Government of Saint Lucia

Department of Tourism, Information and Broadcasting

OECS REGIONAL TOURISM COMPETITIVENESS PROJECT

TERMS OF REFERENCE FOR
CONSULTANCY TO DEVELOP A MANUAL FOR GAP FINANCING FOR THE OPERATION OF FERRIES
1 Background

Tourism is by any measure the single most significant economic sector in the Organization of the Eastern Caribbean States (OECS). However, despite the apparent demand by international visitors for multi-destination tourism\(^1\) in the Eastern Caribbean, travel by ferry between the countries have has been relatively limited. This is mainly due to the lack of an efficient, sustainable ferry service connecting the OECS islands.

Accordingly, in an effort to increase revenues from Tourism the Governments of Saint Lucia, Grenada and Saint Vincent and the Grenadines have secured financing from the World Bank towards the implementation of the OECS Regional Tourism Competitiveness Project (ORTCP). The Project aims to (i) facilitate the movement of tourists within the participating countries using ferries; (ii) improve selected touristic sites; and (iii) strengthen implementation capacity for regional tourism market development in the participating countries.

In respect of the objective aimed at facilitating increased movement of persons in the OECS, in light of the demand for multi-destination tourism by visitors, the ORTCP is designed to develop a pilot ferry corridor to connect the islands of Saint Lucia, Grenada and Saint Vincent and the Grenadines. However, providing reliable ferry services in the region has proven to be quite risky, particularly in the short-term, due largely to high capital investments and slow market penetration. This would most likely require ferry operators to incur significant losses in the initial years of operations. This serves as a disincentive inhibiting new potential entrants into the market. Therefore, the adoption of a Public-Private Partnership (PPP) arrangement is highly recommended to mitigate the possible risks and improve the likelihood of sustainable ferry services.

In order to mitigate the potential risks for prospective ferry entrants, the ORTCP has allocated funds for a subsidization program that functions as a PPP between ferry operators and governments of the participating countries. This will be implemented via a reverse auction scheme for which the processes, procedures, and eligibility criteria will be delineated in a Manual to be developed under this consultancy.

\(^1\) Barbet-Gros, Julie; Samuel, Brian; Shahidsaless, Rachel; Thu Tran, Trang. 2015. Driving Tourism in the Eastern Caribbean: The Case for a Regional Ferry. World Bank, Washington, DC. © World Bank.
2 Objective of Assignment

The objective of this assignment is to develop a Manual designed to delineate the operations of the reverse auction process for execution of the Gap Financing Program, aimed at piloting of ferry operations in the Eastern Caribbean (Saint Lucia, Grenada, and Saint Vincent & the Grenadines).

The operationalization of the Gap Financing Program will be principally based on a reverse auction process. A reverse auction will require ferry operators to bid for the provision of ferry services, based on specified criteria. The price/cost of service will typically decrease as the operators underbid each other; and the ferry operator with the lowest bid proposal is selected. It is of critical importance that the Gap Financing Program adheres to the following principles:

- The program must be transparent;
- The subsidy must have a finite life – it is envisioned to support the operators in exploring the potential for sustainable ferry services in the participating countries;
- The disbursement amount must have a maximum limit;
- The operator must assume some level of risk.

3 Specific Scope of Services

The Consultant would be expected to complete the following tasks, inter alia:

a) Review all documents relevant to Gap Financing in general, and the proposed Gap Financing Program, in particular

- Review project and other relevant documents\(^2\) for an understanding of the following:
  i. Background on gap financing for ferry operators as part of the regional integration process;
  ii. The demand for multi-destination travel and specifically for travel by ferry in the Easter Caribbean region;
  iii. Costs and services associated with ferry travel in the OECS region;
  iv. Investor interest in ferry operations in the OECS region;
  v. The number and nature of ferry operators in the OECS region;
  vi. Incentives to be provided by the Government and other agencies;

\(^2\) Documents include: (1) 2015 Study on ‘Driving Tourism in The Eastern Caribbean: The Case for a Regional Ferry” by: Julie Barbet-Gros, Brian Samuel, Rachel (Raha) Shahidaless, and Trang Thu Tran (World Bank Group); (2) ORTCP – Project Appraisal Document(PAD)
vii. The proposed scope of works for improvements to port facilities;
viii. Competitive effects of a regional ferry system: Maritime-based Travel vis-à-vis Air Travel;
ix. Challenges inimical to ferry operations in the OECS region; and
x. The proposed budget for the Gap Financing Program;
xii. Audit of gap financing programs used to operationalize ferry operations in other regions of the world; and

b) Develop a Manual for Executing the Reverse Auction for the Gap Financing Program

- Develop a Manual for executing the reverse auction for the Gap Financing Program which will be used as a guide for the appraisal, approval, disbursement and administration of Gap Financing availability payments. The Manual should comprise but not necessarily be limited to:
  i. An overview of the proposed Gap Financing Program delineating the background, objectives, benefits, target operators, scope of/delimitations for operations etc.;
  ii. Technical parameters for a ferry service/operations including: ferry size, passenger capacity, crew, speed, comfort, safety etc.
  iii. The processes and procedures for the reverse auction;
  iv. The criteria and process for selection of beneficiaries of availability payments;
  v. A list of eligible and ineligible activities that will be considered as part of the Gap Financing Program (if appropriate)
  vi. General conditions for gap financing requirements;
  vii. The reverse auction process and the eligibility criteria for selected ferry operator(s)
  viii. Clearly defined principles guiding the reverse auction process
  ix. Detailed implementation arrangements and procedures (including the relevant forms) for review, selection, approval, management, supervision, monitoring and evaluation of the respective gap financing arrangements;
  x. Clear details on the process for the transfer of funds to the respective Beneficiary of the gap financing;
  xi. Procedures for procurement and financial management including the procurement and financial management responsibilities of the respective Beneficiaries;
  xii. The design of project thresholds and matching funds
percentages, along with the obligation of the respective Beneficiary to contribute, in cash and/or in-kind, a minimum percentage of the projected gap financing cost as specified in the Manual;

xiii. The rights, responsibilities and obligations of the beneficiaries; and

xiv. The rights, responsibilities and obligations of the Reverse Auction and/or Project Manager to ensure transparency and efficiency.

c) **Develop template (forms, agreements, instruments) to be completed by availability payment recipient/s**

- Solicit legal assistance to develop a Gap Financing Agreement which will be used to contractually bind recipients of availability payments;
- Develop a Gap Financing application form which should be completed to determine eligibility and approval for availability payments;
- Develop mechanisms to be used for monitoring and reporting on the implementation of the Gap Financing Program;
- Develop a template for evaluation of proposals received from interested ferry operators; and
- Include the templates in the manual.

d) **Develop the Terms of References (TORs) for an implementing agent (reverse auction manager/coordinator/administrator) to implement the actual process of the reverse auction**

- The Consultant shall prepare the TORs for the consultant involved in the actual implementation.

4 **Duration**

This consultancy will commence on June 1st, 2018 and is expected to be executed over a 4-month period.

5 **Deliverables**

The Consultant will be monitored to ensure continuous commitment to fulfilling responsibilities outlined in the Scope of Services. As deliverables, the Consultant shall prepare the following:

- Deliverable 1: Inception Report
Within two weeks after the inception meeting the Consultant shall submit an Inception Report which will include a detailed work plan; a list of public and private stakeholders to be consulted; and a list of studies/documents to be reviewed. The work plan should clearly delineate the activities to be undertaken, their corresponding timelines, and the number and nature of trips/missions required to successfully execute the project; The report will be reviewed by the Project Team. The Client will take five working days to provide final approval of the inception report to the Consultant.

- **Deliverable 2: Draft Manual**
  Within 8 weeks after engagement, the Consultant will submit a draft of the Manual which will include all information outlined in the Scope of Works (Section 3c above). The draft manual will be reviewed by the Project Manager and the Tourism Competitiveness Project Steering Committee (TCPSC). The Client will take five days to provide feedback and comments to the consultant.

- **Deliverable 3: Terms of References for the implementing consultant**
  The Consultant will append draft ToRs for the reverse auction administrator/manager, who will be responsible for executing the reverse auction process and administering the disbursement of availability payments, to the Draft Manual. The ToRs will also be reviewed by the Client who will furnish feedback along with Draft Manual.

- **Deliverable 4: Final Manual**
  Three weeks after receiving feedback from the Project Manager, the Consultant will deliver the final draft of the Manual to the Project Manager for final sign-off. The Consultant will append draft ToRs for the reverse auction administrator/manager to the Final Manual.

The Consultant will submit reports with copies of evaluation forms, questionnaires, and minutes of meetings and consultations. All manuals and agreements shall be submitted in English on electronic and print media. The Client will review and provide feedback on all reports received.

**All reports and documents prepared for this assignment are the property of the Governments of Saint Lucia, Grenada and Saint Vincent and the Grenadines.**
6 Terms and Conditions

Client’s Responsibility

As the Implementing Agency, the Department of Tourism, Information & Broadcasting (Saint Lucia) will:

- Facilitate the provision of conference room facilities and equipment when required to undertake activities relevant to the assignment;
- Provide access to computing and photocopying equipment;
- Provide other back office support as needed;
- Make relevant project documents available to the consultant;
- Facilitate the consultant by making available existing relevant information and data to assist in the timely completion of the various stages of the assignment;
- Ensure timely review of the reports submitted by the consultant and within the stipulated duration stated in the ToRs; and
- Initiate the consultation and co-operation of other agencies required to provide support to the consultant for realization of the relevant aspects of the assignment.

Consultant’s Responsibility:

- Collection of all data, and information to assist in the timely completion of the assignment;
- Personal computer, accommodation and transportation;
- Execution of relevant services in accordance with the laws, customs and practices in Saint Lucia Saint Vincent and the Grenadines and Grenada;
- Presentation of the various operating manuals, templates and agreements to be used as guiding documents in the execution of duties for review; and
- Timely Communication of obstacles or bottlenecks that may impede or otherwise negatively affect the ability of the Consultant to execute duties as expected.

7 Qualifications and Experience Requirements

Minimum required education and experience
- At least a Master’s Degree in Finance, Business Management, Business Administration, Economics, or related field;
- A minimum of five (5) years’ experience in developing Public-Private Partnerships (PPPs) and/or engaging in PPP transactions; and
- Experience in maritime transport and/or tourism-related projects;

Knowledge, Skills, and Abilities Requirements

Additional knowledge, skills and abilities that will be required of successful candidates include:
- Ability to interact with stakeholders tactfully, courteously and diplomatically;
- Knowledge of ferry operations/maritime-based travel operations in the region is preferred;
- Knowledge of PPPs and reverse auctions;
- Ability to communicate effectively in written and oral formats and to prepare reports; and
- Must be of high integrity, transparent, and accountable.