipts. The Executing Agency is the Ministry of Tourism and International Transport (MTI), which is the public sector agency responsible for sector policy, planning and management. Its core functions include formulating tourism policy, conducting tourism research, regulating and controlling all aspects of civil aviation, and administering the *Tourism Development Act, Cap. 341*, the *Travel Services Act, Cap. 373A* and the *Civil Aviation Act, Cap. 288A*.

Components

- 1.2 The Program will have two investment components:
 - a) **New Tourism Products (US\$15.3 million)** Diversification/improvement of tourism products to consolidate current visitors and attract new segments in key geographical markets, based on sound understanding of demand determinants and preferences; and
 - b) **Strengthening Digital Marketing (US\$2.0 million)** Updating and improving marketing strategies, with a special emphasis on the use of digital marketing in a coordinated way with the private sector. The main objective of this component is to increase market awareness of Barbados as a cultural destination and to effectively market the new tourism products developed in Component 1.

- 1.3 Component 1 will finance the development of new tourism products targeted at addressing the cultural and heritage priority themes identified and agreed with the Government during project preparation. These thematic lines are:
- a) Bridgetown (A Marvel of Maritime Engineering)
 - b) Industrial Heritage (The Story of Sugar and Rum)
 - c) Garrison (British military life on a UNESCO World Heritage Property)
 - d) Bajan Soul (Bajan cultural practices)
- 1.4 The implementation of these products is expected to contribute to increasing visitors' expenditures. Eight new products have been identified and agreed with the Government, each related to one of the four thematic lines. These products are as follows:
- a) Visitor Centre and Art Gallery in the Old Town Hall Building;
 - b) Tourist Urban Route: Accessibility Plan, Urban Enhancements and Improvements in the Historic City;
 - c) Renewed National Museum at the Garrison;
 - d) Oistins Waterfront Improvement Project;
 - e) An enhanced Legends Cricket Museum;
 - f) Trevor's Way Project;
 - g) Tram Tour of Historic Bridgetown and Its Garrison; and
 - h) Pedestrianisation of St. Lawrence Gap and the possible inclusion of a tram traversing the Gap.
- 1.5 Specifically Component 1 will finance: **(i)** a new Visitor Centre in the Old Town Hall Building (including civil works, furniture and hardware and software) and the enhancement of a tourist urban route through Historic Bridgetown; **(ii)** the implementation of two tourism products (Renewed National Museum at the Garrison and Oistins Waterfront Improvement Project); **(iii)** the development of a tram tour that traverses Historic Bridgetown and Its Garrison – Barbados' UNESCO World Heritage Property; **(iv)** the provision of lighting, signage and portable bathrooms along Trevor's Way; **(v)** enhancements to the Legends Cricket Museum at the existing site or at Kensington Oval; **(vi)** the creation of an art gallery on the floor above the Visitor Centre planned for the Old Town Hall; **(vii)** the pedestrianisation of St. Lawrence Gap and the possible inclusion of a tram traversing the St. Lawrence Gap; **(viii)** the preparation of interpretation content and materials for all products to be disseminated by both physical and electronic means; **(ix)** the preparation of final engineering/architectural designs, economic, environmental and social project specific studies/plans (if required) for all products; and **(x)** the contracting of specialized consultancies to supervise construction works. All works are expected to be undertaken on public property.
- 1.6 Component 2 will finance investments aimed at: **(i)** reinforcing Barbados' cultural sub-brand strategy, through new content creation for the different digital (website,

social media, mobile apps) and traditional channels (media, printed publications, and others), and integration of public content creation efforts with the private sector; **(ii)** designing and implementing a detailed annual operational plan, which will include campaigns in each of the preselected targeted source markets, to promote the new cultural products; and **(iii)** defining a digital tourism marketing scorecard, including attainable objectives and expected results, as well as prioritization of Key Performance Indicators (KPIs) to measure the implementation of the digital operational plan on an annual basis.

- 1.7 **Administrative cost (US\$2.0 million).** These resources will cover: **(i)** the contracting of five specialists (Project Co-ordinator, Product Specialist, Procurement Specialist, Financial Specialist and Administrative Officer) to work in the Project Executing Unit (PEU), at least two specialists to support the technical aspects involved in the implementation of the project’s components in order to have an effective coordination of the PEU with the Barbados Tourism Marketing Inc. (BTMI) and the Ministry of Tourism and International Transport; **(ii)** operational costs of the PEU; **(iii)** environmental and social management; **(iv)** monitoring and evaluation (mid-term evaluation, final evaluation, impact evaluation); and **(v)** auditing.

Cost and Financing Structure

- 1.8 The total cost of this Project is US\$20 million and will be financed with a loan of US\$20 million from the resources of Ordinary Capital (OC) of the Bank. The following table shows the Program’s summary cost and financing by category.

TABLE II-1. Program Summary Cost & Financing

CATEGORY	IDB	TOTAL
Component 1 – New Tourism Products	15,300,000	15,300,000
Component 2 – Strengthening Digital Marketing	2,000,000	2,000,000
Administrative Costs	2,415,000	2,415,000
PEU Costs		
Monitoring & Evaluation		
Environmental and Social Management		
Financial Audit		
Contingencies	285,000	285,000
TOTAL	20,000,000	20,000,000

Disbursement Period

- 1.9 The period for disbursement of the resources of the financing expires five (5) years from the effective date of the Loan Contract. The following table shows the projected flow of funds, in millions of US dollars.

TABLE II-2. Disbursement Projection (in \$millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB (OC)	2.00	5.00	5.00	5.00	3.00	20.00
Total	2.00	5.00	5.00	5.00	3.00	20.00

III. INSTITUTIONAL FRAMEWORK

- 3.1 There are a number of agencies and departments of the GoB with varying levels of responsibility in the tourism sector. The Ministry of Tourism and International Transport (MTI) is responsible for formulating and implementing tourism policy, conducting tourism research, regulating and controlling all aspects of civil aviation, and administering the *Tourism Development Act, Cap. 341*, the *Travel Services Act, Cap. 373A* and the *Civil Aviation Act, Cap. 288A*. The Ministry also provides leadership to and works in collaboration with the following entities to govern the tourism sector for Barbados:
- Barbados Tourism Marketing Inc. (BTMI);
 - Barbados Conference Services Limited (BCSL);
 - Caves of Barbados Limited (CBL);
 - Barbados Civil Aviation Department (BCAD);
 - Grantley Adams International Airport Inc. (GAIA);
 - Needhams Point Holdings Limited (NDHL);
 - Needhams Point Development (NPD);
 - Hotel and Resorts Limited (HRL);
 - Caribbean International Airways Ltd. (CIAL); and
 - Caribbean Aircraft Handling (CAH).
- 3.2 Within the context of this Program, the other agency with responsibility within the sector is the Barbados Tourism Marketing Inc. (BTMI). The BTMI has as its core mandate, the design and implementation of suitable marketing strategies for the effective promotion of Barbados' tourism industry. The BTMI is also responsible for planning and co-ordinating continuous improvement in the quality of Barbados' tourism product and services by undertaking work in all areas of product development, mainly focused on the non-physical work of these elements.

- 3.3 The diversification/improvement of tourism products is expected to cause temporary and minor localized impacts, possibly associated with the construction of sanitation facilities and drainage works. The operation does not encompass any large-scale investments in infrastructure, the conversion or degradation of critical habitat, or any resettlement and, as such, does not present significant potential negative environmental or social impacts. Overall, given the nature of the activities and investments foreseen, the environmental and social impacts, including disaster risk and climate change impacts are expected to be low. Therefore, a “B” classification is proposed for the Program in accordance with the Environmental and Social Safeguards Compliance Policy (OP-703).
- 3.4 While a planning application or an environmental impact assessment are not required for the first two projects under Component 1, the IDB requires that a town hall meeting is held prior to the completion of the design of the projects (and prior to consideration by IDB’s Board), to present the projects and consult with the local population. The final designs should also reflect consultations with Town and Country Development Planning Office (TCDPO), Environmental Protection Department (EPD), Barbados Chamber of Commerce and Industry (BCCI), Ministry of Transport, Works and Maintenance (MTWM) Sanitation Service Authority (SSA), as well as an archeological specialist and a native species/tree expert. Among other projects being considered for financing under the Program, the Oistins waterfront redevelopment will require more detailed environmental and social assessment including early and ongoing consultation with local residents as well as the stakeholders listed above, and additionally the Coastal Zone Management Unit and Ministry of Agriculture and Food Security.

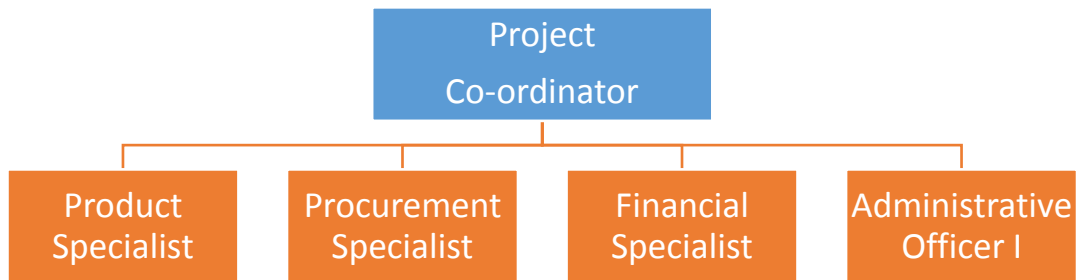
IV. PROJECT EXECUTION

- 4.1 The borrower is the Government of Barbados and the Executing Agency is the Ministry of Tourism and International Transport (MTI) which is responsible for all financial aspects within the agreements. The Permanent Secretary of MTI will be responsible to the Bank for the approval of Annual Work/Operation Plans, Procurement Plans, Progress Reports, Financial Reports and Internal Evaluations.
- 4.2 A separate Project Executing Unit (PEU) will be established within the MTI and will be responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Program, as well as the planning, monitoring, supervision and evaluation of the Program. Specific responsibilities will include but not be limited to the following:
- (i.) Fulfilling the conditions prior to first disbursement specified in the Loan Agreements;

- (ii.) Preparing and submitting disbursement requests to the Bank based on projected cash flow requirements in accordance with the Annual Operations Plan (AOP);
- (iii.) Financially administering the Program according to Generally Accepted Accounting Principles (GAAP) and presenting audited financial statements;
- (iv.) Ensuring the quality and efficacy of procurement processes and their compliance with both the policies of the Bank and those of the GoB;
- (v.) Implementing procurement processes, in accordance with the approved and published procurement plan, including the preparation and submission of procurement documents for the Bank's Non-Objection;
- (vi.) Managing the execution of contracts, including, verifying the quality of the goods and services provided by contracted parties and making the corresponding payments;
- (vii.) Preparing the required monitoring and evaluation reports (such as information required for the Project Monitoring Report-PMR), submitting them to the Bank, and making them available to the public as required;
- (viii.) Ensuring the achievement of the Program's Results Matrix goals established in the Loan Agreement with the Bank;
- (ix.) Ensuring consistent alignment of expected project results with day-to-day Program implementation;
- (x.) Creating and maintaining accurate records and consolidating accounting information;
- (xi.) Ensuring compliance with all conditions of the Loan Agreements with the Bank, including contractual clauses;
- (xii.) Creating and maintaining productive and transparent relationships with all stakeholders.

4.3 The PEU is headed by a Project Co-ordinator and includes as a minimum, the following officers: i) Product Specialist; ii) Procurement Specialist; iii) Financial Specialist; and iv) Administrative Officer I. Additional officers/specialists will be contracted on an as needed basis for the implementation of sub-projects within each component. The organogram for the PEU is shown below in Figure IV-1.

FIGURE IV-1. Structure of the PEU



- 4.4 The Bank will require that the PEU (i) has a dedicated budget for environmental and social consultants to be contracted as needed during the Program, and (ii) approves a guiding Environmental and Social Management Program document that includes a series of environmental and social procedures to be applied to all projects under the Program. The document will be included in the Program Operations Manual.
- 4.5 During project execution compliance with general and special requirements of the civil works contracts will be supervised by an independent (external) supervision consultant contracted by the GoB as part of the overall project cost. The Supervision Consultant will report directly to the Project Co-ordinator.
- 4.6 The Supervision Consultant will prepare a supervision schedule that will be agreed with the Project Co-ordinator and will visit the project sites periodically. A monthly Project Administration Report will be prepared that will include the following information: (i) physical and financial progress of the project; (ii) actions taken by the contractors and MTI during the month in response to the Supervision Consultant's recommendations; (iii) problems experienced during the reporting period that have affected work quality or the construction schedule (iv) work targets for the current period; and (v) instructions to be carried out by the contractor.
- 4.7 During project execution the actual project cost may exceed the awarded contract sum, resulting in a claim by the contractor for additional funding. Contracts are only eligible for an increase in two circumstances: (i) Variation Order authorized by the Project Co-ordinator; and (ii) Extensions of the period of implementation of the works as a result of delays caused by factors beyond the control of the contractor. Any modification that results in an increase in the original amount of the contract by more than 15% of the original price requires the prior Non-Objection of the Bank (see Paragraph 5.19).

- 4.8 The PEU will maintain separate files for the operations of the Program and allow for financial and accounting monitoring of the Bank resources in accordance with Bank requirements.
- 4.9 The PEU will implement an Environmental and Social Management System (ESMS) as part of the operational procedures for the National Tourism Program. The ESMS will include *inter alia*, procedures to ensure environmental and social impacts associated with the Program are identified and recorded and strategies established to manage and mitigate such impacts, particularly where they may be negative. This will be to the satisfaction of the Bank and the environmental management regulatory requirements of the GoB.

Project Co-ordinator

- 4.10 The Project Co-ordinator will report directly to the PS of the MTI to ensure the participation of a high authority level in Program issues, and to foster the efficiency and priority of the decision making processes. The Project Co-ordinator will be provided with the adequate level of authority to be able to co-ordinate all the technical, financial and administrative project aspects and tasks with the operational unit of the BTMI. The specific responsibilities of the Project Co-ordinator are:
- Co-ordinate all project management activities, resources, equipment and communication.
 - Liaise with the Inter-American Development Bank and the Government of Barbados represented by the Ministry of Tourism and International Transport, on all areas of the project execution as required and communicate any challenges which may arise.
 - Maintain the project Gantt Chart for the duration of the project.
 - Ensure that the needs of the clients are met as the project is executed.
 - Oversee the preparation of annual budgets.
 - Prepare, maintain and update the Annual Work Plan for the Program inclusive of execution schedules and budgets for Program activities, consultancies, the Risk Management matrix and the Results Monitoring matrix.
 - Oversee the management of project procurement and expenditures.
 - Annually co-ordinate planning sessions with staff to work out details of individual work plans with assigned responsibilities and scope of authority.

- Annually review work programs with individual staff to agree on strategic Program objectives, Program activities, timeframes, funding availability and limitations.
- Monitor and review monthly activity reports to determine progress and status in attaining objectives.
- Act as the focal point and point of contact for the project.
- Familiarise him/herself with the terms and conditions of the Loan Contract and requisite Program documents.
- Ensure that the Conditions Precedent to First Disbursement of Loan Resources are met by the stipulated deadline period.
- Develop effective communication channels and institutional mechanisms with relevant stakeholders, including the public, to support the efficient implementation of the Program.
- Request the Barbados Government Information Service to annually undertake the requisite public relations measures to ensure that the public is kept informed of all aspects of the Program.
- Conduct performance evaluation of staff under direct supervision every quarter, for compliance with respective work plans, policies and procedures and manage any issues as they arise.
- Manage the services provided by the Supervision Consultant in the execution of the Program to ensure that the consultants deliver in a timely and professional manner the tasks and outputs specified in their agreements.
- Highlight and anticipate challenges to progress and proactively engage the consultants in providing support to overcome these obstacles.
- Oversee the preparation of Terms of Reference for consultants and designs and specifications for goods and works to be procured under the Program and steer the PEU in the expeditious procurement of the required goods, works and service in keeping with the policies and procedures of the Government of Barbados (GoB) and the Inter-American Development Bank (IDB).
- Act as the representative of the Ministry of Tourism and International Transport (MTI) in all matters pertaining to the Program works contracts with the main contractors.
- Advise the Permanent Secretary (PS) on critical matters arising from Program works, contracts and contractors, especially those related to major variations in scope and cost, claims and dispute resolution.
- Oversee the contract negotiation process and, if necessary, the resolution of disputes with Contractors and Consultants.

- Participate in reviews and evaluations of the Program conducted by the IDB and the GoB.
- Facilitate the work of the external auditor.
- Ensure that PEU personnel are afforded opportunities to enhance their technical and professional development through systematic and specific on-the-job assignment with the Supervision Consultant.
- Follow-up on decisions of the Steering Committee.
- Ensure stakeholder views are managed and provide adequate solutions as far as possible.
- Manage all legal processes regarding the drawing up of contracts and terms and conditions of service.
- Ensure that there is proper record-keeping of all aspects of the project.
- Oversee quality assurance regarding the execution of the project.

Financial Specialist

4.11 The Financial Specialist will operate in close collaboration with and will be answerable to the Project Co-ordinator. The Project Co-ordinator will establish annual performance goals for the Financial Specialist. The responsibilities of the Financial Specialist are:

- Formulate financial and budgetary policies for the Project Executing Unit (PEU) in consultation with the Project Co-ordinator and representatives of the IDB during the project planning, preparation and execution phases.
- Implement the Smart Stream computerised system to record all IDB funded program transactions, for general accounting, including project budgeting, analysing financial performance of the operations and estimating future expenditure.
- Direct and manage the financial activities of the PEU using the established computerised accounting system and internal audit procedures.
- Ensure compliance with all financial and budgetary responsibilities stipulated in the Loan Contract for the Program and the Program Operating Manual.
- Prepare requests for Loan disbursements and the corresponding justification of expenses and supporting documentation.
- Prepare monthly cash flow reports.

- Ensure that Program cash flows are managed in a timely and accurate manner.
- Prepare and monitor annual budgets and expenditure plans for the Program and inform the Project Co-ordinator of any anticipated challenges.
- Prepare monthly financial statements of the program (Cash Flow Statement, Statement of Cumulative Investment, and the Notes to the Financial Statement) and the preparation of monthly reconciliations between the Smart Stream Financial System and the IDB financial records, as well as the identification and adjustment of potential differences.
- Prepare for submission to the Project Co-ordinator, monthly reconciliations of the designated project account at the Central Bank of Barbados with the IDB and Government records; monthly, quarterly and mid-term review reports in order to identify the major scheduled activities undertaken, accomplishments achieved, problems encountered and actions recommended to be taken by the PEU and/or consultants/contractors over the next quarter.
- Maintain adequate records in accordance with generally accepted accounting practices, with a view to capturing the entire financial operation of the PEU in respect of inflows of resources from all sources and expenditures. The accounting standards accepted by the IDB are the cash basis and IPSAS.
- Process payments for consulting services, goods and works and services upon approval by the Project Co-ordinator and in accordance with work certified as being satisfactorily performed as per the contract.
- Keep records of disbursements based on expenditure statements.
- Process payment requests against the Program special accounts in a timely manner and in accordance with the terms of prevailing agreements.
- Manage the assets and rights, as well as the Information Technology (IT) resources and electronic systems of the PEU, ensuring their integrity.
- Maintain all original financial records for IDB ex-post review in accordance with the Loan Contract and Program Operations Manual, utilising an appropriate documentation filing (electronic and hardcopy) system that clearly demonstrates the verification process for all contracts, transactions and disbursements.
- Participate in the timely selection of the Program's external auditors; coordinate and prepare the schedules for the annual external audit, ensure that audited financial statements are prepared and submitted on time to the IDB according to the terms of reference agreed with the external auditors. Maintain and update the audit areas and follow-up in accordance with the Program Operations Manual.
- Provide support in external mid-term and final (end of Program) evaluations, as well as to the IDB follow-up missions, where appropriate.

- Advise the Project Co-ordinator on all relevant financial matters pertaining to the implementation of the Program.
- Provide assistance to the Project Co-ordinator in preparing for, and the hosting of key project events and activities such as:
 - Periodic portfolio review meetings between the Bank and the government
 - Supervision missions and program monitoring meetings (led by the Bank)
 - Inspection visits by the Bank for the supervision of the financial management and procurement ex-post reviews
 - Entrance and exit meetings with the external auditors
 - Mid-term evaluation
 - Final evaluation
 - Project Completion Report (PCR)
- Liaise as required with the Fiduciary Financial Management Specialist of the IDB based in Barbados to ensure the timely financial execution of Program activities in accordance with the Loan Contract and IDB Procedures.
- Participate in the preparation of the Program Annual Operating Plan, ensuring that the estimates are duly allocated in the Ministry of Tourism and International Transport (MTI) budget, and cash flow(s) are compatible with work priorities, objectives and timelines.

Procurement Specialist

- 4.12 The Procurement Specialist will operate in close collaboration with and will be answerable to the Project Co-ordinator. The Project Co-ordinator will establish annual performance goals for the Procurement Specialist. The specific responsibilities of the Procurement Specialist are:
- Adhere to the procurement policies and procedures stipulated in the Loan Contract to ensure compliance with the IDB's requirements.
 - Prepare, implement and update Procurement Plans for all related Program activities for submission to the IDB for its Non-Objection.
 - Prepare a Multi-Annual Procurement Plan, in accordance with Program costs, inclusive of timelines for publication and contract award.
 - Prepare and submit to the IDB for its Non-Objection requisite documents inclusive of the General Procurement Notice, Specific Procurement Notices, Invitations to Bid, Requests for Expressions of Interest, Bidding Documents, Requests for Proposals and Evaluation Reports.
 - Generate all Expressions of Interest for the procurement of goods, services, works and consulting services.

- Prepare and distribute all bid documents.
- Generate and follow-up on all Requests for Proposals and Invitations to Quote.
- Prepare the administrative and technical documents inclusive of Terms of Reference, technical specifications and technical dossiers to execute the procurement processes.
- Publish the authorised Tender Notices.
- In consultation with the requisite technical persons, engage in appropriate sourcing strategies; manage supplier selection and evaluation via established methods.
- Analyse product sources, quality, price and availability and apply sound business practices in the development and analysis of contracts and purchasing functions.
- Manage the e-procurement system/procurement information technology platform as it relates to Program details.
- Evaluate bids and prepare documents for approval of contract award.
- Review tender documents and contracts for the employment of supervisory consultants and works contractors in order to ensure that the clauses pertaining to changes in scope of works, escalation, liquidated damages and the like are consistent with International Federation of Consulting Engineers (FIDIC) contracts and are clearly and adequately described.
- Prepare and maintain procurement documentation in accordance with the Program Operating Manual, to facilitate establishment of an audit trail.
- Work directly with the Project Co-ordinator to ensure the smooth implementation of contracts.
- Advise the personnel of the Project Execution Unit (PEU) and Executing Agency (EA) on contractual issues based on contract documents and the IDB's procurement policies and procedures.
- Undertake any other duties assigned by the Project Co-ordinator.

Product Specialist

4.13 The Product Specialist will operate in close collaboration with and will be answerable to the Project Co-ordinator. The Project Co-ordinator will establish annual performance goals for the Product Specialist. The specific responsibilities of the Product Specialist are:

- Annually prepare Work Plans for each tourism product development and enhancement initiative, inclusive of execution schedules and budgets for activities.
- Assist in drafting Terms of Reference for consultants, designs and specifications for goods and works to be procured under the Program, for submission to the Project Co-ordinator.
- Assist the Project Co-ordinator in ensuring that the Conditions Precedent to First Disbursement of Loan Resources are met by the stipulated deadline period.
- Assist the Project Co-ordinator in preparing, maintaining and updating the Annual Work Plan for the Program inclusive of execution schedules and budgets for Program activities, consultancies, the Risk Management matrix and the Results Monitoring matrix.
- Advise the Project Co-ordinator on critical matters arising from Program works, contracts and contractors, especially those related to major variations in scope and cost, claims and dispute resolution.
- Prepare monthly reports for submission to the Project Co-ordinator, which inform on the progress in executing each Work Plan.
- Advise the Project Co-ordinator on technical matters and shortcomings pertaining to the implementation of the tourism product development and enhancement initiatives.
- Prepare for the review of and submission by the Project Co-ordinator, comprehensive semi-annual progress reports on the tourism product development and enhancement initiatives of the Program, for the information of the Ministry of Tourism and International Transport (MTI), Ministry of Finance, Economic Affairs and Investment (MFEI) and the Inter-American Development Bank (IDB).
- Participate in the public relations measures undertaken to ensure that the public is kept informed of all aspects of the Program.
- Participate in the contract negotiation process and, if necessary, in the resolution of disputes with Contractors and Consultants.
- Participate in reviews and evaluations of the Program conducted by the IDB and the GoB.

Administrative Officer I

4.14 The Administrative Officer I will operate in close collaboration with and will be answerable to the Project Co-ordinator. The Project Co-ordinator will establish

annual performance goals for the Administrative Officer I. The specific responsibilities of the Administrative Officer I are:

- Prepare the initial draft of speeches and Cabinet Papers for submission to the Project Co-ordinator.
- Draft letters of invitation to meetings for approval by the Project Co-ordinator and upon approval, issue the same.
- Record Minutes of meetings for submission to the Project Co-ordinator.
- Issue letters of invitation, as approved by the Project Co-ordinator, for meetings of the Steering Committee for the National Tourism Program.
- Record Minutes of meetings of the Steering Committee for the National Tourism Program for submission to the Project Co-ordinator.
- Make arrangements for refreshments for meetings.
- Update the Program Operations Manual as required, in consultation with the Project Co-ordinator.
- Liaise with the Procurement Specialist on a quarterly basis to ensure that adequate levels of office supplies are maintained.
- Prepare PowerPoint presentations as required, in consultation with the Project Co-ordinator.
- Assist other members of the Project Execution Unit in finalising their requisite reports.
- Undertake any other duties assigned by the Project Co-ordinator.

Program Steering Committee

4.15 The Program Steering Committee (PSC) is established to ensure co-ordination among Government agencies and will oversee and guide the implementation of the Program. The duties of the PSC as approved by Cabinet are as follows:

- to be familiar with the arrangements for project implementation, including project components, financing arrangements, administrative costs, execution and implementation arrangements and other details contained in the Loan Contract;
- review implementation of the work plans of the Project Execution Unit on a quarterly basis to ensure *inter alia*, timely execution of project activities, adherence to budget allocations and compliance with procurement procedures;

- ensure that stakeholder participation is appropriate and sustained throughout implementation and that stakeholder expectations are addressed;
- ensure that potential threats to timely project implementation are identified and addressed;
- monitor progress in implementation of the project towards achievement of the project outputs and outcomes; and
- champion the project, promoting achievement of project outcomes.

4.16 The core members of the PSC as approved by Cabinet include:

Representative	Organisation
Permanent Secretary (or nominee/representative)	MTI
Manager, Public Investment Unit (or nominee)	MFEI
Chief Executive Officer (or nominee)	BTMI
Chief Town Planner (or nominee)	TCDPO
Chief Technical Officer (or nominee)	MTWM
Chairman, Barbados World Heritage Committee (or nominee), Ministry of Creative Economy, Culture and Sports	MCCS
Project Co-ordinator	PEU

4.17 The Permanent Secretary (or nominee/representative), MTI will serve as the Chairman of the PSC. The Ministry of Finance, Economic Affairs and Investment (MFEI) will play an advisory and monitoring role with respect to the utilization of Loan funds. In addition, staff from the Public Investment Unit (PIU) will participate in all Administrative Missions.

V. PROCUREMENT OF WORKS, GOODS AND SERVICES

Procurement Framework

5.1 The Loan documents stipulate that the Executing Agency in following Bank procurement policies and procedures would use International Competitive Bidding (ICB) for all goods and services valued at more than US\$150,000, for civil works

valued at more than US\$3.0 million, and for consulting services in excess of US\$200,000. The contracts for works and the acquisition of goods and related services shall be subject to prior review, in accordance with the procedures spelled out in paragraphs 2 and 3 of Appendix 1 to the Bank's Procurement Policies, GN-2349-9 and those for consulting services will be subject to prior review in accordance with the Bank's policies for selecting and contracting consultants GN-2350-9 dated March 2011.

Procurement Planning

- 5.2 Prior to the issuance of any invitations to prequalify or to bid for contracts, as the case may be, the Borrower, through the Executing Agency, shall present the proposed procurement plan for the Project to the Bank for its review and approval, in accordance with the provisions set forth in paragraph 1 of Appendix 1 to the Procurement Policies. The Procurement Plan shall cover an initial period of at least eighteen (18) months. This Plan shall be updated on an annual basis or as needed, always covering the next 18-month period of project implementation. Any revisions proposed to the Procurement Plan shall be furnished to the Bank for its prior approval. Procurement of all goods, works and consulting services shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions set forth in paragraph 5.1.
- 5.3 Prior to the issuance of each call for public tendering for the construction of projects under Component 1, the PEU shall provide: (i) evidence that legal possession, easements or other necessary rights are held by the appropriate government entities with respect to the property where the project works will be carried out; and (ii) evidence that all required permits and documentation to meet IDB requirements referenced in the Environmental and Social Management Plan included of the Program Operations Manual have been obtained by the appropriate entities and appropriate consultation has taken place.

International Competitive Bidding

- 5.4 Except as otherwise provided in subsection (Other Procurement Procedures) below, goods and works shall be procured pursuant to the provisions set forth in Section II of the Bank's Procurement Policies.

Other Procurement Procedures

- 5.5 The following procurement methods may be used for the procurement of goods and works as long as the Bank determines that these methods meet the requirements established in the provisions set forth in Section III of the Procurement Policies:
- (i) National Competitive Bidding: for goods, for which the estimated cost per contract is less than US\$150,000 and more than US\$50,000, and for works for which the estimated cost per contract is less than US\$3,000,000 and more than US\$150,000, pursuant to the provisions set forth in paragraphs 3.3 and 3.4 of the Procurement Policies and the provisions below and provided that such procurement method is not in contradiction with the Procurement Policies or the basic guarantees that every procurement must meet; and
 - (ii) Shopping: for goods estimated to cost less than US\$50,000 equivalent per contract and for works estimated to cost less than US\$150,000 per contract, in accordance with the provisions set forth in paragraph 3.5 of the Procurement Policies.

Additional Procurement Requirements

- 5.6 The Borrower, through the Executing Agency, shall carry out the procurement of goods and works in accordance with: (i) the general plans, technical, social and environmental specifications, budgets and other documents required for the acquisition or the construction, and, as the case may be, the specific guidelines and other documents necessary for the call for prequalification or bids; and (ii) in the case of works, evidence that it has, prior to the initiation of the works and with respect to the real property where the works will be constructed, the right of legal possession, easements or other rights necessary to initiate the construction.

Bank Review

- 5.7 Procurement of goods, works and consulting services will be reviewed using ex-ante methodology (to ensure that the documents and selection procedures satisfy the Bank's policies and basic principles, the relevant clauses of the Loan Contract, and the approved procurement plan). This review methodology will be periodically assessed through procurement inspection visits and performance reviews, and procurement plan activities may be amended accordingly, by agreement between the Executing Agency and the Bank's Country Office in Barbados, provided the

Executing Agency is in compliance with Bank requirements for the specific review method.

- 5.8 It is extremely important that all information relating to procurement processes be conserved properly in particular, to be able to demonstrate the transparency and impartiality of such processes, and to have sufficient information and verifiable evidence available in the event of complaints or appeals – especially if the Bank has decided to review the selection and contracting processes on an ex-post basis to determine eligibility of procurements using its funds. The information in the files should be kept for three years following the final disbursement.

1. Goods and Works

- 5.9 In cases where prequalification is used, the Borrower through the PEU shall, before prequalification submissions are invited, furnish the Bank with the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire, and the evaluation methodology, together with a description of the advertising procedures to be followed, and shall introduce such modifications in said procedure and documents, as the Bank shall reasonably request. The report evaluating the applications received by the Borrower, the list of proposed prequalified bidders, together with a statement of their qualifications and of the reasons for the exclusion of any applicant for prequalification, shall be furnished by the Borrower to the Bank for its comments before the applicants are notified of the Borrower's decision, and the Borrower shall make such additions to, deletions from, or modifications in the said list as the Bank shall reasonably request.
- 5.10 Before bids are invited, the Borrower through the PEU shall furnish to the Bank for its comments, draft bidding documents, including the invitation to bid; instructions to bidders, including the basis of bid evaluation and contract award; and the conditions of contract and specifications for the civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding (if prequalification has not been used), and shall make such modifications in the said documents as the Bank shall reasonably request. Any further modification shall require the Bank's approval before it is issued to the prospective bidders.
- 5.11 After bids have been received and evaluated, the Borrower through the PEU shall, before a final decision on the award is made, furnish to the Bank, in sufficient time for its review, a detailed report (prepared, if the Bank shall so request, by experts acceptable to the Bank), on the evaluation and comparison of the bids received, together with the recommendations for award and such other information as the Bank shall reasonably request. The Bank shall, if it determines that the intended award

would be inconsistent with the Loan Contract and/or the Procurement Plan, promptly inform the Borrower and state the reasons for such determination. Otherwise, the Bank shall provide its “Non-Objection” to the recommendation for contract award. The Borrower shall award the contract only after receiving the “Non-Objection” from the Bank.

- 5.12 If the Borrower requires an extension of bid validity to complete the process of evaluation, obtain necessary approvals and clearances, and to make the award, it should seek the Bank’s prior approval for the first request for extension, if it is longer than four weeks, and for all subsequent requests for extension, irrespective of the period.
- 5.13 If after publication of the results of evaluation, the Borrower receives protests or complaints from bidders, a copy of the complaint and a copy of the Borrower’s response shall be sent to the Bank for information.
- 5.14 If as a result of analysis of a protest the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for “Non-Objection.” The Borrower shall provide a republication of the contract award in the format of paragraph 2.60 of the Bank’s Procurement Policies for the Contracting of Goods and Works.
- 5.15 The terms and conditions of a contract shall not, without the Bank’s prior approval, materially differ from those on which bids were asked or prequalification of contractors, if any, was invited.
- 5.16 One conformed copy of the contract shall be furnished to the Bank promptly after its execution and prior to delivery to the Bank of the first request for disbursement of funds from the loan contract.
- 5.17 All evaluation reports shall be accompanied by a summary of the procurement on a form to be provided by the Bank. The description and amount of the contract, together with the name and address of the successful bidder, shall be subject to release by the Bank upon receipt of the signed copy of the contract.
- 5.18 Before granting a material extension of the stipulated time for performance of a contract, agreeing to any modification or waiver of the conditions of such contract, including issuing any change order or orders under such contract (except in cases of extreme urgency) which would in aggregate increase the original amount of the contract by more than 15 percent of the original price, the Borrower through the PEU shall seek the Bank’s “Non-Objection” to the proposed extension, modification, or change order. If the Bank determines that the proposal would be inconsistent with the provisions of the Loan Contract and/or Procurement Plan, it shall promptly inform the

Borrower and state the reasons for its determination. A copy of all amendments to the contract shall be furnished to the Bank for its record.

2. Consulting Services

- 5.19 Before inviting proposals, the Borrower through the PEU shall furnish to the Bank for its review and “Non-Objection” the proposed cost estimate and Request for Proposal (including the short list). The Borrower shall make such modifications to the short list and the documents as the Bank reasonably requests. Any further modification shall require the Bank’s “Non-Objection” before the Request for Proposal (RFP) is issued to the short-listed consultants.
- 5.20 After the technical proposals have been evaluated, the Borrower through the PEU shall furnish to the Bank, in sufficient time for its review, a technical evaluation report (prepared, if the Bank shall so request, by experts acceptable to the Bank) and a copy of the proposals, if requested by the Bank. If the Bank determines that the technical evaluation is inconsistent with the provisions of the RFP, it shall promptly inform the Borrower and state the reasons for its determination; otherwise, the Bank shall issue a “Non-Objection” to the technical evaluation. The Borrower shall also request the Bank’s “Non-Objection” if the evaluation report recommends rejection of all proposals.
- 5.21 The Borrower may proceed with the opening of the price proposals only after receiving the Bank’s “Non-Objection” to the technical evaluation. When price is a factor in the selection of the consultant, the Borrower may then proceed with the price evaluation in accordance with the provisions of the RFP. The Borrower shall furnish to the Bank, for its information, the final evaluation report along with its recommendation of the winning firm. The Borrower shall notify the firm that received the highest total score in the final evaluation of its intention to award the contract to the firm and shall invite the firm for negotiations.
- 5.22 If the Borrower receives complaints from consultants, a copy of the complaint and a copy of the Borrower’s response shall be sent to the Bank for information.
- 5.23 If as a result of analysis of a complaint the Borrower changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the Bank for “Non-Objection.” The Borrower shall provide a republication of the contract award in the format of paragraph 2.28 of the Bank Procurement Policies for the Selection of Consultants.
- 5.24 After negotiations are completed, the Borrower through the PEU shall furnish to the Bank, in sufficient time for its review, a copy of the initialed negotiated contract. If the negotiated contract resulted in substitution of key staff or any changes in the

Terms of Reference (TOR) and original proposed contract, the Borrower shall highlight the changes and provide an explanation of why these changes are appropriate and necessary.

- 5.25 If the Bank determines that the final evaluation report, recommendation for award and/or negotiated contract, are inconsistent with the provisions of the RFP, it shall promptly inform the Borrower and state the reasons for its determination. Otherwise, the Bank shall provide its final “Non-Objection” to the contract award. The Borrower shall confirm the award of the contract only after receiving the “Non-Objection” from the Bank.
- 5.26 Following contract signature, the Borrower through the PEU shall furnish to the Bank a copy of the final contract before submitting the first application for disbursement under the contract.

VI. PROJECT MONITORING AND REPORTING

Monitoring Responsibilities

- 6.1 As indicated in Clause 4.02 of the Annex to the Loan Contract, the PEU will be responsible for the fulfillment of technical, administrative and financial procedures related to the execution of the Project, as well as the planning, monitoring, supervision and evaluation of the Project. In this regard, the PEU will have the following responsibilities during Program implementation: (a) prepare and obtain Bank approval for all bidding documents required to hire the civil work contractors and consulting firms; (b) carry out, control and register all administrative and accounting procedures needed; (c) co-ordinate the bidding processes according to the Bank and GoB rules; (d) monitor the rehabilitation works and construction contracts through consulting firms specifically hired to that effect; (e) maintain adequate accounting and financial controls as well as appropriate support documentation filing systems for verification by the Bank and the external auditing firm; (f) prepare and submit to the Bank disbursement requests and corresponding justification of expenses; (g) prepare and submit to the Bank semiannual reports on the revolving fund, program execution including annual updates of the Annual Plan of Operations, audited financial reports, and other financial reports as required by the Bank; (h) record and control the results of the Project through the agreed indicators; and (i) address and resolve contractor claims and address related contract adjustments. In addition, the EA will maintain separate files for the operations of the Project, and allow for financial and accounting monitoring of the Bank resources, in accordance with Bank requirements.
- 6.2 Accordingly, the PEU will submit to the Bank semiannual progress reports, indicating the achievements in each one of the components of the project and the overall

execution of the Project. These results will be compared with the technical indicators established in the Results Matrix, which will be determined before, during and after the execution of the Project, and will allow the update of the Project Monitoring Report (PMR).

- 6.3 The semi-annual progress should include, at least, the following elements: (i) descriptions of the executed activities; (ii) accounts of the contractors', consultants' and the supervision firm's performances; (iii) description of the procurement processes carried out during the reported period; (iv) updated schedule of physical progress and disbursements; (v) level of compliance with the performance indicators; (vi) progress with respect to the implementation and execution of environmental audits, including timeline, results and implemented measures to comply with the Environmental and Social Management Plan; (vii) identification of risks/events that may potentially affect the future implementation of the Project; (viii) execution plan to be completed in the following two six month periods; (ix) maintenance plan for the following two six month periods; (x) a summarized project financial statement; and (xi) the estimated cash flow for the next two six month periods.
- 6.4 The Annual Operations Plan (AOP) shall contain, at least the following information for the upcoming calendar year: (i) a list of the expected outputs and activities including a schedule for their implementation, (ii) the procurement plan, and (iii) budget and disbursement projections. In addition, the AOP will include an evaluation of the achievements of the preceding year.
- 6.5 The PEU will establish and maintain an adequate integrated financial, accounting and information systems for the purpose of managing the Program in accordance with the Bank's policies and requirements. An external firm acceptable to the Bank will audit the accounts, administration and performance of the Program annually. The audit report should be submitted to the Bank no later than one hundred and twenty (120) days after the end of each fiscal year.
- 6.6 When the disbursement of the Bank's financing has achieved 40% or the committed funds achieved 50%, and when the disbursement of the Bank's financing has achieved 90%, the Borrower shall submit to the Bank sufficient information to allow the Bank to carry out a mid-term and a final evaluation, respectively, to review: (a) the impacts produced by the Project execution; (b) procurement procedures and results for goods, services, consultancies and civil works; and (c) progress on the implementation of the institutional strengthening component.

Reporting Requirements

- 6.7 The PEU shall submit to the Bank the following reports within the periods specified in this Operations Manual and Section 5.01, Section 5.02 and Article 7.03 of the Loan Contract:
- i) Reports on the execution of the Project, within sixty (60) days following the end of each calendar Semester, or within such other period as the parties may agree, prepared in accordance with the relevant rules agreed to with the Bank.
 - ii) Such other reports as the Bank may reasonably request regarding the investment of the sums lent, the use of goods acquired with such sums, and the progress of the Project.
 - iii) Three copies of the financial statements for the entire Project as of the close of each fiscal year of the Executing Agency, and supplementary financial information relating to such statements. Such financial statements shall be submitted within one hundred twenty (120) days following the close of each fiscal year of the Executing Agency, beginning with the fiscal year in which the Project was initiated and during the period stipulated in the Special Conditions.
 - iv) A report on the status of the works included in the Project and equipment and an annual maintenance plan for that year, during the five (5) years following the completion of the first of the works of the Project and within the first quarter of each calendar year. The annual maintenance plan shall include: (i) details of the organization responsible for maintenance; and (ii) information pertaining to the resources to be allocated for maintenance during the current year and the amount to be allocated in the budget during the following year.
 - v) An Annual Operations Plan (AOP) at least thirty (30) days prior to the conclusion of each calendar year.

Table VI-1. Reporting Schedule

Schedule	Type of Report	Responsible Agent	Submitted to
Monthly	Record of Meetings by PEU and supporting team	Administrative Officer I (AOI), PEU	Project Co-ordinator (PC), PEU
	Financial Statement – summaries of funds committed and disbursed by component	Financial Specialist (FS), PEU	PC, PEU and PS-MTI
	Financial Plan	FS, PEU	PC, PEU and PS-MTI
Bi-monthly	Progress report to Project Steering Committee (PSC)	PC, PEU	PSC
Semi-Annual	Semi-Annual Progress Report: <ul style="list-style-type: none">• Physical progress• Financial progress in terms of commitments, payments and disbursements under the loan;• Outcomes measured against Program indicators, and• Work plan and related budgets for the next 6 months• Unaudited financial statements	PC, PEU	PS-MTI and IDB
	Procurement Plan- updated every 6 months	Procurement Specialist, PEU	PC-PEU, PS-MTI, and IDB
Annual	Annual Progress Report detailing achievements in relation to planned activities, budget analysis, disbursement, work plan for the following year and financial plan	PC, PEU	PS-MTI, PSC & IDB
	Annual Operations Plan (AOP)	PC, PEU	PS-MTI, PSC & IDB
	Audited Project Financial Statements	Auditors	PS-MTI, PSC & IDB

VII. ADMINISTRATIVE AND FINANCIAL GUIDELINES

Sources of Finance

- 7.1 The total cost for the Program is US\$20 million. One hundred percent (100%) of the Program financing will be provided by the Inter-American Development Bank (IDB) from the Ordinary Capital (OC) resources of the Bank.

Financial Management

- 7.2 The financial management of the Program will be guided by international best practices in accounting; the Government's *Financial Management and Audit Act* and *Financial Management and Audit (Financial) Rules 2011*; IDB's financial management policies (namely, The Financial Management Guidelines, Disbursement Handbook, Financial Reports and Audit Handbook) and the Loan Contract.
- 7.3 The Borrower has committed to allocate, for each fiscal year of the Program implementation, adequate financial resources to guarantee the effective execution of the project.
- 7.4 Accounting and Information Systems: Program accounting will be performed mainly using the Government's Smartstream System. Accounting will be guided by the Government's *Financial Management and Audit Act* and *Financial Management and Audit (Financial) Rules 2011*.
- 7.5 It is expected that the system will permit accounting and financial recording (classification, at a minimum, should be according to source of funding and categories of investments), budget management, and the issuance of financial and other reports relating to the use of the resources financed by the Bank.
- 7.6 Prior to the commencement of the Program, the PEU will work with the Treasury Department in the Ministry of Finance, Economic Affairs and Investment to ensure that the budget of the project is mapped to the appropriate government chart of account codes.
- 7.7 The Executing Agency and/or PEU will undertake to ensure that the project funds will be managed in an adequate internal control environment acceptable to the Bank, which provides reasonable assurance, including: i) the effective use of the project's resources; ii) reliability of financial reporting; iii) compliance with the legal agreement(s) entered into with the Bank, and applicable laws and regulations. In addition, as part of internal control, the Executing Agency and/or PEU will retain all documents and records of the project in accordance with the Bank's policies and the applicable legal agreement(s), and will allow its internal auditors (i.e., the entity that performs the internal audit function), the Bank, its consultants, and the appointed external auditors to access its staff, records and financial management systems.
- 7.8 For each fiscal year during the Program execution, the PEU will be responsible for producing semi-annual unaudited financial reports for the Program, annual audited financial statements and one final Audited Financial Statement at the end of the Program. Audited Financial Statements are due for submission within one hundred and twenty (120) days following the closing of each fiscal year of the PEU, and at the closing of the project.

- 7.9 At project initiation, the PEU will contract an audit firm acceptable to the Bank to audit the financial statements. The Bank's prior Non-objection to the short list of firms as well as to the Terms of Reference to be used must be obtained. The firm will be selected in accordance with the IDB's procurement procedures for audit firms (Document AF-200).

Bank and Cash Management

1. Requirements

- 7.10 As a condition for eligibility for the first disbursement of the loan, the Borrower or EA must provide in writing to the IDB, through its authorized representative, information on the accounts into which all Program disbursements will be deposited. This information will be kept in the Bank's files and updated when required by the Borrower or EA.
- 7.11 The project finances will be administered through a Special Account set up in the Central Bank of Barbados by the Ministry of Finance, Economic Affairs and Investment.

2. Budget Control and Transfer

- 7.12 A transfer of funds from one Category of Investment (COI) to another COI needs the approval of the Project Team Leader from the IDB. This request should be supported by a justification for the transfer.
- 7.13 Any transfer of funds between categories must be requested by the signatory to the Loan Contract (Minister of Finance, Economic Affairs and Investment) or by an authorized signatory within the Ministry of Finance, Economic Affairs and Investment.

Financial Flow

1. Financial Plan

- 7.14 The Financial Plan (FP) is an instrument generally co-ordinated with the AOP (which includes the Procurement Plan), allowing for the planning and monitoring of project funds flows. The FP should be prepared at the outset of the project and updated as the project is executed, reflecting the project's actual liquidity needs.

7.15 Further information regarding the Financial Plan including a model for the financial plan can be found in the Disbursement Guide Annex 2.

2. Disbursement Projections

7.16 At the end of each calendar year the Executing Agency will provide the Bank with disbursement projections for the coming year. These projections shall be determined based on the Annual Operations Plan and the Financial Plan.

3. Disbursements

7.17 All disbursements made under the present operation will be governed by the guidelines set forth by the IDB in the documents “IDB Disbursement Handbook”. The project may use one or more disbursement methods, depending on the liquidity needs for its execution, with a combination of methods considered acceptable and generally necessary. The available disbursement methods are:

- i) **Advances.** These are advances of funds based on the project’s true liquidity needs, supported by signed commitments (contracts) or expenditures anticipated with a high level of certainty for a predetermined time period agreed upon with the EA, in order to make timely payments for eligible expenses attributable to the loans. The frequency and period of time to be covered by an advance is determined based on the programming of the project’s financial execution during the design phase and is adjusted during execution, based on the risk conditions fiduciary capacity assessment. The justification of eligible expenses related to advances received should be submitted when at least 80% of the advanced amount has been used. These statements must be received and accepted by the Bank before the borrower or EA can receive another advance of funds.
- ii) **Reimbursement (to the Borrower or EA).** The Bank reimburses the EA for payments it made for eligible expenses incurred charged to the project.
- iii) **Direct Payments.** Payments made by the Bank to suppliers or contractors on behalf of the EA for eligible goods and services of foreign or local origin, for project execution. Each disbursement request for direct payments should be accompanied by the Disbursement Request form and supporting documentation acceptable to the Bank (invoice or payment document and evidence of receipt, to the satisfaction of the EA, for the work, good, or service, in accordance with the technical specifications or Terms of Reference included in the respective contracts or purchase orders).

4. Requests for Disbursements

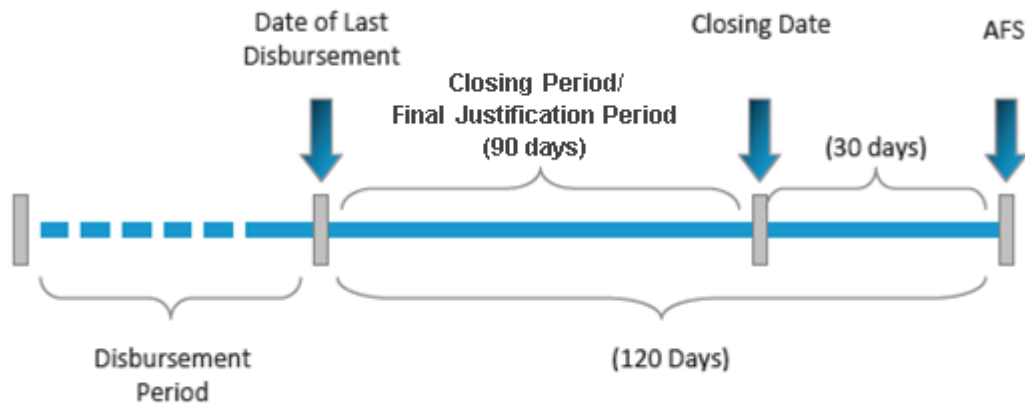
- 7.18 The Executing Agency, specifically the PEU, will be responsible for the submission of all disbursement requests to the Bank. The funds will be deposited into a Special Account denominated in US Dollars, established exclusively for the Program at the Central Bank of Barbados (CBB).
- 7.19 In order to request disbursements from the IDB, the Executing Agency, specifically the PEU will present the following forms and supporting documents (see Table VII-1 overleaf).

Table VII-1. Disbursement Methods and Supporting Documentation

Disbursement Type	Required documentation
1. Advance of Funds	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Financial Plan 3. List of commitments
2. Justification of Advances	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form 3. Project Execution Status (<i>Can be generated from financial system</i>) 4. Reconciliation of Bank Resources <p>Supporting Documents:</p> <p>Documents to substantiate the payment e.g. accounting receipts, canceled invoices, receipts for fees, legible canceled checks, customs duties certificates, certificates of works, employment contracts, shipping, unloading, and storage documents, receipt reports, and any other payment support document acceptable to the Bank. The Bank may request certain original documentation.</p>
3. Reimbursement of Payments Made	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form 3. Project Execution Status (<i>Can be generated from the PEUs financial system</i>) 4. Reconciliation of Bank Resources <p>Supporting Documents:</p> <p><i>Documents to substantiate the payment e.g. accounting receipts, canceled invoices, receipts for fees, legible canceled checks, customs duties certificates, certificates of works, employment contracts, shipping, unloading, and storage documents, receipt reports, and any other payment support document acceptable to the Bank. The Bank may request certain original documentation.</i></p>
4. Direct Payment to Supplier	<p>Forms:</p> <ol style="list-style-type: none"> 1. The Disbursement Request Form 2. Statement of Expenses or Payments Form <p>Supporting documentation acceptable to the Bank e.g.:</p> <ul style="list-style-type: none"> ▪ <i>invoice or payment document</i> ▪ <i>evidence of receipt of the good or service</i> ▪ <i>correspondence from supplier with banking information</i>

5. Final Justification Period and Closing Date

- 7.20 The EA will have a term of no more than ninety (90) days after the Date of the Last Disbursement (original or extended) to submit the final justification for the advance, to return unjustified funds, and to carry out any other activity necessary to complete the proper, timely rendering of accounts/justification of the operation.
- 7.21 The EA must submit the last advance request at least thirty (30) days prior to the Date of Last Disbursement, with the understanding that the justification for this advance will be submitted to the Bank during the Closing Period. The Bank will not disburse resources after the Date of the Last Disbursement.
- 7.22 The 30-day period, starting with the Closing Date, should be used solely for making final adjustments to the AFS and for the EA to finalize their required signature and approval procedures. It is recommended that the external auditors begin their review work in a timely manner and not wait until the Closing Period to begin their activities.



Accounting

1. Budgetary-Financial Execution

- 7.23 The Financial Specialist is responsible for the maintenance of adequate and original documentation in a manner that satisfies statutory provisions and facilitates the generation of timely and reliable reports required under prevailing agreements with funding agencies. This documentation will be available at all times to the auditors.
- 7.24 The financial documentation includes:
- Bank statements
 - Invoices and quotations
 - General ledger

- Inventory records
- Payment Memo for each invoice
- Financial statements
- Budget
- Budget modifications
- Financial plans per period
- Financial reports (including audited reports)

2. Chart of Accounts

7.25 The Chart of Accounts is designed to produce financial reports that are consistent with the Project Cost Tables and will allow the monitoring of the Project's actual financial execution in relation to the initial cost tables and the subsequent Annual Plans of Operation.

Inspection and Supervision

7.26 The Project's execution will be supervised by the Project Co-ordinator of the PEU, who may be assisted in these duties by Bank staff or consultants. The Executing Agency will be informed of the relevant contact person(s), including their respective responsibilities.

7.27 As part of this supervision, the Bank will conduct periodic supervision visits to Barbados and maintain a Progress Monitoring Report (PMR), the Bank's main system tool for day-to-day monitoring of projects and for tracking the project's progress toward achieving the milestones specified in the Results Framework. Supervision activities carried out by the Bank, including staff time and supervision visits, are financed by the Bank.

7.28 A systematic approach to self-evaluation should be established, which should include internal control mechanisms to provide on-going monitoring and feedback of Program operations.

7.29 Formal procedures for the protection of computer applications, documentation and equipment should be developed.

VIII. MODIFICATIONS OF THE PROGRAM OPERATIONS MANUAL

8.0 The MTI, on its own initiative and/or after consultation with Program partners, may suggest changes to the Operations Manual (OM), in order to adapt it to new conditions or circumstances that may arise during the Program's execution, as long as

they do not conflict with the Loan Contract. Suggested changes should be communicated to the Bank's staff in charge of supervising the Program and will take effect upon the Bank's formal approval.

*****END OF DOCUMENT*****