



BANCO DE DESARROLLO DE AMÉRICA LATINA

***LOAN AGREEMENT***

***BETWEEN***

***CORPORACIÓN ANDINA DE FOMENTO***

***AND THE***

***GOVERNMENT OF BARBADOS***

***NOVEMBER 26<sup>th</sup>, 2015***



BANCO DE DESARROLLO DE AMÉRICA LATINA

## SPECIAL CONDITIONS

This loan agreement (the "Loan Agreement") is entered into on November 26<sup>th</sup>, 2015, between the following parties (the "Parties") and subject to the mutually agreed terms and conditions set forth below:

- CORPORACIÓN ANDINA DE FOMENTO ("CAF"), a multilateral financial institution established pursuant to the Agreement Establishing CAF executed in the city of Bogota, Republic of Colombia, on February 7, 1968, among its member countries, with its headquarters in Caracas, Venezuela, and duly represented herein by its Acting Executive President, Mr. Germán Alzate; and
- the GOVERNMENT OF BARBADOS (the "Borrower"), duly represented herein by the Hon. Christopher P. Sinckler, Minister of Finance and Economic Affairs;

### ARTICLE 1. The Loan

Upon request and subject to the terms and conditions of this Loan Agreement, CAF undertakes to make available to the Borrower, and the Borrower accepts, a non-revolving loan (the "Loan") of up to the amount of thirty five million Dollars of the United States of America (US\$ 35,000,000.00), to be used by the Borrower for the financing of a Sector Wide Approach Program in Transport for the Development of Tourism in Barbados, designed to support the implementation of activities and public investments considered under the Barbados Tourism Master Plan 2014-2023 (the "Program").

The major aspects and components of the Program are described in detail in the Annex B ("Annex B").

### ARTICLE 2. Use of Loan Resources

The Borrower agrees to use the resources of the Loan exclusively to finance the reimbursement of investments under the Program made during the fiscal years 2014 and 2015 to finance transport infrastructure and management improvements within the ground transportation, airlift, and cruise tourism sectors, in each case, in accordance with the provisions set forth in this Loan Agreement.

### ARTICLE 3. Disbursement of the Loan

The Borrower may request disbursements under the Loan for up to eighteen (18) months from the date of entry into effect of this Loan Agreement (the "Availability Period"). All disbursements shall be denominated and made in Dollars of the United States of America.

The amount for each disbursement shall be agreed between the Parties without exceeding the maximum amount for each calendar year notified by CAF to the Borrower.

**ARTICLE 4. Executing Agency**

The Parties agree that: (i) the execution of the Program, (ii) the utilization of the resources of the financing and (iii) all other responsibilities granted to the Executing Agency in accordance with the terms set forth in the Annexes “A” and “B”; shall be carried out by the Borrower, through the Ministry of Finance and Economic Affairs (the “Executing Agency”), as this is a direct loan to the Government of Barbados. The Borrower undertakes to guarantee that the Executing Agency will carry out the activities of, and any other responsibilities under, the Program in accordance with the provisions set forth in this Loan Agreement.

**ARTICLE 5. Conditions Precedent to Disbursements**

In addition to any other conditions and covenants set forth in this Loan Agreement, the Borrower, acting directly or through the Executing Agency, as the case may be, agrees to fulfill, to CAF’s satisfaction, the following conditions precedent, consisting in the delivery of a set of verification mechanisms of activities and recommendations from the Tourism Master Plan 2014-2023 and sector statistical information, with the technical support of the Ministry of Tourism and International Transport (“MTIT”) and the Ministry of Transport and Works (“MTW”):

**a) Prior to first disbursement submit:**

- i. Evidence on the request for the position of Senior Transport Planner to be included in the Planning Unit structure of the MTW.
- ii. Road signage guideline approved by the Minister of Transport and Works, and distributed to the technical team.
- iii. Outline of projects for modernizing bus stops and information systems on schedules, routes, stops, etc.
- iv. Request for approval of a consultancy to assist on obtaining Category 1 status for the Grantley Adams International Airport.
- v. Institutional information (responsibilities, roles, staff and positions), mission, objectives and development plan for the Tourism Product Authority, focusing on the tourist experience. Include next steps and action plan.
- vi. Estimated, allocated and actual capital expenditure, specifying allocation by projects (if available), of the MTIT and the MTW for 2013 and 2014 fiscal years.
- vii. Complete the following statistical table (if historical data is available quarterly or semiannually, include in that frequency):

	Unit	2013	2014	I and II Q 2015
<b>Road Network</b>				
Road network length	km			
Paved network	%			
Road condition (good, poor and bad), as percentage of total network	%			
Yearly maintenance expenditure	USD			
Road accident data base				
<b>Tourism</b>				
Passengers arriving in Barbados	#			

Demographics of passengers	%			
Source markets	%			
Average tourist spending	USD			
Sea-air transport passengers (trans-shipment)	%			
Cruise passengers that emanate from home port	%			
<b>Port Activity</b>				
Containers handled	#			
Vessels	#			
Cargo	ton			

**b) Prior to second and final disbursement submit:**

- i. Action plan to establish the new road signage program, including time frame, activities and estimated cost.
- ii. Transport Authority Board approval of the Transport Service Integration Project for public and private transport services providers.
- iii. Project profile or Terms of Reference for the designs of the bus terminals: Sea View and Fairchild.
- iv. Preliminary International Road Assessment Program (iRap) report on safety inspections for the road network.
- v. Progress report on the road development and maintenance plan (junctions, traffic corridors, culverts and bridges, highways).
- vi. Action plan for obtaining Category 1 status for the Grantley Adams International Airport.
- vii. Strategy for upgrading the facilities that serve the Regional Hub in the Grantley Adams International Airport.
- viii. Progress report and next steps on the activities and projects defined in the Port Master Plan (2011-2021).
- ix. Proposal for establishing satellite accounting for tourists, in order to track spending and generate specific statistics.
- x. Estimated, allocated and actual capital expenditure, specifying allocation by projects (if available), of the MTIT and the MTW for 2015 fiscal year.
- xi. Complete the following statistical table:

	Unit	III and IV Q 2015
<b>Road Network</b>		
Road network length	km	
Paved network	%	
Road condition (good, poor and bad), as percentage of total network	%	
Yearly maintenance expenditure	USD	
Road accident data base		
<b>Tourism</b>		
Passengers arriving in Barbados	#	
Demographics of passengers	%	
Source markets	%	
Average tourist spending	USD	
Sea-air transport passengers (trans-shipment)	#	
Cruise passengers that emanate from home port	%	



BANCO DE DESARROLLO DE AMÉRICA LATINA

Port Activity		
Containers handled	#	
Vessels	#	
Cargo	ton	

#### **ARTICLE 6. Term and Grace Period**

The Loan will have a term of up to twelve (12) years, including a grace period of up to eighteen (18) months from the date of entry into effect of this Loan Agreement during which no repayment of the principal of the Loan is due (the "Grace Period").

#### **ARTICLE 7. Repayment**

The Borrower shall repay to CAF the principal amount of the Loan in twenty-one (21) semi-annual, consecutive and, if possible, equal installments, to which the relevant interest will be added. The first installment shall be due and payable upon twenty-four (24) months from the date of entry into effect of this Loan Agreement and the last installment shall be due and payable on the hundred forty-four (144) month from the date of entry into effect of this Loan Agreement.

Any partial or total delay incurred by the Borrower in the repayment of the principal amount of the Loan will allow CAF to accrue default interest, as well as to accelerate the term of the Loan and exercise any other rights and remedies set forth in Annex A.

#### **ARTICLE 8. Interest**

The Borrower shall pay to CAF: (i) interest on the daily outstanding principal amount of the Loan at an annual floating rate resulting from the aggregate of the 6-month LIBOR interest rate plus a margin of one point ninety-five percent (1.95%); and (ii) upon an event of default or late payment, in addition to the interest payments set forth in sub-paragraph (i), default interest at an annual rate of two percent (2.0%); in each case, in accordance with the provisions set forth in the General Conditions to this Loan Agreement.

#### **ARTICLE 9. Compensatory Financing**

During the first eight (8) years from the date of entry into effect of this Loan Agreement, CAF will finance twenty (20) basis points of the interest rate set forth in Article 8 (i) above. Such financing will be assumed with resources from the Compensatory Financing Fund ("CFF") and applied directly from the CFF to the payment of interest under the Loan in accordance with the respective amounts and terms.

#### **ARTICLE 10. Commitment Fee**

At the expiration of the first and each subsequent six (6) month period starting from the date of entry into effect of this Loan Agreement and until the end of the Availability Period, the Borrower shall pay to CAF a non-refundable commitment fee (the "Commitment Fee") of zero point thirty-five percent (0.35%) per annum, over the amount of the Loan reduced by the aggregate amount of the disbursements made from time to time under the Loan and, if

applicable, by the portions of the Loan that have been cancelled or which disbursement have been suspended pursuant to the provisions set forth in Annex A.

The commitment fee shall be calculated based on the actual number of calendar days elapsed, compared to year of three hundred and sixty (360) days.

#### **ARTICLE 11. Finance Fee**

The Borrower shall pay to CAF a non-refundable one-time lump-sum finance fee (the "Finance Fee") of zero point sixty-five percent (0.65%) of the total amount of the Loan referred to in Article 1 of this Loan Agreement.

The Finance Fee will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Finance Fee will be due and payable on the date of suspension or cancellation of the Loan.

#### **ARTICLE 12. Evaluation Costs**

The Borrower shall pay to CAF non-refundable one-time lump-sum evaluation costs (the "Evaluation Costs") of Twenty-five thousand Dollars of the United States of America (US\$ 25,000.00).

The Evaluation Costs will be fully accrued at the date of execution of this Loan Agreement, regardless whether the Loan is later disbursed in full or not, and shall be payable prior to or on the date of the first disbursement of the Loan. In the event that the Loan is not disbursed, the Evaluation Costs will be due and payable on the date of suspension or cancellation of the Loan.

#### **ARTICLE 13. Currency**

The payment of any sum due by the Borrower under this Loan Agreement shall be made exclusively in Dollars of the United States of America.

In the event that any sum due by the Borrower under this Loan Agreement, or under any order, judgment or arbitral award given relating to this sum, has to be converted from the currency in which that sum is denominated into another currency, the Borrower shall indemnify CAF against all its expenses and losses (duly evidenced by CAF), and shall indemnify it against all cost, loss or liability (duly evidenced by CAF) arising out of or as a result of the said conversion including any discrepancy between (i) the exchange rate between the two currencies used to convert that sum and (ii) the exchange rate(s) available to CAF at the time of receipt of that sum. Such indemnification obligation is independent from any other obligations of the Borrower under this Loan Agreement.

**ARTICLE 14. Notices**

Any notice, request, or communication from one party to another by virtue of this Loan Agreement shall be made in writing and shall be considered to have been made when the relevant document is delivered to the addressee at the respective address given below, unless the Parties agree otherwise in writing:

For the Borrower:

Mailing address:

Permanent Secretary, Economic Affairs  
Ministry of Finance and Economic Affairs  
Warrens Office Complex, Warrens  
St. Michael, Barbados  
Email: Seibert.frederick@barbados.gov.bb  
Facsimile: +(246) 425-1106

For CAF

Mailing address:

CORPORACIÓN ANDINA DE FOMENTO  
Apartado Postal N° 5086  
Altamira 69011 – 69012  
Caracas, Venezuela  
Email: agomez@caf.com  
Facsimile: +(58) 212 209 2483

**ARTICLE 15. Amendments**

No provision of this Loan Agreement shall be amended, unless such amendment shall be expressly agreed in writing between the Parties.

**ARTICLE 16. Commitment to Arbitration**

For the solution of any controversy which may arise out of this Loan Agreement and which is not resolved by agreement between the Parties, CAF and the Borrower unconditionally and irrevocably submit themselves to the procedure and ruling of the Arbitration Tribunal referred to in Section 27 of the General Conditions to this Loan Agreement.

**ARTICLE 17. Validity**

The rights and obligations established in this Loan Agreement are valid and enforceable in accordance with its terms, regardless of the laws of any given country.

**ARTICLE 18. Entry into Effect**

The Parties agree that this Loan Agreement shall enter into effect on the date of its signature and will replace any and all prior agreement entered into between the Parties in connection with the Program.

#### **ARTICLE 19. Termination**

This Loan Agreement and all the obligations that derive hereof shall only be deemed terminated upon full payment of the Loan and all interest and fees, together with other expenses, premiums, and costs arising out of this Loan Agreement.

#### **ARTICLE 20. Annexes**

This Loan Agreement consists of these Special Conditions and the following annexes, which are attached hereto:

Annex A : General Conditions  
Annex B : Description of the Program

If any provision of the Special Conditions or the Annex B should present any inconsistency or contradiction with the Annex A, the provisions of the Special Conditions or the Annex B shall prevail. In the case of inconsistencies or contradictions between the Special Conditions and the Annex B, specific provisions shall prevail over general provisions.

IN WITNESS WHEREOF, CAF and the Borrower, acting through its authorized representatives, have signed this Loan Agreement, in two (2) equally authentic copies.

In the parish of St. Michael, Barbados, as of the  
( ) 30 of November, 2015.

In the City of Caracas, Bolivarian Republic of  
Venezuela, as of the date above written.

GOVERNMENT OF BARBADOS



The Hon. Christopher P. Sinckler  
Minister of Finance and Economic Affairs

CORPORACIÓN ANDINA DE FOMENTO

  
Germán Alzate  
Acting Executive President





BANCO DE DESARROLLO DE AMÉRICA LATINA

## ANNEX "A"

### GENERAL CONDITIONS

#### **SECTION 1. Definitions and Interpretation**

- 1.1 Unless otherwise required by the context, in this Loan Agreement the following terms shall have the following meanings:

##### **Business Day**

A day on which commercial banks settle payments and are open for general business in New York, United States of America; Bridgetown, Barbados; and Caracas, Bolivarian Republic of Venezuela. Notwithstanding the above, for the exclusive purpose of determining a Disbursement date or the date for payment of principal, interests, fees and expenses by the Borrower under the Loan, the term "Business Day" shall mean a day on which commercial banks settle payments and are open for general business in New York, United States of America. Likewise, for the exclusive purpose of determining LIBOR, the term "Business Day" shall have the meaning ascribed to it under the definition of the term LIBOR.

##### **Country**

Barbados.

##### **Disbursement**

According to the context: (i) the disbursement made by CAF to or for the benefit of the Borrower, or (ii) the amount of resources made available by CAF to the Borrower, at the request of the Borrower, and chargeable to the resources of the Loan.

##### **Dollar**

The lawful currency of the United States of America.

##### **General Conditions**

The General Conditions set forth in this Annex A which forms an integral part of this Loan Agreement.

##### **Interest Payment Date**

Upon the first Disbursement, the last Business Day of each six (6) month period starting from the date of entry into effect of this Loan Agreement.

##### **Interest Period**

Each six (6) month period beginning on (and including) an Interest Payment Date and ending on (and including) the date immediately before the next following

Interest Payment Date, except in the case of the first Interest Period applicable to each Disbursement, when it shall mean the period beginning on (and including) the applicable Disbursement Date and ending on the date immediately before the next following Interest Payment Date.

### **LIBOR**

For any Interest Period, the London interbank offered interest rate (expressed as an annual percentage) for loans with a maturity of six (6) months, denominated in Dollars, calculated by the ICE Benchmark Administration ("IBA") (or by any other person which takes over administration of such rates) as set forth on the relevant pages of Reuters Service (or appropriate successor) currently display page LIBOR01, Bloomberg Financial Market Service (or appropriate successor) currently display page BBAM, or on any other similar information system of international repute which publishes the corresponding rates, (each a "Screen Rate") at 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period; for the sole purpose of determining LIBOR in accordance with this definition, "Business Day" means a day on which commercial banks are generally open to settle payments in New York City, United States of America, and on which banks are open for foreign exchange transactions in the interbank market in London, United Kingdom. If for any reason whatsoever, a Screen Rate for LIBOR is not available on the interest rate determination date, (whether permanently or temporarily), CAF shall notify the Borrower and, in its stead, shall determine LIBOR for said date by calculating the arithmetic mean of the offered rates which it has received on or about 11:00 am (New York time) two (2) Business Days prior to the commencement of such Interest Period, for loans in Dollars by one or more New York prime banks selected by CAF at its discretion; for the sole purpose of determining LIBOR in accordance with this definition in the exclusive event that quotes are obtained on or about 11:00 am (New York time), "Business Day" means a day on which commercial banks are generally open to settle payments in New York City, United States of America. In all events in which a Screen Rate is not available on an Interest Rate Determination Date, CAF's arithmetic calculations shall be rounded upwards, if necessary, to the nearest four (4) decimal places. All LIBOR determinations shall be made by CAF, and shall be conclusive absent manifest error.

### **Parties**

CAF and the Borrower.

### **Special Conditions**

The Special Conditions of this Loan Agreement.

- 1.2 All capitalized terms used in this Loan Agreement and defined in the Special Conditions shall have the meaning ascribed thereto.

- 1.3 Terms importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders.
- 1.4 The headings and short descriptions used for the individual Articles and Sections of this Loan Agreement have no legal significance and do not affect its interpretation.
- 1.5 A reference to an Article, Section, paragraph, party or Annex is a reference to that Article, Section, paragraph, party or Annex to this Agreement, unless otherwise specified.
- 1.6 Phrases such as “satisfactory to”, “approved by”, “acceptable to”, “as determined by”, “in the discretion of”, and phrases of similar import authorize and permit CAF to approve, disapprove, determine, act or decline to act in its sole discretion.
- 1.7 Unless otherwise expressly stated in this Loan Agreement: (i) all references to days shall mean calendar days; (ii) all terms shall be counted in calendar days; (iii) all terms ending in a non Business Day or an inexistent day shall be considered ended on the first Business Day immediately thereafter, provided that if such following Business Day corresponds to a different fiscal year, the term shall be considered ended in the last Business Day of the previous fiscal year.
- 1.8 No course of dealing and no failure or delay by CAF in exercising, in whole or in part, any power, remedy, discretion, authority or other right under this Loan Agreement shall waive or impair, or be construed to be a waiver of or an acquiescence in, such or any other power, remedy, discretion, authority or right under this Loan Agreement, or in any manner preclude its additional or future exercise.

## **SECTION 2. Loan Agreement**

CAF agrees to lend, and the Borrower agrees to borrow, use the resources of, and repay, the Loan, in accordance with the terms and conditions set forth in this Loan Agreement. The Parties further agree that CAF may, at any time, request the Borrower to provide all documents and information as determined by CAF to validate if the resources disbursed under the Loan have been used in accordance with the provisions of this Loan Agreement.

## **SECTION 3. Disbursement Modalities**

CAF may make the Disbursements requested by the Borrower, directly or through the Executing Agency, by means of one or more of the following modalities:

- (a) **Direct Transfers**  
Transferring to the Borrower and/or the Executing Agency the resources to which it is entitled under this Loan Agreement to the account and place duly agreed in writing by the Parties in accordance with CAF's internal policies for

Disbursements, provided that such direct transfers shall be made only in amounts of not less than US\$ 500,000,00 each.

(b) **Letters of Credit**

Issuing letters of credit for suppliers of goods and related services, works and consultancy services, as previously authorized by CAF in writing, provided that such direct transfers shall be made only in amounts of not less than US\$ 500,000.00 each.

All requests for the issuance of letters of credit shall be made by the Borrower and/or the Executing Agency in accordance with the instructions and templates provided by CAF. All fees and expenses chargeable by CAF and/or any confirming and intermediary banks (if applicable) shall be borne by the Borrower.

(c) **Revolving Fund**

Providing the Executing Agency with a revolving fund up to an amount equivalent to twenty percent (20%) of the Loan resources, subject to further justification for their use (the "Revolving Fund"). Revolving Fund resources shall be used wholly or partly within ninety (90) days following the date of Disbursement to finance only the items described in the Special Conditions, and their use shall be duly justified by the Borrower and/or the Executing Agency, to CAF's satisfaction, within one hundred twenty (120) days after Disbursement

For the purpose of this Loan Agreement, a Disbursement shall be deemed as executed on the date that the resources are made available to the Borrower and/or the Executing Agency.

At the request of the Borrower and/or the Executing Agency, CAF may restore all or part of the Revolving Fund to the extent that the funds have been used in accordance with the limits set forth above and the Borrower and/or the Executing Agency are in compliance with all other terms and conditions of this Loan Agreement.

(d) **Transfers to Third-parties**

Making payments, on behalf of and in agreement with the Borrower and/or the Executing Agency, to third-parties, as previously authorized by CAF in writing, provided that such payments shall be made only in amounts of not less than US\$ 500,000.00 each.

(e) **Other Modalities**

Utilizing such other modality as the Parties may agree upon in writing.

The Parties further agree that: (i) all amounts referred to in this Section 3 may be unilaterally amended by CAF in accordance with its internal policies, and (ii) any banking

expenses that may be charged by a third party in connection with the Disbursement modalities set forth above shall be borne by the Borrower.

#### **SECTION 4. Period for Requesting Disbursements**

Disbursements of the Loan may only be requested by the Borrower and made by CAF within the Availability Period set forth in Article 3 of the Special Conditions. Upon expiration of the Availability Period: (i) the Borrower may not request any further Disbursement nor fulfill any pending conditions precedent for Disbursement, and (ii) CAF will be entitled to cancel any outstanding and not disbursed resources under the Loan by sending to the Borrower a written communication to that effect. Notwithstanding the above, the Borrower may deliver to CAF a duly justified request for an extension of the Availability Period no later than thirty (30) days prior to the expiration of such Availability Period, which CAF may accept or reject at its own discretion.

#### **SECTION 5. Conditions Precedent to Disbursements**

In addition to any specific terms agreed in the Special Conditions, the Disbursements of the resources of the Loan shall be subject to the fulfillment of the following requirements to CAF's satisfaction:

- (a) Conditions precedent to the first Disbursement:
  - (i) CAF shall have received a well-founded legal opinion which establishes, with citations of the pertinent constitutional, legal, and regulatory provisions, that the obligations undertaken by the Borrower and/or the Executing Agency, as the case may be, under this Loan Agreement, are legal, valid and enforceable, and that the Borrower's representative executing this Loan Agreement is duly authorized to validly oblige the Borrower under the terms hereof. Such opinions shall also refer to any other legal question that CAF may deem relevant; and
  - (ii) The Borrower, directly or through the Executing Agency, shall have designated one or more officials to represent it in all acts relating to the implementation of this Loan Agreement and shall have furnished CAF with authentic copies of the signatures of said representatives. Should two or more officials be designated, the designation shall indicate whether such officials may act separately or must act jointly.
- (b) Conditions precedent to all Disbursements:
  - (i) the Borrower, directly or through the Executing Agency, shall have submitted in writing or by electronic means, in such form and conditions as may be specified by CAF from time to time, a disbursement request in accordance with the applicable Disbursement modality, and, in support

thereof, shall have delivered to CAF such pertinent documents and other background materials as CAF may have required;

- (ii) the Borrower, directly or through the Executing Agency, shall have opened and maintain one or more bank accounts in a financial institution to which CAF may make the Disbursements;
- (ii) None of the circumstances described in Section 14 of these General Conditions shall have occurred.

#### **SECTION 6. Interest**

- (a) Interest Rate: Interest on the Loan shall be determined in accordance with the following terms:
  - (i) Interest shall accrue on the principal amount of the Loan from time to time outstanding at the rate per annum set forth in the Special Conditions, from the date of the first Disbursement until the date in which the Loan have been fully repaid. For the avoidance of doubt, interest shall also accrue and be payable during the Grace Period.
  - (ii) Interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) Interest shall be determined by CAF for each relevant Interest Period and paid by the Borrower on each Interest Payment Date.
  - (iv) The applicable Interest Rate for each relevant Interest Period will be notified by CAF to the Borrower in accordance with CAF's internal policies and, in absence of manifest error, shall be conclusive and binding on the Borrower.
- (b) Default Interest: If the Borrower fails to make: (i) any payment of principal or interest with respect to the Loan, or (ii) any other payment with respect to the Loan provided for in this Loan Agreement, on or before its due date as specified in this Loan Agreement (whether at stated maturity or otherwise) or, if not so specified, as notified by CAF to the Borrower; the Borrower shall pay the default interest rate set forth in the Special Conditions, in accordance with the following terms:
  - (i) Default interest shall accrue, in respect of the amount of the payment due and unpaid, from its due date and up to the date of actual payment (both before and after an arbitral award, if any).
  - (ii) Default interest shall be calculated in relation to the number of calendar days elapsed on the basis of three hundred sixty (360) days per year.
  - (iii) No formal prior notice or demand of the default interest shall be necessary to be due and payable. If not demanded, it shall be payable on each Interest Payment Date after the default or failure.

- (v) Upon the occurrence of a default or failure in payment, CAF will be entitled to recalculate the interest rate applicable to the principal amount of the Loan due and unpaid, by using the highest 6-month LIBOR interest rate published within the period beginning on the maturity date of the unpaid obligation and the date of its actual payment plus the margin set forth in Article 8 (i) of the Special Conditions.

### **SECTION 7. Expenses**

No later than 30 days upon receiving a written request from CAF, the Borrower shall pay or reimburse to CAF, or pay to any third persons as instructed by CAF, the amount of all fees and expenses incurred by CAF (and duly evidenced) in connection with the negotiation, preparation, signing and execution of this Loan Agreement and any other documents relating to the Loan Agreement which may be later executed. Such fees and expenses may include but are not limited to: (i) legal counsels, (ii) external consultants, (iii) travel, (iii) surveys, (iv) appraisals, (v) notaries, (vi) public registries, (vii) tariffs, (viii) taxes, (ix) stamps, (x) transfers of funds to, or for the account of, the Borrower. The Borrower shall also reimburse to CAF any fees and expenses which CAF will have incurred in reserving or in enforcing its rights pursuant to this Loan Agreement.

### **SECTION 8. Place of Payments**

All payments due under this Loan Agreement shall be made at the principal office of CAF in the city of Caracas, Bolivarian Republic of Venezuela, or in the accounts and/or places which CAF designates for this purpose by written notification to the Borrower.

### **SECTION 9. Application of Payments**

All payments made by the Borrower to CAF shall be allocated in the following order: (i) expenses, (ii) fees, (iii) default interest, if applicable (iv) interest due on payment date, and (v) the amortization of installments of principal due under the Loan.

### **SECTION 10. Prepayments**

The Borrower may only prepay one or more of the outstanding installments of principal under the Loan, if: (i) the prepayment is made on an Interest Payment Date following the first (1<sup>st</sup>) year from the date of entry into force of the Loan Agreement and the end of the Grace Period; (ii) CAF has received and accepted a written irrevocable prepayment request delivered by the Borrower no later than forty five (45) days in advance; (iii) the prepayment amount is equal to one or a multiple of the installments of principal of the Loan; (iv) no amounts (including principal, interest, fees and expenses) remain due and unpaid under the Loan; and (v) the Borrower concurrently pays to CAF (a) any losses or expenses incurred by CAF in connection with the early termination of the Loan Agreement, supervision of the Program and any others arising from the prepayment, as determined by CAF, and (b) the applicable prepayment fee in accordance with the following chart:

<b>Year of Prepayment</b> <i>(to be calculated from the date of entry into effect of the Loan Agreement)</i>	<b>Prepayment Fee</b> <i>(to be determined as a percentage of the prepayment amount)</i>
2 - 3	2.50%
3 - 4	1.75%
4 - 5	1.00%
+ 5	0.50%

In the event that the prepayment does not cover the entire outstanding principal amount of the Loan, the prepayment shall be applied to the outstanding amortization installments in reverse order of maturity. CAF will determine the prepayment fee and any additional payable amounts under the Loan Agreement and inform the Borrower with fifteen (15) days prior notice.

#### **SECTION 11. Taxes**

The Borrower undertakes to ensure that all payments of principal, interest, fees, and any other payment for expenses or costs required under this Loan Agreement shall be made without any deduction or restriction whatsoever, exempt from any tax, fee, duty, tariff, or charge established or that may be later established by the laws of the Country or under any other applicable jurisdiction. In the event that the Borrower is required by law or for any other reason to make deductions or withholdings from any payments, then it shall pay any such necessary additional amounts to CAF so that the net amount remaining after any withholding or deduction corresponds to the amount which would have been payable had no such deduction or withholding been made.

The Borrower further agrees that all taxes, charges, duties, costs and expenses incurred and due in connection with the execution, amendment or enforcement of this Loan Agreement and any other documents relating thereto as well as the rights arising therefrom shall be borne by the Borrower.

#### **SECTION 12. Renunciation of Part or the total amount of the Loan**

The Borrower may renounce, by delivering a fifteen (15) days prior written notice to CAF, its right to utilize any part of the Loan resources which has not been disbursed before the receipt of the notice, provided that no amounts may be subject to renunciation if already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions. The Borrower shall bear all financial losses and expenses incurred by CAF in connection with such renunciation.



The renunciation of part or the total amount of the Loan will not entitle the Borrower to the reimbursement of any portion of the Finance Fee.

### **SECTION 13. Adjustment of Amortization Schedule**

Based on the actual amount effectively disbursed to the Borrower during the Availability Period and subject to any potential renunciation, suspension or cancellation of the Loan, CAF will proportionally adjust the amounts of the outstanding installments and deliver to the Borrower an updated amortization schedule.

### **SECTION 14. Suspension of Disbursements**

CAF, by written notice to the Borrower may suspend Disbursements if any of the following circumstances occurs and so long as it continues:

- (a) Delay in the payment of any sums owed by the Borrower to CAF for principal, interest, fees, expenses, or for any other reason, under this Loan Agreement or any other agreement entered into between CAF and the Borrower.
- (b) Default by the Borrower or the Executing Agency to use the resources of the Loan in accordance with Article 2 of the Special Conditions.
- (c) Default by the Borrower or the Executing Agency of any other obligation set forth in this Loan Agreement or in any other agreement entered into with CAF.
- (d) Withdrawal of the Borrower as shareholder of CAF.
- (e) If CAF determines, in accordance with its internal policies, that the Borrower and/or the Executing Agency, prior to or after the execution of this Loan Agreement, have provided to CAF any untrue or false information, or omitted to provide relevant information in connection with the Program.
- (f) If the use of any goods, products and materials to be financed hereunder, as well as any activities to be executed by the Borrower or the Executing Agency will contravene the Country applicable laws, including environmental and social regulations, or any other terms and conditions set forth in this Loan Agreement.
- (g) Upon the occurrence of any force majeure or act of god events (howsoever defined) which prevent the Parties from fulfilling the obligations assumed hereunder.

### **SECTION 15. Termination and Acceleration**

CAF may terminate this Loan Agreement with respect to the part of the Loan not yet disbursed or may declare the entire outstanding principal balance of the Loan or a portion thereof immediately due and payable, together with interest, fees and expenses accrued up to the date of actual payment if: (i) any of the circumstances set forth in paragraphs (a), (b) or (d) of the preceding Section 14 occur; (ii) any of the circumstances set forth in paragraphs (c), (f) or (g) of the preceding Section 14 occur and continues for more than thirty (30) days; or (iii) the information referred to in paragraph (e) of the preceding Section 14, or the clarifications or additional information presented by the Borrower or the

Executing Agency, if any, are not satisfactory to CAF. To that effect, CAF will deliver a written notice to the Borrower, without need of any formal notice or commencing any court or arbitration proceedings.

Notwithstanding the above, upon the occurrence of the default circumstance set forth in paragraph (b) of Section 13, CAF may, instead of accelerating the Loan, request the Borrower to return the amount of the resources disbursed and used in contravention of Article 2 of the Special Conditions, together with all accrued interest thereunder, which shall be repaid by the Borrower to CAF within the following three (3) Business Days.

#### **SECTION 16. Disbursements not affected by suspension or acceleration.**

The provisions of Sections 14 and 15 shall not affect any amounts of resources already committed by CAF for the issuance of a letter of credit, transfer to third parties or under any other Disbursement modality agreed pursuant to Section 3 of these General Conditions.

#### **SECTION 17. General provisions for the execution of the Program**

The Borrower, directly or through the Executing Agency, undertakes to execute the Program and use the resources of the Loan with due diligence and in accordance with sound financial and technical practices and in accordance with the plans, specifications, estimated costs, budgets, regulations, and other documents approved by CAF. The Borrower further agrees that its obligations shall be fulfilled to the satisfaction of CAF.

The Borrower will be jointly and severally liable for the obligations assumed by the Executing Agency under this Loan Agreement (including its respective Annexes), the terms of each disbursement request and any other documents agreed in connection therewith.

#### **SECTION 18. Other conditions applicable to the Loan resources**

The resources of the Loan shall be used exclusively for the purposes set forth in this Loan Agreement, unless CAF have otherwise agreed in writing with the Borrower or the Executing Agency upon receiving all corresponding approvals and permits issued by competent authorities.

Notwithstanding the above, the Borrower and/or the Executing Agency shall not use the resources of the Loan to finance (i) the acquisition of land or capital stock; (ii) the payment of taxes and tariffs; (iii) customs expenses; (iv) companies incorporation expenses; (v) the payment of interest during construction; (vi) military equipment and expenses; and (vii) others established or which may be later established by CAF.

The goods and services to be financed with the resources of the Loan shall only be destined for achieving the Program, and neither the Borrower nor the Executing Agency may sell, transfer, or create any liens or encumbrances on them without CAF's prior written consent.

#### **SECTION 19. Modifications and increases of the estimated cost of the Program**

Any significant modification in the plans, specifications, estimated costs, budgets, regulations or other documents that CAF has approved, as well as any substantial change in the procurement proceedings and the agreements for the acquisition of goods or services which may be funded with the resources devoted to the execution of the Program, shall require the written consent of CAF.

If during the execution of the Program an increase in the estimated cost of the Program (as specified in Annex B) takes place, the Borrower shall contribute, directly or through the Executing Agency, in a timely and efficient manner, all of the resources in addition to those of the Loan which may be necessary for the complete and uninterrupted execution of the Program. Upon the occurrence of such event, the Borrower undertakes to inform and provide to CAF all the information and documents which may be required by CAF.

#### **SECTION 20. Special Instructions**

The Borrower undertakes to comply with all the instructions and requirements received from CAF and arising from the agreements entered into by CAF with the financial institutions providing total or partial funding for the Loan. The Borrower also authorizes CAF to share with such financial institutions any available information (whether of confidential nature or not) in connection with this Loan Agreement and the Program.

#### **SECTION 21. Procurement of goods, works, consulting and related services**

For the acquisition of goods estimated to cost five hundred thousand Dollars (US\$ 500,000.00) or more, and for the procurement of works and related services in amounts estimated to cost two million Dollars (US\$ 2,000,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the acquisition of goods estimated to cost less than five hundred thousand Dollars (US\$ 500,000.00) and the procurement of works and related services in amounts estimated to cost less than two million Dollars (US\$ 2,000,000.00), the Executing Agency shall apply procedures previously authorized by CAF in writing.

For the procurement of consulting services estimated to cost two hundred fifty thousand Dollars (US\$ 250,000.00) or more, the Executing Agency shall carry out an international public bidding procedure. For the procurement of consulting services estimated to cost less than two hundred fifty thousand Dollars (US\$ 250,000.00), the Executing Agency shall apply procedures previously authorized by CAF.

When carrying out international public bidding procedures the Executing Agency shall widely broadcast tender notices, avoiding restrictions in connection with the origin of the goods or services, or any others which may prevent or affect the competitiveness and transparency of the bidding procedure.

The Executing Agency shall timely inform CAF of: (i) the dates on which the bid or tender for the procurement of goods, works and related services or for retaining consultants will be opened; (ii) the awards to be granted as a result of the bid or tender; (iii) the agreements to be executed with the person or persons awarded with a contract; and (iv) the origin of the goods to be supplied by the persons awarded with the contract.

In special cases arising from technical reasons, duly evidenced and justified by the Borrower or the Executing Agency, CAF may waive the requirement for an international public bidding procedure.

## **SECTION 22. Records, inspections and reports**

The Borrower agrees to, directly or through the Executing Agency, maintain records, permit inspections, and submit reports and financial statements in accordance with accounting principles acceptable to CAF. The Borrower's books and records shall evidence: (i) all payments made with the Loan resources, and (ii) the financial and operational aspects of the Program and of each project or activity executed under the Program.

The Borrower shall authorize CAF to review all books and records related to the Program until all amounts due under this Loan Agreement have been repaid in full.

## **SECTION 23. Supervision**

CAF may establish all the supervision procedures which it may deem necessary to assure the normal execution of the Program and all projects and activities thereunder.

The Borrower and the Executing Agency shall grant access to all experts and representatives sent by CAF to supervise the projects and activities to be executed under the Program; and to review the books, records and any additional documents related thereto.

## **SECTION 24. Reports**

In addition to the reports set forth in Article 5 of the Special Conditions, the Borrower and/or the Executing Agency, as appropriate, shall furnish all other reports requested by CAF, within the periods that the Parties may agree for each case, in connection with: (i) the use of the Loan resources; (ii) the procurement of goods, works and related services, and the retaining of consultants; and (iii) the execution of the Program.

## **SECTION 25. Notice of adverse circumstances**

The Borrower, directly or through the Executing Agency, shall inform CAF immediately upon having knowledge of: (i) any circumstance or situation which in the opinion of the Borrower or the Executing Agency shall prevent or affect the achievement of the objectives of the Program or the execution of the provisions set forth in this Loan Agreement; and (ii) any amendment to the applicable laws and regulations affecting the Borrower and/or the Executing Agency, in relation to the achievement of the objectives of the Program and the execution of the provisions set forth in this Loan Agreement.

CAF may adopt all the remedies which it may deem appropriate in accordance with the terms of this Loan Agreement if, at its discretion, the circumstances or amendments to the applicable laws and regulations described above may cause a material adverse effect on the Borrower, the Executing Agency, the Program, or all of the above.

## **SECTION 26. Assignments**

This Loan Agreement binds and benefits the respective successors and assigns of the parties, except that the Borrower may not assign, transfer, or otherwise dispose, in any manner whatsoever, any of its rights or obligations under this Loan Agreement without the prior written consent of CAF. CAF may assign, transfer, participate or otherwise dispose of all or a portion of its rights and obligations under this Loan Agreement. In case of assignment of the entire Loan Agreement, CAF shall notify the Borrower in writing within thirty (30) days from the date of such assignment, and the assignee shall assume all the rights and obligations of CAF under the Loan Agreement in the same terms agreed by CAF with the Borrower. Participations may be granted by CAF in respect of either outstanding Loan balances or amounts of the Loan that are still undisbursed at the time of entering into the participation agreement. Any assignment or delegation in violation of this Section 26 shall be void.

## **SECTION 27. Arbitration**

Any arbitration to be entered into between the Parties shall be subject to the following provisions:

**General provisions:** All disputes arising out of or in connection with this Loan Agreement (including without limitation any dispute concerning the existence, validity, interpretation, performance or termination of this Agreement), which cannot be settled amicably by negotiation between the Parties, shall be finally resolved and settled by arbitration conducted in accordance with this Section 27 and the Arbitration Rules of UNCITRAL (*United Nations Commission on International Trade Law*).

**Composition of the Arbitration Tribunal:** The arbitration Tribunal shall be composed of three members to be appointed in the following manner: one by CAF, another by the

Borrower, and a third, hereinafter called the "Chairman", by direct agreement between the parties or through their respective arbitrators.

Initiation of the Procedure: In order to submit the controversy to arbitration, the claimant party shall address to the other party a written communication setting forth the nature of the claim, the satisfaction or compensation that it seeks, and the name of the arbitrator it appoints. The party receiving such communication shall, within forty-five (45) days, notify the adverse party of the name of the person it appoints as arbitrator.

Convening of the Tribunal: The arbitration Tribunal shall be convened in the city of Lima, Republic of Peru, on the date designated by the Chairman, and, once convened, shall meet on the dates which the Tribunal itself shall establish.

Procedure: (a) The Tribunal shall be competent to hear only the matters in controversy. It shall adopt its own procedures and may on its own initiative designate whatever experts it considers necessary. In any case, it shall give the parties the opportunity to make oral presentations.

(b) The Tribunal shall proceed *ex aequo et bono*, basing itself on the terms of this Loan Agreement, and shall issue an award even if either party should fail to appear or present its case.

(c) The award shall be in writing and shall be adopted with the concurrent vote of at least two members of the Tribunal. It shall be handed down within approximately sixty (60) days from the date on which the Chairman is appointed, unless the Tribunal determines that, due to special and unforeseen circumstances, such period should be extended. The award shall be notified to the parties by means of a communication signed by at least two members of the Tribunal, and shall be complied with within thirty (30) days from the date of notification. The award shall be final and will not be subject to any appeal.

Costs: The fees of each arbitrator shall be paid by the party that appointed him and the fees of the Chairman shall be paid by both parties in equal proportion. Prior to the convening of the Tribunal, the parties shall agree on the remuneration of the other persons who, by mutual agreement, they deem should take part in the arbitration proceedings. If such agreement is not reached in a timely manner, the Tribunal itself shall determine the compensation that may be reasonable for such persons under the circumstances. Each party shall defray its own expenses in the arbitration proceedings, but the expenses of the Tribunal shall be borne equally by the parties. Any doubt regarding the division of costs or the manner in which they are to be paid shall be determined, without appeal, by the Tribunal.

Notification: All notifications relative to the arbitration or to the award shall be made in the manner provided in this Loan Agreement. The parties waive any other form of notification.



BANCO DE DESARROLLO DE AMÉRICA LATINA

## **SECTION 28. Authorized Representatives**

The Borrower, directly or through the Executing Agency, shall deliver to CAF the names and signatures of the persons that will represent it as authorized representatives in connection with all actions related to this Loan Agreement, duly certified by a person authorized for such purpose and communicated in accordance with the provisions of Article 14 of the Special Conditions.

The Borrower and/or the Executing Agency shall also notify to CAF any changes in the names of its authorized representatives. Until CAF receives notification of the appointment of authorized representatives of the Borrower and the Executing Agency, the persons signing this Loan Agreement will be considered as the only authorized representatives.

## **SECTION 29. English or Spanish Language**

All documents to be furnished or communications to be given or made under this Loan Agreement or any of the other related documents shall be in English or Spanish language. To the extent that the original of any such document or communication is in a language other than English or Spanish, it shall be accompanied by a translation into English or Spanish certified by an authorized representative of the party delivering such document or communication.



BANCO DE DESARROLLO DE AMÉRICA LATINA

## ANNEX B

### **Sector Wide Approach Program in Transport for the Development of Tourism in Barbados –Program Description**

Barbados is a small island, with a population of 280 thousand inhabitants, located in the south eastern Caribbean, with an open economy and limited access to natural resources. Tourism has emerged as the island's largest industry employer and leading source of foreign exchange earnings, meaning its evolution has an important impact in the economy and on the general population. During the last decades, after abandoning the sugar cane production as a main manufacturing activity, the Government of Barbados, has recognized the relevant role of tourism as a powerful instrument for economic growth and development, giving it a special strategic emphasis for its competitiveness and sustainability. In fact, during the last few years several important investments have been made in the upgrading of the airport, port and road facilities, as well as accommodation, in order to improve services for visitors as well as promote de diversification of the economy towards value added activities.

Particularly after the external negative shock experienced in Barbados with the international financial crisis, and its effect on tourism to the island, the Government of Barbados has established an ambitious plan to recover a sustainable growth path and population development, presented in the Medium Term Growth Development Strategy 2013-2020. This strategy establishes specific goals: 1. Return economy to a sustainable growth rate, while maintaining macroeconomic stability; 2. Facilitate brad based adjustments and reforms in the economy; 3. Enhance social and human development; and 4. Enhance energy and environmental sustainability. To reach this goals, several objectives were defined for internal action (macro stability, reduce the costs of doing business, promote investment, social services, etc.) and external, with the diversification of origin markets and the improvement of competitiveness of the tourism services (infrastructure, human capital, accommodation, attractions, etc.). For this sector, a specific strategy has been identified, and presented in the Tourism Master Plan –TMP (2014-2023), with the objective of providing a clear frame for a long term balanced development, having as main themes sustainability, innovation and human development. This Plan includes actions in various fronts, including infrastructure, especially transport related, in which this Program is based, with interventions in ground, air and sea transportation.

#### **A. Objectives**

The general objective of the Program is to support Barbados public investment for the development of tourism, with infrastructure improvement and institutional strengthening in ground, air and maritime transportation, with a sector wide approach financing, for reimbursing resources invested during fiscal years 2014-2015 in the execution of the Tourism Master Plan 2014-2023.

The specific objectives of the Program are:

- Support the improvement of ground transportation, specially that serving tourism, with institutional strengthening activities in planning and infrastructure investments in roads, urban transportation, sidewalks, including maintenance, signage and road safety.
- Promote activities for improving level of service of the international airport, particularly regarding security and its role as a regional hub.
- Support the development of investments considered in the Port Master Plan.
- Strengthen tourism statistical data base, especially information related with the average spending per tourist.



## B. Description and Components

The Barbados Tourism Master Plan 2014-2023 includes six separate reports, each of them focusing on a specific sectoral plan. The Report V for Services, Infrastructure and Product, comprises the strategy for the transportation issues (ground, airlift, cruise, sailing, etc.), accommodation sector and niche markets. The Program presented for CAF's financing is based on this Report V, especially on activities related to the ground, airlift and sea transportation. In order to attain the objectives previously presented, the following components are considered:

### (i) Ground Transportation

A series of improvement opportunities have been identified in the TMP for implementation in the next few years, motivated by the important growth during the last two decades of the road network with need of maintenance and the number of vehicles in the island, the increase in commercial activities, with a strong impact on traffic. In the Program, some of the TMP have been included, for execution in the short and medium term; specifically the following actions are supported:

Under the *institutional strengthening* for entities in the sector and the revision of the regulatory frame, the Planning Unit in the Ministry of Transport and Works (MTW) is to be supported with the inclusion of a dedicated **Transport Planner** (and given a formal training), in order to guarantee the sustainability of ground transportation, particularly the road network and urban transport. This staff duty would be to assure that every action and policy in charge of the MTW is made in a planned and coordinated way, that projects have economic feasibility and are successful, with a particular vision on actions to be taken to service tourism.

Among the responsibilities and duties for this position are: (i) prepare and keep up to date the long term transport sector strategy; (ii) formulate and evaluate proposals and plans as an input for the annual budget; (iii) undertake annual review of the work performed by the MTW, evaluating results against objectives; (iv) make specific analysis on planning and policy; (v) coordinate major feasibility studies undertaken by private consultants; (vi) coordinate and prepare relevant papers.

Also, and related to the components of the TMP related to *road and transport infrastructure*, the Program will support ongoing investments in the signage plan, road safety, improvement of urban transport, interventions in dangerous junctions and sidewalks. Each of these are detailed in the next paragraphs.

#### **Signage Program**

The plan, focused especially on touristic sectors, considers Bridgetown, main highways, hotel zones, interest points for visitors and residential districts along the island. Among the activities included in the program are erecting: (a) interpretative signs and directional signs along the major highways and along the south and west coast tourist belt; (b) confirmatory signs (place name signs) that identify districts and villages throughout the island; (c) places of interest signs near places of interest frequented by visitors that identified facilities and conveniences at these locations. In addition, with the consent of the Barbados Light & Power Company and the Chief Town Planner, illegally erected signs are to be removed for causing clutter and environmental degradation. The objective of this Program is to reach an acceptable level of signage in the island, and intend to make it self-sustainable, with promotions and the use of commercial signs.

#### **Road safety and interventions in dangerous crossings**

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Each year over 6,000 persons are injured on Barbados' roads, of these 25 on average are killed and over 100 are seriously injured. These incidents translate into lost productivity, medical expenses, grief and a considerable drain on the economy. Many of the road deaths and serious injuries are preventable and, hence, it is necessary to improve and accelerate road safety activities on a national level. New road construction or rehabilitation projects in Barbados do incorporate road safety features into their design, however there are challenges related to road maintenance, insufficient funds, physical space to accommodate vulnerable road users, and driver education and behaviour. This is why the MTW is pursuing a national road safety strategy through measures such as amendments to the Road Traffic Act<sup>1</sup>, the identification of dangerous junctions, more rigorous enforcement of the traffic laws and the establishment of a National Road Safety Council.

The first initiative in progress in the engagement of a consultancy to improve road safety on Barbados' main road network through the incorporation of established International Road Assessment Program (iRap) protocols. The consultancy would include determining the availability of key data needed, road infrastructure, traffic, Global Information System data and maps, maintenance costs, accident data base, countermeasure cost, treatment life data, crash data, etc. Afterwards, it would make inspections and involve the assessment of approximately 40 attributes of the road environment that influence road safety outcomes using criteria presented in the IRAP inspection manual. The result of the analysis would be a report identifying costs, and prioritise infrastructure investments. It should also provide recommendations on the suggested phasing of investments.

However, and while the above study is completed, some critical points have already been identified, specifically dangerous junctions in which the MTW is taking action. This junctions include: Windsor-Christ Church, Turnpike-San George, St. David-Christ Church, Prince Road-St. Michael, Groves-St. George, among the most important. Likewise, some actions on the main highways are being executed, such as the construction of additional lanes, signage improvement, maintenance and improvement of security barriers, roundabout construction and traffic management, etc.

#### **Urban transportation: bus stops, information systems, integration, bus terminals**

Besides the road network, public transportation is vital for travel in Barbados, since a considerable percentage of the population and tourists rely on its efficiency and well-functioning. That is why, an important component of the transport report in the TMP, is the improvement of urban transportation services, both public and private, where technology plays a pivotal role. A series of actions should be prioritized, such as driver training (for buses, taxis, etc.), taximeter implementation, broadening the scope and accessibility of different transport options for visitors, revising security standards, improving service, route revision, system integration, construction of terminals and stops, and the implementation of itineraries for bus service, guaranteeing information is available for easy access.

About this last point, the Transport Authority, part of the MTW and responsible of the monitoring, planning and regulation of public transportation, has been working on the improvement of service for commuters, facilitating control about itineraries and operation. The objective is attaining a more

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<sup>1</sup> The amendments to the Road Traffic Act will address, among other matters: the testing of persons driving under the influence (through Breathalyzer Testing); mandatory wearing of helmets by cyclists; mandatory inspection of vehicles over five(5) years and the inspection of public service vehicles every 6 months; outlawing the use of hand held cell phones while driving; the removal of all-terrain vehicles(ATVs) from public roads; and prosecution for car racing stunts and illegal racing on the highways. The final draft of the amendments to the Road Traffic Act is currently on last revisions and will be presented to parliament in 2015, before the end of the 2014/2015 Financial year or early in the 2015/2016 Financial Year.

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proactive route planning, with clear information, increasing the demand for this service and tariff collection as well. First, it has been identified the need for the inclusion of transit applications to help commuters maximize their time more effectively with information about bus arrival in stops, in real time.

A bus mapping system is to be implemented as well, with a special software for mobile phones for tracking and storing the position of each bus stop and clearly indicate a 'to city' or 'out of city' designation. A team from the Transport Authority has been tasked with the job of driving across the island to capture this bus stop location data. A complementary modernization of bus stops and signage will be developed.

Additionally, the Program considers a component related to the follow up for the designs of two new bus terminals (Sea View y Farichild), as well as presenting an integration of public and private transport plan, for implementation in the medium term.

### **Sidewalks and urban improvements in sector between the port and Bridgetown**

Among the activities presented in the TMP for increasing the level of service for visitors to Barbados regarding transportation, an improvement of sidewalks and the general urban environment, particularly in the surroundings of the port and to interest sites in Bridgetown, given the numerous passengers arriving in cruise vessels and choose transportation by foot. To attain this, and among other initiatives, the Ministry of Tourism and International Transport (MTIT) is promoting, together with other relevant entities, periodic pedestrian walks in this sectors for maximizing the *tourist experience*, in order to monitor and improve the quality of existing infrastructure, guaranteeing standards are sustainably met, and needs are identified and corrected in the short term.

At the time, work has started for improving sidewalks and pedestrian signage, including the following initiatives: creation of a Visitor Center, located in Spirit Bond, Bridgetown, as a reference at the entrance to the city; (ii) implementing an accessibility plan and improving urban environment in the Historic City, including the development of a touristic route in the surroundings of Bridgetown; (iii) improving in connectivity from the port with the visitor center and the historic route, considering necessary repairs and sector beautification; (iv) renovation of the Barbados Museum, with interventions on external infrastructure and quality of exhibitions; (v) renovation and improvement of the Oistins Waterfront, including interventions on drainage systems, auxiliary roads, restaurant and public services.

Another important action planned, from an institutional view, is the creation of a process champion, for monitoring the implementation of the activities related to the *tourist experience*, coordinating the different entities involved. The MTIT has proposed the creation of a Barbados Tourism Product Authority (BTPA), with the role of supervising the maintenance of product and service standards offered by Barbados as a tourism destiny, providing assistance, collaboration and direction to entities involved, public or private. This authority would generate statistics, data and best practices, for monitoring and decision making.

#### **(ii) Air transportation**

The Grantley Adams International Airport (GAIA) is the 9<sup>th</sup> busiest airport in the Caribbean, and has direct services to the U.S., Canada, Brazil and Europe. It is a mayor getaway to the Eastern Caribbean, a second hub for the airline LIAT and the headquarters of the charter carrier Executive Air Limited, providing charter services to any Eastern Caribbean destination. The airport is also an important air-link for cruise lines departing from and arriving in Barbados.

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However, according to an analysis on airport capacity and quality of service, GAIA requires a series of actions for guaranteeing the development of the sector, and supporting the diversification of origin markets and increase of tourism to the island. The actions identified in the TMP and the airport development plans for improving the visitor experience and capacity of the airport, considered as part of in this Program are the following:

### **Category 1 from International Air Safety Assessment (IASA) Audit Program GAIA**

The IASA Audit Program determines, mainly by the US Federal Aviation Agency (FAA), if airport security measures in other countries with operation to and from the US comply with the established standards by the International Aviation Civil Organization. This ratifies the capacity of the country to comply with security standards and best practices. Obtaining Category 1 would help attract flights and markets, in particular from the mid and west US and from Europe, and in the medium term develop a local airline. Having Category 1 would make Barbados appear as a safer destination overseas increasing the number of visitors especially from developed countries. The category implies an improvement and development of the airports management, maintenance, navigation, customer services, and requires an update and implementation of security, customs and immigration trainings. At the moment, the MTIT, in coordination with the Department of Civil Aviation, is working on proposal for obtaining the certification, being the first step hiring an assessment on the topic, for preparing an action plan and budget, before proceeding to implementation in the GAIA.

### **Barbados as a Regional Hub**

This component of the TMP is oriented on the development of an effective strategy for promoting a sustainable expansion of regional tourism, having Barbados as the main air hub for the existing airlines, and other new ones that may appear in the medium term, giving the competitive geographic advantage in relation to markets located in South America. In such scenario, a considerable number of passengers would use the GAIA, promoting stopovers in the island. Although this strategy would involve coordination and joint actions between Barbados and the rest of CARICOM, including a revision of the airlift regulatory framework and private sector investment, there are additional activities related to the airport infrastructure required to guarantee quality service for passengers and promoting interregional tourism. Under this framework, MTIT is working on a plan for improving airport facilities, signage, food services and attractions in the sector serving regional flights, as well as improving management systems to avoid delays in immigration, customs and boarding process during peak hours of departure and arrivals.

#### **(iii) Sea transportation – Port Master Plan**

Regarding sea transportation, one of the main planning instruments is the Port Master Plan, developed in 2011, which considers in detail actions for a ten year period in the Barbados Port. Among the components of the Program the execution of some of the activities prioritized in this Plan have been included. This is the case of the expansion of Berth 5, rehabilitation of Berth 4, improvement of the tourist experience arriving in cruises, including reorganization and beautification of the area, improving ground transportation (construction of roundabouts, signage, pedestrian crossings, etc.).

#### **(iv) Tourism statistics - expenditure**

One of the opportunities of improvement for decision making and implementation of the tourism sector strategy identified is strengthening the gathering of statistics and data related to the average expenditure per visitor. At the moment, information is obtained with exit polls by the Caribbean

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Tourism Organization (CTO), with low reliability, since it depends on the tourist willingness to answer. An alternative is being prepared by the MTIT, in coordination with various entities: establishing satellite accounts for tourists in order to track spending specifically by group or family, the effective dates stayed, differentiating by origin markets, type of expenditure, etc. This will allow the focalization of the marketing strategy by origin markets and the adaptation of available attractions according to real demand.

### C. Cost and financing

The amount of the SWAP loan is up to US\$ 35 million, destined to the activities described above, under the strategic lines of the Tourism Master Plan 2014-2023.

The tentative disbursement schedule is as follows in US\$ million:

<b>IV Quarter 2015</b>	<b>I Semester 2016</b>	<b>TOTAL</b>
25	10	35
71,4%	28,6%	100%