Cooperation for Port Development

Krista Lucenti, Portfolio Coordinator, Caribbean and Peru, Integration and Trade Sector, IDB

IDB Group

IDB provides loans, grants, and technical assistance to Governments as well as undertaking research. The Bank's current focus areas include food security, poverty and inequality, health and education; climate change mitigation and adaptation; and sustainable digital and physical infrastructure, with emphasis on regional integration.

IDB Lab is the innovation laboratory of the IDB Group. Lab mobilizes financing, knowledge, and connections to catalyze innovation for inclusion in Latin America and the Caribbean.

IDB Invest is committed to the same development challenges, but the focus is on the private sector. Invest finances projects to advance clean energy, modernize agriculture, strengthen transportation systems and expand access to financing.

Integration and Trade Sector

The Integration and Trade Sector supports the 26 borrowing member countries of the IDB Group through technical support and financing, currently financing operations worth US$2.3 billion. We work through four areas of action.

Trade Facilitation and Logistics

Export Promotion and Investment Attraction

Agreements and Institutions for Integration and Trade

Business Forums and Networks

How is the maritime sector performing in LAC?

- Many LAC ports remain **pure cargo-handling centres,** without a holistic vision of their role as critical nodes in global supply chains. Those that do are operated by global operators.

- Most countries have implemented **trade single windows, but few are connected to other international trade/transport management systems** (Customs' systems, TOS, Maritime SW).

- **Limited adoption of green technologies**; primarily investment in energy efficiency (BH).

- **Smart Port solutions are embryonic in LAC**: few have PCS (CH, JA) or are developing them (TT, PE, AR). Private terminal modernization has outpaced public ones, and many are still using paper.

- **Countries have limited capital to invest in infrastructure**: digitalization of processes can generate benefits given the high cost of automating infrastructure and operations.

- Port governance remains centralized and highly bureaucratic, with significant variation within the region on the scope of the **mandate and function of the Port Authority** (e.g., "terminalization")

- There is still **weak cooperation between institutions involved in trade** and **limited trust.**

- **Port-city relationships remain adversarial** as lack of space and increased cargo volumes put pressure on urban infrastructure and decrease quality of life in these areas.

- Most ports in LAC countries lack human capital and appropriate training institutions to meet the

Smart Port implementation – Change is coming

- ❖ Heightened interest in Smart Port solutions to **retain direct calls and reduce operating costs**.

- ❖ Countries interested in tapping into friendshoring trends understand that **port investment is a necessary condition for being competitive in these global value chains.**

- ❖ Governments are seeking digital and infrastructure investments to **improve land optimization and better mitigate climate change risks**.

## But financial and institutional challenges may restrict growth

- ❖ **Limited technical capacity in Port Authorities** for designing and implementing tech solutions.

- ❖ **Scarce financial resources** available for investment, particularly in public ports and those with Port Authorities with limited independent revenue sources.

- ❖ For some solutions, e.g. PCS, there are **few firms offering services**. Implementation cost exceeds the revenue-generating potential of the solution and requires government subsidies.

- ❖ Weak Port Communities with all relevant actors adopting an "**my system is all I need**" approach.

- ❖ Perspective that technology will provide efficiencies rather than **institutional reform**.

IDB Port Development Projects

Port Community Systems
Peru, Trinidad and Tobago, Suriname and Argentina

- Port Community System is a **neutral and open electronic platform that optimizes, manages and automates smooth port and logistics processes** through a single submission of data, enabling intelligent and secure exchange of information between public and private stakeholders.
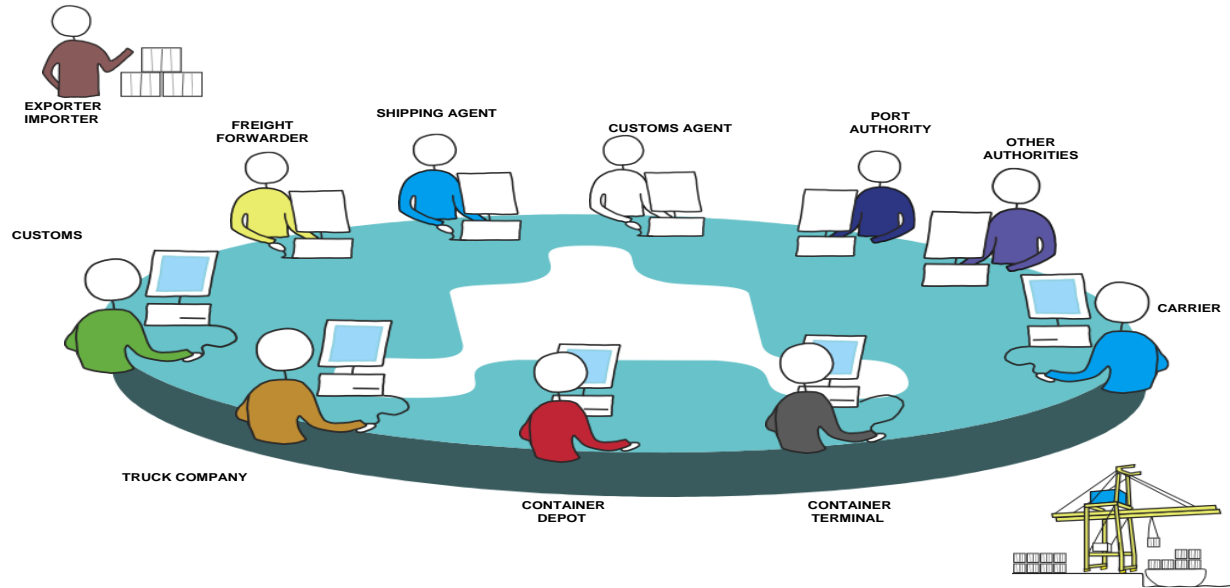
*IDB financing for PCS systems, as well as readiness assessments and community building (TC)


Financial savings associated with the corresponding time savings (IDB Research 2021)

Country / Port	PCS	Savings
The Netherlands	Portbase	US$ 59 mm/year
Dubai	Dubai Trade	US$ 6 mm/year
Jamaica	Jamaica PCS	US$ 13 mm/year
Singapore	Portnet	US$ 80 mm/3 years

Caribbean Regional Maritime Single Window
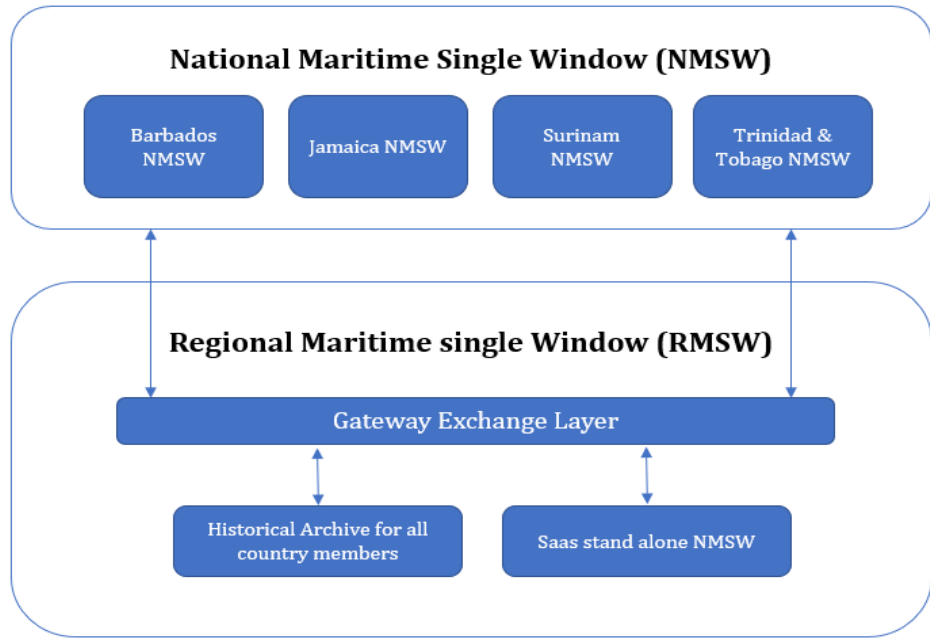
- MSW allows a **single point of entry for the submission of documents between vessels and maritime authorities**, including the arrival, stay and departure of ships, people and cargo

- The RMSW extends the MSW principles and processes to supra-national or regional level

- This architecture is limited to the electronic submission and exchange of the **standardized and harmonized ship reporting formalities** as prescribed FAL46

- Scope can be extended to accommodate 'non-conventional' ships, or other services to facilitate trade nationally

- **Through loans and TCs, we are financing the implementation of MSW** in several countries, as well as **port call optimization systems**
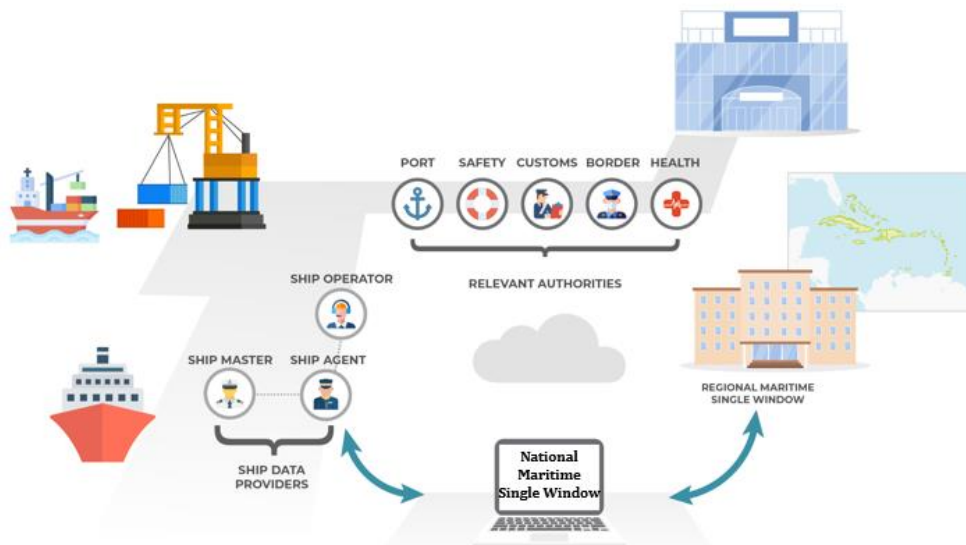
Piloting Green and Digital Maritime Corridors in LAC

- Green & Digital Shipping Corridor was established in August 2022 to bring together partners across the supply chain to realize **zero and near-zero emissions shipping** on the Rotterdam-Singapore route, with the aim to reach net-zero emissions in 2050.

- Ports agreed to adopt and **share port and vessel information** such as arrival and departure timing using international standards, to enable interoperability.

- Both ports promoting the **use of electronic bills of lading, exchange of certificates of origin and SPS certificates**, as well as digital solutions such as **JIT planning** and coordination to **enhance efficiencies and reduce GHG emissions**.

- In LAC, **data collaboration between hubs and spokes on advanced vessel and cargo information** to enable **preclearance** would revolutionize service management, e.g., Jamaica (hub), Barbados (spoke). Moreover, this would provide efficient operations at the Kingston port terminal, benefiting shippers by **coordinating feeder vessels and synchronizing schedules**, thus saving on equipment and emissions.

- In **Chile and Peru, the interoperability of MSWs** can provide port clearance data and data on actual time of departure, required berth size, vessel draft, ETA and ETD.

Other port development initiatives in the Bank

Project	Financing Modality
Structuring of PPPs for terminal operations (Trinidad and Tobago) or securing private investment for port expansion (Barbados)	Non-reimbursable TC and contingent recovery through concession
Support for the development of public policy frameworks to enhance investments in sustainable transportation (Regional)	Non-reimbursable TC
Generation of better data for transport systems (Regional)	Non-reimbursable TC
Trade Facilitation and Port Operation Modernization Program in El Salvador	Sovereign-guaranteed loan, non-reimbursable TC
Support for the updating of Port and Maritime Policies (Peru); Port Master Plans (Honduras)	Non-reimbursable or reimbursable TC
Institutional Strengthening (Guyana)	Non-reimbursable TC

Future Areas of Work

- Inclusion of **airports and other transport nodes in PCS** (port refers to "port of entry")
- **Smart Airports!** New TC for Costa Rica focusing on improving logistics and trade facilitation in airports for e-commerce and agricultural goods.
- **Port Innovation Ecosystems – incubators and accelerators to support port start-ups** (e.g. app development for sector). E.g. Pier71 (Singapore), PortXL (Rotterdam), DeltaX (Cartagena). See new IDB Publication!
- Risk management systems for ports, airports – not just Customs!
- **Green Ports/Green Logistics**
- Coordinated Border Management for all ports of entry

Ports need to become more service-oriented

Ports have both the challenge and opportunity to adapt their services to improve their competitiveness by:

- ❑ **Improving port efficiency**, regional planning

- ❑ **Adopting technology** platforms to provide greater supply chain visibility and security

- ❑ **Harvesting data** for business intelligence and data-driven policymaking

- ❑ **Investing in People** ...upskilling, reskilling...to meet the demands of Industry 4.0.

- ❑ **Adopting Smart Governance** practices (decentralization, collaboration, security, innovation, transparency)

Technology alone will not create a Smart Port Community

- ❑ Adopt robust **proactive and reactive cybersecurity** policies
- ❑ **Improve port governance** together with technology adoption
- ❑ **Update port legislation, maritime policies and regulatory framework** for technology infrastructure and innovation
- ❑ **Cultural change** needed in port communities: cooperation and collaboration between port actors, public and private, as well as port to port, in order to accrue benefits

Thank you!

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