



# HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

## **BARBADOS**

Public Investment Management Assessment –  
PIMA and Climate PIMA

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**High-Level Summary Technical Assistance Report**  
Fiscal Affairs Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

**ABSTRACT:** An IMF team conducted a Public Investment Management Assessment (PIMA) and Climate PIMA in Barbados. The country is recognized as a global leader on climate issues and has various initiatives underway to strengthen climate resilience. The climate agenda is not yet adequately integrated in PIM practices, specifically in project appraisal, selection, maintenance and procurement

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## Background

Barbados is highly susceptible to natural disasters—specifically hurricanes, rising sea levels and temperature changes associated with climate change. While hurricanes are infrequent, Barbados is nevertheless exposed to storm surges and heavy rainfall which can lead to flooding, infrastructure damage, beach erosion and water-logged farmlands. Barbados has implemented climate adaptation programs to conserve water, rehabilitate ecosystems and build resilience through projects financed by the Inter-American Development Bank (IDB). Mitigation policies are focused on achieving 100 percent renewable energy generation by 2030. However stronger mechanisms are required to coordinate climate initiatives spread across different agencies and ministries as well as to establish a database of past disasters to inform natural disaster analysis.

The Barbadian economy has recovered strongly, and tourism has rebounded to 80 percent of pre-pandemic levels. Real GDP growth is expected to recover to pre pandemic levels later in 2024, driven by a climate resilient public investment program aimed at boosting competitiveness and unlocking growth potential. However, there is a need to improve coordination between investment planning, budget allocations and SOE oversight to support the growth strategy. In addition, the public investment management unit in Ministry of Finance Economic Affairs and Investment (MFEI) requires further support to strengthen project appraisal and justify project selection. Procurement reforms are underway and will mature over the medium term. In order to develop resilient growth strategies, the authorities are focusing on various actions to green the economy. One action includes a green Climate Fund to support resilient housing, renewable energy, green transportation and water conservation. A water re-use Bill has been adopted to address water scarcity. A debt for nature swap is intended to support projects enhancing marine protection and a Blue Green Bank will Finance various climate-related projects.

## Summary of Findings

Barbados has an ambitious, high-profile, climate change agenda which is not well integrated into existing public investment practices and therefore at risk of not being executed as planned. Climate adaptation needs are high but costly and there is limited fiscal space due to high but declining debt levels. The underlying institutions for public investment are weak across all phases and there is no overarching plan to guide public investment management (PIM). There are no guidelines or frameworks to support project appraisal, maintenance funding, project selection and project management; these should be prioritized. Climate related initiatives, including government's flagship Roofs to Reefs program, needs to be closely integrated with existing public investment processes to strengthen underlying systems and execution of all public investment projects.

## Summary of Recommendations

Ten priority findings and recommendations are included here.

1- Given the fragmentation between the Public Investment Unit (PIU) and budget section in MFEI, coordination should be strengthened across all agencies including the climate unit in the Prime Minister office and Ministry for Environment. The Public Sector Investment Plan is a combination of projects under implementation and a wish list of projects not yet fully appraised. There is no transparent publication of the multi-year cost of projects which have been approved for funding.

- 2- Total project costs should be included in budget documents. Capacity for appraisal, procurement and asset management are weak—and should be addressed to strengthen the evaluation of domestically funded projects.
- 3- The PIU staff needs to develop a “gateway” function supported by project appraisal guidelines and standard project selection criteria to support Cabinet’s funding decisions. Transfers to SOEs continue to grow without adequate scrutiny of their investment programs.
- 4- The Management Accounting Unit needs to strengthen its oversight of SOE investments and continue the rationalization of SOEs.
5. Over the medium term, MFEI needs to adopt a strategic approach to asset management and determine methodologies and costing standards for maintenance.
6. Improved portfolio management should be considered to avoid cost overruns and delays in project implementation.
7. Government is considering various Public Private Partnerships (PPPs) to implement climate resilient projects. These PPP agreements should be underpinned by a regulatory framework in support of the new Procurement Act.
8. To address the gaps across all phases of public investment, a critical skills analysis should be undertaken, and training needs identified to benefit all government agencies.
9. Coordination should be strengthened through information sharing across government.
10. The digital public investment repository supported by the IDB should go a long way in addressing information sharing, project monitoring and transparency gaps and should be prioritized.