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Report No: 35428

IMPLEMENTATION COMPLETION REPORT
(IDA-36130 FSLT-71030)

ON A

LOAN/CREDIT

IN THE AMOUNT OF US\$3.2 MILLION
(US\$0.96 MILLION LOAN & SDR 1.9 MILLION CREDIT)

TO

ST. VINCENT AND THE GRENADINES

FOR AN

EMERGENCY RECOVERY PROJECT

June 9, 2006

**Finance, Private Sector and Infrastructure Department
Caribbean Country Management Unit
Latin America and the Caribbean Region**

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 15, 2006)

Currency Unit = Eastern Caribbean Dollar (EC)
(EC) Dollars 2.70 = US\$ 1
US\$ 1 = Dollars (EC) 2.70

FISCAL YEAR

January 1 to December 31

ABBREVIATIONS AND ACRONYMS

CAS	Country Assistance Strategy
CARICOM	Caribbean Community
CCTV	Closed Circuit Television
CMU	Country Management Unit
DCA	Directorate of Civil Aviation
FMR	Financial Management Report
ERP	Emergency Recovery Project
EU	European Union
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IDA	International Development Association
IMO	International Maritime Organization
ISPS	International Ship and Port Security
OECS	Organization of Eastern Caribbean States
PCU	Project Coordination Unit
SOE	Statement of Expenditures
TSA	Transportation Security Agency

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**ST. VINCENT AND THE GRENADINES
Emergency Recovery Project**

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<i>Project ID:</i> P076822	<i>Project Name:</i> St Vincent Emergency Recovery Project
<i>Team Leader:</i> Francis Ghesquiere	<i>TL Unit:</i> LCSFU
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> June 9, 2006

1. Project Data

Name: St Vincent Emergency Recovery Project *L/C/TF Number:* IDA-36130; FSLT-71030
Country/Department: ST. VINCENT AND THE GRENADINES *Region:* Latin America and the Caribbean Region

Sector/subsector: Ports, waterways and shipping (100%)
Theme: Infrastructure services for private sector development (P); Debt management and fiscal sustainability (P); Macroeconomic management (P)

KEY DATES	<i>Original</i>	<i>Revised/Actual</i>
<i>PCD:</i> 11/27/2001	<i>Effective:</i> 07/10/2002	07/10/2002
<i>Appraisal:</i> 01/17/2002	<i>MTR:</i> 02/25/2004	02/25/2004
<i>Approval:</i> 03/07/2002	<i>Closing:</i> 06/30/2005	12/31/2005

Borrower/Implementing Agency: GOVERNMENT OF ST. VINCENT AND THE GRENAD/MINISTRY OF FINANCE AND PLANNING

Other Partners:

STAFF	Current	At Appraisal
<i>Vice President:</i>	Pamela Cox	David de Ferranti
<i>Country Director:</i>	Caroline D. Anstey	Orsalia Kalantzopoulos
<i>Sector Manager:</i>	John Henry Stein	Maria Emilia Freire
<i>Team Leader at ICR:</i>	Francis Ghesquiere	Arnaud Guinard
<i>ICR Primary Author:</i>	Marc Forni	

2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

Outcome: S
Sustainability: L
Institutional Development Impact: M
Bank Performance: S
Borrower Performance: S

Quality at Entry: S QAG (if available) ICR
Project at Risk at Any Time: No S

3. Assessment of Development Objective and Design, and of Quality at Entry

3.1 Original Objective:

The original objectives of the project were to: (i) help safeguard and maintain the productive capacity of St. Vincent and the Grenadines's tourism sector, notably by securing the industry's energy needs in the aftermath of the September 11, 2001 events; (ii) enhance security at key airport and seaport facilities in line with international standards, with the aim of preventing further acts of terrorism and safeguarding the sub-region's image as a safe tourism destination; and (iii) strengthen the country's institutional capacity to develop and implement security plans, procedures and measures as mandated by the international civil aviation and maritime transport regulatory agencies.

The St. Vincent and the Grenadines Emergency Recovery Project (ERP) is part of a five country emergency recovery program. Other countries of the Organization of Eastern Caribbean States (OECS), including Dominica, St. Kitts and Nevis, St. Lucia and Grenada took part in the program. Project documentation for the program comprises one Memorandum of the President and one Technical Annex (in accordance to BP/OP 8.50 procedures) for the five participating countries.

While the project was designed to take advantage of "economies of scale" from enhanced regional coordination, it was also formulated so as to build country implementation capacity. Thus, appreciating the requirement to address individual country needs, the Bank focused its lending efforts on selective interventions that also included strong regional synergies. A common framework for all OECS countries was developed for project preparation. In addition, training and technical assistance were delivered through sub-region-wide arrangements. This structure helped promote greater sub-regional cooperation, while also making full use of country implementation capacity in each project coordination unit.

The objectives of the project were clearly stated. They aimed to support the sub-region-wide recovery program to reestablish and secure the productive capacity of the OECS countries' tourism sector following 9/11. The objectives were responsive to the Borrower's concerns, based on limited previous knowledge of the ramifications of such a terrorist event. The project was designed to support the overall June 4, 2001 Country Assistance Strategy (CAS) objectives to reduce poverty through human and institutional development. It supported the creation of conditions for more rapid recovery and medium-term growth potential in tourism by directly assisting in the mitigation of income vulnerability and insecurity. It also developed institutional capacity to ensure greater security in the island's critical air and sea transport linkages.

3.2 Revised Objective:

The objectives were not revised.

3.3 Original Components:

The project consisted of the three components listed below:

Critical Imports (US\$1,200,000 or 35 percent of the total project costs) to finance solely low-sulfur diesel fuel for electricity generation, which is critical to the maintenance of economic activity in the tourism industry because it ensures that energy-intensive tourism facilities are kept operational during the recovery period.

Airport and Seaport Security Enhancement (US\$2,050,000 or 59 percent of total project costs): (a) civil works to upgrade perimeter fencing and roadway, and improve access to key facilities, (b) security equipment, including communication, passenger and luggage screening, identification (badge) and surveillance systems, and (c) institutional capacity-building, including technical assistance and training to develop and implement security programs, emergency and contingency plans at airports and seaports.

Implementation Support (US\$230,000 or 6 percent of total project costs) to assist the borrower in meeting its project management obligations through the strengthening of an existing Project Coordination Unit (PCU).

The original components were structured to meet the project objectives. The largest allocation of funds was made for enhancing security at airports and seaports which was a key focus of the project.

3.4 Revised Components:

The project components were not revised.

3.5 Quality at Entry:

Quality at entry is rated as satisfactory.

The St. Vincent and the Grenadines Emergency Recovery Project was prepared as one project, as part of a regional security-enhancement program incorporating five nations in the OECS. Each project shared the same objectives and structure. A QAG panel reviewed the quality at entry of the Dominica ERP (and in effect the five country program) on June 6, 2002 and found it to be satisfactory.

It was difficult to predict the unique affects of the 9/11 terrorist attack on the OECS region. In response to this potential variability, project objectives were broadly defined and components flexibly structured to adapt and evolve in response to country needs and changing security requirements.

As very limited expertise on transportation security existed within the Bank, the project design relied heavily on a detailed assessment carried out by a renowned consulting firm specialized in air and maritime transport security issues. Key to project success was the establishment of a cohesive capacity building program at the sub-regional level. The OECS Directorate of Civil Aviation (DCA) was therefore involved early on in the project - recognizing that no similar institutional set up existed for the maritime transport sector.

During project preparation, the option of hiring a procurement agent to handle procurement of security equipment on behalf of all islands was considered to facilitate standardization of specifications, packaging and procurement of equipment. In the end, the project relied on strengthening an existing Project Coordination Unit (PCU) to manage procurement, in line with the Borrower's desire to build on existing institutional capacity.

4. Achievement of Objective and Outputs

4.1 Outcome/achievement of objective:

Overall, the outcome of the project is rated satisfactory.

The first objective, safeguarding and maintaining the productive capacity of the country's tourism sector, was **fully met** immediately after the loan and credit became effective through the disbursement of critical imports (fuel oil for energy needs). This helped St. Vincent and the Grenadines meet its energy needs in the aftermath of the September 11th events in spite of tourism revenue losses.

The second objective, enhancing security at key airport and seaport facilities in line with international standards, has been **fully achieved** with the bulk of civil works completed and equipment installed and in use. The E.T. Joshua airport certification process has been carried out by the DCA on behalf of International Civil Aviation Organization (ICAO), and the International Ship and Port Security (ISPS) certification process for the main port of Kingston have been completed. All facilities currently meet all international security standards.

The final objective, strengthening the country's institutional capacity was **fully met** with all training activities successfully completed, regulatory studies prepared for Government's approval and enactment of related legislation. In addition, an airport safety management study, which was not initially included under the project, has been prepared.

4.2 Outputs by components:

Critical Imports (Appraisal US\$ 1.20 million/Actual US\$ 1.20 million)

The critical imports component is rated highly satisfactory.

The financing and disbursement of critical imports (fuel oil for energy needs) was made immediately after the loan and credit became effective. This helped St. Vincent and the Grenadines meet its energy needs in the aftermath of the September 11th events and dampen the subsequent loss of tourism revenues.

Security Enhancement at Ports and Airports (Appraisal US\$ 2.06 million/Actual US\$ 2.27 million)

The security enhancement component is rated satisfactory.

Physical Improvement:

The construction of the perimeter fencing and the roadway at E.T. Joshua airport has been completed in compliance with ICAO standards. This includes additional repairs made on the beach side of the fence after damage caused by Hurricane Ivan in September 2004. A new checked baggage area has also been erected.

Security Equipment:

With the exception of the security sniffers, all security equipment originally included in the project has been procured, installed, and is in use at both port and airport facilities. The sniffers were canceled due to their high price and low level of reliability. With project savings, an additional 12 handheld communication units were purchased toward the end of the project. All security enhancement equipment purchased under the project can be found under the Output Indicators of Annex 1.

The installation of Closed Circuit Television (CCTV) systems at the port and airport were delayed during project implementation. Delays related to pending plans for new terminal construction financed by a Kuwaiti Government Grant that has not yet materialized, and also, due to difficulties in finalizing specifications resulting from insufficiently detailed designs. The procurement of CCTV equipment was delayed and it cost significantly more than originally planned. To allow the completion of this activity, the project was extended six months, to December 31, 2005. In retrospect, the option of using a single design, supply and installation contract for the CCTV could have resulted in more rapid implementation.

Institutional Capacity Building:

To ensure a coherent approach and consistency of programs, this component was implemented by the DCA on behalf of all participating countries. All modules for executive and operational training have been successfully completed. Train-the-trainer courses were held in December 2003 in Antigua, with one candidate from St. Vincent and the Grenadines having completed the course, and another having required additional training. An Aviation Security Training was held in early April 2004 in St. Vincent. Of the 29 participants, 80 percent passed with distinction, 10 percent passed to completion and 10 percent did not complete the course. At the same time, the participants also attended a Maritime Security Program. Some 66 percent of the participants passed with distinction, 20 percent passed to completion and 14 percent did not complete the course.

A comprehensive Regulatory Review for Enhanced Security covering both the civil aviation and maritime sectors in St. Vincent and the Grenadines has been completed. This has helped the authorities take a full account of the ICAO and International Maritime Organization (IMO) requirements and identify potential deficiencies and areas for improvement. A draft National Transportation Security Plan has also been developed for St. Vincent and the Grenadines, as well as a Port Security Plan. Both plans have been reviewed by the respective competent authorities and are awaiting legislative approval.

Following the Bank's mid-term in-depth technical review, the Government agreed to use part of the project savings to finance an airport management study. The authorities are currently reviewing the conclusions and recommendations of this additional study.

Project Management (Appraisal US\$ 0.23 million/Actual US\$ 0.09 million)

The project management component is rated satisfactory.

The Project Coordination Unit was staffed with a Project Coordinator, a Procurement Officer, a Project Accountant, and an Administrative Assistant. As the PCU also handled two other Bank-financed projects, some office equipment and furniture was provided to facilitate its operations. The project also financed the services of an independent auditing firm.

4.3 Net Present Value/Economic rate of return:

It was not possible to calculate economic rates of return for this type of project.

4.4 Financial rate of return:

It was not possible to calculate financial rates of return for this type of project.

4.5 Institutional development impact:

Tourist arrivals, in particular cruises, have gradually picked up in St. Vincent since 2002. Greater stability (no major terrorist attack in the USA since the September 11th events) and the diversion of tourism to destinations closer to the USA (i.e. the Caribbean) because of the Iraq war may well explain this trend. In any event, improved confidence in the security at the country's key airport and seaport facilities brought in by the project is an important contributing factor to this positive development.

At project completion, airport security in St. Vincent has improved. The security force has been upgraded to 28 security officers, two out of three supervisors have been hired, and an Airport Security Manager has been recruited. Airport management is committed to maintain ICAO security standards. This includes better guarding and monitoring of critical access points within the terminal building. Three out of a total of five air carriers recently surveyed by the DCA have reported improvements in security at the airport, whereas two declined to report any change.

Security at Kingston seaport has also improved. The Port Authority has developed a Port Security Plan and received ISPS certification. Port management has upgraded the security system. It is aware of existing drawbacks, remains fully committed to meeting regulatory requirements, and is seeking further assistance to this end.

At the broader sub-regional level, several positive developments are also worth noting in the context of project implementation. The DCA has recently become responsible for oversight of the OECS countries as the Civil Aviation Authority. A new Civil Aviation Act has been sent out to all OECS countries. The concept of a harmonized aviation regulatory framework for all OECS countries has also been endorsed by ICAO.

Without ICAO endorsement, which was only earned as a result of the project, OECS countries currently would be unable to accept international flights. Without the arrival of these flights, overnight tourism would have suffered tremendous loss. Therefore, the project enabled OECS governments to take advantage of the increase in tourist visits over the past few years, which has had a positive impact on poverty reduction and overall development.

The DCA, as the responsible oversight authority, is supporting its member countries in the drafting of the necessary regulatory framework. Finally, the DCA is considering the establishment of a regional agency similar to the Transportation Security Agency (TSA) in the US. This future objective is being accommodated in the proposed regional security framework.

5. Major Factors Affecting Implementation and Outcome

5.1 Factors outside the control of government or implementing agency:

Transportation sector regulations for air and maritime security changed rapidly in the months following the events of 9/11. International regulations underwent several revisions making it mandatory for countries to implement new standards as they emerged. In some cases, revised or new standards resulted in new demands and/or cost increases which were not originally forecasted under the project. This ever-changing situation made it difficult to implement some of the project components. Policies and legislation continue to evolve, particularly in the maritime sector.

The passage of Hurricane Ivan in September 2004 caused some damages to the airport fence and disrupted project operations. As a result of additional works required and some delays, the closing date was extended by six months.

Regulatory reviews and counterpart funds to conduct sub-regional training (from the institutional capacity-building component under the responsibility of the DCA) were initially delayed due to slow mobilization in Antigua.

5.2 Factors generally subject to government control:

Tighter supervision of the PCU and timely decision-making at critical stages, particularly regarding the airport terminal expansion project, would have resulted in a more effective project implementation.

5.3 Factors generally subject to implementing agency control:

Management turnover and lack of familiarity with Bank procedures and reporting requirements impacted on the quality of overall project coordination and the pace of implementation. These issues subsided with substantial training and close supervision by the Bank team.

5.4 Costs and financing:

The project experienced a few variations in original equipment estimates. Some security equipment was overestimated at the time of appraisal, as it proved difficult to evaluate the cost of such items, given the sudden increase in demand following 9/11. Project savings were used to either finance additional security equipment required (e.g. communication equipment, patrol vehicles and boat) or undertake works because of unforeseen events (e.g. additional repairs to the airport perimeter fencing after Hurricane Ivan).

At project completion, total project costs amount to US\$3.6 million compared to US\$3.8 million at appraisal. Final Bank financing is US\$3.0 million, as originally planned.

6. Sustainability

6.1 Rationale for sustainability rating:

On balance, overall project sustainability is likely.

A unit of the Ministry of Communications, Works and Housing, the Airport Services Division will most likely face a major challenge in obtaining the necessary resources to maintain and operate the new infrastructure and security equipment. Although the Government is committed to ensure that transport security remains a high priority, its ability to support this objective is constrained by limited financial resources. The Port Authority, a statutory corporation of the Government, has more financial autonomy and has made sufficient provision for continued budgetary and institutional support to maintain its investments. Sustainability of infrastructure and security equipment is likely for the seaports but more questionable for the airports.

As the training provided has been quite successful and the proposed regulatory framework has been well prepared to the satisfaction of the authorities, the sustainability of the institutional capacity component is likely. Notwithstanding these achievements, maintaining qualified security staff, who are able to operate and update the various project security systems, is questionable—unless continuous follow-on training programs are implemented. Likewise, the

implementation of recommendations contained in the regulatory assessment reports will require not only strong political commitment from the Government, but also further technical assistance. Parliament's recent approval of the civil aviation act and adoption of the civil aviation code is a positive sign of Government's political will and commitment.

6.2 Transition arrangement to regular operations:

All physical resources have been delivered to and /or installed at the respective entity. All security equipment contracts include a two-year warranty and the provision of adequate spare parts. Where appropriate, personnel have been trained in the use and maintenance of the equipment. Management and operational security personnel have also been trained in the discharge of their security duties, in line with emerging international standards and best practices relevant to their respective operations.

In general, equipment has been put to use immediately upon delivery and commissioning. Security personnel have been able to use the newly acquired knowledge and skills for the benefit of their respective entities and the country as a whole.

7. Bank and Borrower Performance

Bank

7.1 Lending:

Given the urgency and unfamiliarity with the issues at hand (including potential staffing constraints), Bank performance for lending is considered satisfactory.

Immediately after September 11, 2001, the Bank was able to mobilize and coordinate specialized expertise to respond to a unique event which had unpredictable consequences. It also played a key role in coordinating the design of the recovery program in the OECS countries and mobilizing donor financing. The project was prepared and presented to the Board in less than four months. It was designed with a flexible structure and similar components to neighboring islands to ensure a coherent approach at the sub-regional level.

7.2 Supervision:

Frequency and quality of supervision is rated satisfactory.

Supervision was flexible and responsive to a changing environment and new institutional requirements. There were six supervision missions during the three and a half year implementation period. Most supervision missions included strong procurement and emergency management skills. In addition, the Bank commissioned both a mid-term and a final in-depth review of the project, which were conducted by consultants with technical expertise in the civil aviation and maritime sectors. These independent reviews proved extremely useful and helped implementing agencies address critical issues and adjust their program accordingly.

7.3 Overall Bank performance:

Overall Bank performance is rated satisfactory.

The Bank's response to an event which had unforeseeable impacts was timely, rapid and flexible throughout the project cycle. The Bank was also very responsive to take into account emerging needs in an evolving regulatory environment and to accommodate new emergency needs into the project when they occurred.

Borrower

7.4 Preparation:

Borrower performance during preparation is rated satisfactory.

Government recognized quickly the consequences of the September 11th events on sub-regional tourism and sought Bank assistance to mitigate potential negative impacts. It worked closely with the Bank during preparation to allow for a speedy approval of the project.

7.5 Government implementation performance:

Government implementation performance is rated satisfactory.

At the outset, Government worked diligently to declare the loan and credit effective, and provide for sufficient counterpart funding. Government support for the project remained strong throughout implementation.

7.6 Implementing Agency:

Overall implementing agency performance is rated satisfactory.

The PCU made good efforts to keep the project on track. Some delays in procurement occurred. The quality and timeliness of financial reporting was initially unsatisfactory but it improved over time and was satisfactory by project completion

Implementation of the physical improvement and security equipment component was mainly carried out by the Port Authority with adequate institutional support and the Airport Services Division with only limited resources, respectively. Faced with a rapidly evolving regulatory environment and difficulties in finalizing technical specifications of equipment, both entities did their best to provide sufficient technical inputs and management supervision skills for the implementation of their respective components.

Implementation of the institutional capacity building component was the responsibility of the OECS Directorate of Civil Aviation (DCA) on behalf of the five countries. Despite its limited human and financial resources, and overwhelming maritime security issues beyond the scope of its responsibilities—the DCA was always pro-active, satisfactorily supporting and coordinating the implementation of this component.

7.7 Overall Borrower performance:

Overall performance by the borrower is rated satisfactory.

8. Lessons Learned

The Bank is well positioned to respond to similar emergencies in the future. The Bank's judgment to engage in this emergency operation was well-founded. The country team immediately recognized the paradigm shift following the 9/11 events. It identified resulting emerging needs and engaged client countries in immediate action. Because of its capacity to identify, mobilize and implement key activities in record time, the Bank emerged as a key partner in an area where it had no specific engagement prior to the terrorist attack.

The Bank can play an active role to assist countries in meeting established and evolving regulatory standards. Though it did not have all the required know-how "in house," the Bank effectively and successfully procured outside expertise to ensure that participating countries could meet evolving standards. In-depth technical reviews conducted by independent experts also proved particularly useful to ensure successful and flexible project implementation.

There can be significant advantages to implementing multi-country programs through a regional entity. The project greatly benefited from the support of the Department of Civil Aviation—the regional agency that coordinated training and institutional strengthening activities. Such an agency was not only well positioned to establish and apply regional standards and policies, but also greatly benefited from having a regional project, as it contributed to the agency's legitimacy and institutional development.

Regional procurement can bring important cost-benefits. Participating governments greatly benefited from the coordinated procurement of policy development and training activities. Additional benefit could have been derived, however, from the joint-purchase of key equipment. In addition to obvious economies of scale resulting from simplified processes, larger orders and reduced shipping costs—maintenance services could have been procured at a reduced price to preserve highly technical project equipment. Expensive spare parts could have been purchased in bulk and a single-firm could have been contracted to carry-out required maintenance work in all participating countries.

Emergency projects benefit from close supervision. The Emergency Recovery Project in St. Vincent and the Grenadines was successful in great part thanks to the close and regular supervision of the Bank team. This was made possible by grouping supervision of five similar projects in the region, creating significant economies of scale. With pooled supervision funds, the team was able to visit all participating islands on a single mission while paying transportation costs only once. Had this not been the case, the Bank team would not have had the funds required to be closely involved in project implementation – to the detriment of the project.

9. Partner Comments

(a) Borrower/implementing agency:

Executive Summary

The Government of St. Vincent and the Grenadines (GoSVG) received a loan from the International Bank for Reconstruction and Development (IBRD) in the amount US\$0.96 million and a credit from the International Development Association (IDA) in the amount US\$1.90 million equivalent, towards the cost of the Saint Vincent and the Grenadines Emergency Recovery Project. The Project was declared effective on 10th July 2002. The project was scheduled to be implemented over a three-year time frame but was extended for an additional six (6) months

Background

Borrower/Implementing Agency: Ministry of Finance, Economic Planning, National Security, Legal Affairs and Grenadines Affairs (previously Ministry of Finance, Planning and Development).

Implementing partners: Saint Vincent and the Grenadines Port Authority, Ministry of National Security, Ministry of Transport and Works

The Project Coordinating Unit was staffed as follows:

PCU Staff	Current	Predecessors	At Appraisal
Project Coordinator	Hudson Nedd	*1 (<i>Decima Corea</i>)	Hudson Nedd
Project Accountant	David Telesford	n/a	n/a
Procurement Specialist	Maurice John	Maurice Anderson & Peter Cateau	n/a
Administrative Asst.	Ronette Jordon	Betty Murphy, *2Janelle Allen & Diane Dacon; *3Alisha Francis	n/a

Notes: *1Acted for 1 yr. (09/04-09-05); *2Assigned temp. (2003-04) ; *3Served at Start-up

Quality at Entry

Following the terrorist attacks on the United States of America in September 2001, the world was faced with new security challenges, particularly in the Aviation industry. Maritime security issues were also brought to the fore in the Caribbean region, given the economic value of this sector to tourism and trade. The impact of the attacks on the tourism sector was estimated to be EC\$11 million of lost revenue in 2001 and EC\$27 million in 2002. Additionally, the GoSVG was faced with regulatory requirements from United States and international agencies having responsibility for aviation and maritime affairs. Appropriate measures were required to stimulate economic recovery in a timely manner. Re-establishing confidence in the travel industry was critical and the prevailing perception was that initiatives to improve technological and operational quality of security at airports and seaports were priority.

The project was designed primarily by consultants from the World Bank. In order to establish the key project components, consultations were held with key stakeholders including the Airport and Seaport management and the OECS Directorate of Civil Aviation. It was stated that the project was designed to allow for a relatively quick implementation rate. However, this intention was not fully realized due to several mitigating factors. It became apparent that there were several ill-defined activities in the project and several activities lacked appropriateness in terms of cost estimates. The technical specifications were at best minimal.

The beneficiary agencies, namely the airport and seaport, lacked the requisite resources to support the PCU. Also, the Ministry of Transport and Works provided only limited input owing to limited in-house capacity. These risk factors added significant cost to the project and severely challenged the PCU management, retarding the rate of implementation. Some of the agreed responses included reducing the scope of works for some of the activities, recruiting consultancy services where appropriate, and cancelling items.

Achievement of Objectives

The objective of the project, as described in the Loan Agreement, was to assist the Borrower (the Government of St. Vincent and the Grenadines) to carry out its recovery program. The aim of the project included safeguarding and maintaining the productive capacity of its tourist sector and other related sectors in the aftermath of the September 11 terrorist attacks in the United States of America through. This was to be achieved through: (a) expanding tourism promotion through a regional advertising campaign; (b) maintaining critical fuel imports necessary to keep tourism-related facilities operational during the recovery period; (c) enhancing security at key airport and seaport facilities in its territory in line with emerging international standards with the aim of preventing further acts of terrorism and safeguarding the sub-region's image as a safe tourist destination; (d) strengthening its institutional capacity to adopt, develop and implement security plans, procedures and measures as mandated by international civil aviation and maritime transport regulatory agencies in collaboration with the other Regional states; and (e) improving the administration of off-shore financial and business services.

The overall objectives of the project were achieved to a satisfactory level. At the revised closing date of the project, December 31st 2005, all components agreed upon in the Project Appraisal Document were successfully implemented. The civil works, goods, services and training delivered through the project were for the most part relevant and timely. Despite the limited capacity residing in the agencies concerned, they provided reasonable support.

The Government of St. Vincent and the Grenadines demonstrated its support for and commitment to the project by providing adequate financing to the project. To a lesser extent, though not inconsequential, the institutional changes they facilitated at the airport and seaports were positive advancements. It is critical that Government and all relevant stakeholders put the necessary systems in place to ensure that the objectives of the project are sustained and improved over time.

Institutional Development Impact

The project generated several positive as well as negative consequences. Many of the activities undertaken were appropriate responses to the growing security challenges at air and sea ports since 11th September 2001. Notwithstanding, it is evident that in the haste to respond to the emerging economic and security issues in the USA many important considerations were omitted from the project's design.

The benefits included the strengthening of the security component at both the airport and seaport, in terms of increased or improved human and technological resources. The beneficiary agencies were able to convince the regional and international regulatory agencies of their compliance with relevant emerging standards and practice - thus maintaining their trading status with the international community.

The area of weakness was mainly the project design. The project was designed with very little contribution from the borrower. Although the Bank provided assistance in developing the technical requirements of many of the subprojects, the scale and relevance were not in sync with local needs. In addition, the local beneficiary agencies lacked the technical capacity to provide the PCU with relevant and timely guidance. This contributed to significant delays in the implementation process. There were other physical site-specific constraints (size, orientation and adjoining land uses) working contra to the project designs.

The borrower used the existing Project Coordinating Unit (PCU) established to manage the Disaster Management Project to manage the Emergency Recovery Project. This was accepted by the Bank because the PCU already had a working knowledge of World Bank procedures. In addition to having the procurement and fiduciary oversight of the project, the PCU coordinated the activities among the Airport the Seaport and the OECS Directorate of Civil Aviation.

Notwithstanding, the PCU was at times overwhelmed with the concurrent management of the SVG Emergency Recovery Project and the SVG Emergency Recovery and Disaster Management Project. The staff had many issues to address at once, and often times had to lead many of the activities in order for them to be implemented. The staff turnover in the PCU, in particular, three Procurement Officers and four Administrative Assistants, presented some challenges. However, the staff managed to hold things together. Over the life of the project, the implementation ratings moved from unsatisfactory to satisfactory.

Bank and Borrower Performance

Bank

The project was intended to be a quick disbursing one, given that the borrower needed a quick economic response and recovery effort. Lending was relatively fast, i.e. the appraisal and approval process was short. Notwithstanding, the procurement procedures along with design limitation contributed to slow-downs.

The Bank's support for the project contributed to the success of the project. The team from the bank was able to create a useful link between the OECS member state that were implementing similar projects thus creating opportunities for sharing related experience and knowledge. The bank has on several occasions and in various forms, provided relevant training to the PCU

In general the Bank's performance and association with the project, particularly during post 'effectiveness' was excellent. Invaluable guidance was provided to the PCU all along the implementation phase of the project.

Borrower

The Emergency Recovery Project is not the first project to be funded by the World Bank in St Vincent and the Grenadines. However, the Government of St. Vincent and the Grenadines had to re-establish a new project unit to implement the projects approved in 2002. Building the organization took some time, and developing institutional capacity took just as long. However, the team was very enthusiastic and accelerated the learning curve.

The PCU was challenged by the limited capacity within the Ministry of Works. Despite their inability to fulfil all its commitments given during project appraisal, the Ministry provided some useful support on the baggage screening enclosure at the Airport. This performance shortfall mitigated through the recruitment of design and supervision consultants. Beneficiary agencies had very limited technical knowledge of many of the subprojects. They were, however, cooperative and made use of every training opportunity provided under the subprojects.

Counterpart funding was never limited on this project. The Government of St. Vincent and the Grenadines provided adequate and timely financial support for the project to ensure that the project was successfully implemented. Although the St. Vincent and the Grenadines Port Authority is a statutory body, the government did not burden it with providing any financial inputs to the project as a condition of that agency benefiting under the project. This was a commendable approach which aided faster implementation.

Overall, the borrower performed satisfactorily despite many challenges along the way. The human resource capacity of the PCU and the stakeholder agencies was increased several fold. Some of the benefits accruing to the borrower include:

1. Deepening of the partnership between the lender and borrower.
2. Strengthening of the regional (OECS) networking particular for the management of World Bank funded projects.
3. Increased project management capacity with St. Vincent and the Grenadines. The PCU along with the other stakeholders were further educated on the importance of team working in projects.
4. Training of PCU staff in World Bank procurement and financial procedures
5. Increased technical capacity and awareness in security infrastructure and management within the air and seaport agencies.
6. Certification of the air and sea ports to ensure sustainable trade.

(b) Cofinanciers:

(c) Other partners (NGOs/private sector):

10. Additional Information

N/A

Annex 1. Key Performance Indicators/Log Frame Matrix

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR ¹	Actual/Latest Estimate
Not Available		

Output Indicators:

Indicator/Matrix	Projected in last PSR ¹	Actual/Latest Estimate
Low Sulfur Diesel Fuel	Purchased US\$1.2 million of fuel	100% Completed
E.T. Joshua Airport Perimeter Fencing and Road Improvement	Perimeter Fence Build and Repaired post Ivan. Road constructed	100% Completed
Bag area enclosure for screening in Joshua Airport	Enclosure constructed	100% Completed
Access and building improvement at Kingstown Seaport	Work completed	100% Completed
Checked Baggage Screening System and additional belt	Equipment installed and in use	100% Completed
ID Badging and Tracking System	Installed and in use	100% Completed
Passenger and Hand Baggage Screening Systems for Airport and Port	Installed, in use and all hand baggage is currently screened	100% Completed
Airport Security Patrol Vehicle (1)	Purchased and delivered	100% Completed
Communications Equipment at the Airport and Port	Purchased 33 units	100% Completed
CCTV systems at Airport and Port	Systems installed and in use	100% Completed
Sniffers at Airport and Port	Canceled	Canceled
Executive Training	6 participants	100% Completed
Security Operations Training	29 participants	100% Completed
Specialized Training	5 participants,	100% Completed
TA: Regulatory Review for Enhanced Security	Review executed	100% Completed

¹ End of project

Annex 2. Project Costs and Financing

Project Cost by Component (in US\$ million equivalent)

Component	Appraisal Estimate US\$ million	Actual/Latest Estimate US\$ million	Percentage of Appraisal
1. Critical Import			
a. Low sulfur diesel fuel	1.20	1.20	100
2. Security Enhancement at ports and airports			
a. Physical Improvement of Infrastructure	0.80	1.30	163
b. Security Equipment	0.95	0.88	93
c.1. Institutional Capacity Building (training)	0.20	0.03	17
c.2. Institutional Capacity Building (TA)	0.11	0.06	59
3. Project Management	0.23	0.09	37
Total Baseline Cost	3.49	3.56	
Physical Contingencies	0.32	0.00	
Price Contingencies	0.00	0.00	
Total Project Costs	3.81	3.56	
Total Financing Required	3.81	3.56	

Project Costs by Procurement Arrangements (Appraisal Estimate) (US\$ million equivalent)

Expenditure Category	Procurement Method ¹			N.B.F.	Total Cost
	ICB	NCB	Other ²		
1. Works	0.00 (0.00)	0.95 (0.62)	0.00 (0.00)	0.00 (0.00)	0.95 (0.62)
2. Goods	0.93 (0.82)	0.09 (0.08)	1.20 (1.20)	0.00 (0.00)	2.22 (2.10)
3. Services	0.00 (0.00)	0.00 (0.00)	0.60 (0.46)	0.00 (0.00)	0.60 (0.46)
4. Operating Expenditure	0.00 (0.00)	0.00 (0.00)	0.04 (0.03)	0.00 (0.00)	0.04 (0.03)
5. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	0.93 (0.82)	1.04 (0.70)	1.84 (1.69)	0.00 (0.00)	3.81 (3.21)

Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US\$ million equivalent)

Expenditure Category	Procurement Method ¹			N.B.F.	Total Cost
	ICB	NCB	Other ²		
1. Works	0.00 (0.00)	1.29 (0.89)	0.00 (0.00)	0.00 (0.00)	1.29 (0.89)
2. Goods	0.88 (0.79)	0.00 (0.00)	1.20 (1.20)	0.00 (0.00)	2.08 (1.99)
3. Services	0.00 (0.00)	0.00 (0.00)	0.16 (0.14)	0.00 (0.00)	0.16 (0.14)
4. Operating Expenditure	0.00 (0.00)	0.00 (0.00)	0.03 (0.02)	0.00 (0.00)	0.03 (0.02)
5. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6. Miscellaneous	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	0.88 (0.79)	1.29 (0.89)	1.39 (1.36)	0.00 (0.00)	3.56 (3.04)

^{1/} Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

^{2/} Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

Project Financing by Component (in US\$ million equivalent)

Component	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.	Bank	Govt.	CoF.	Bank	Govt.	CoF.
1. Critical Import									
a. Low sulfur diesel fuel	1.20	0.00		1.20	0.00		100.0	0.0	
2. Security Enhancement at ports and airports									
a. Physical Improvement of Infrastructure	0.52	0.27		0.89	0.40		171.2	148.1	
b. Security Equipment	0.85	0.10		0.79	0.09		92.9	90.0	
3. Institutional Capacity Building training									
a. Training	0.17	0.03		0.03	0.01		17.6	33.3	
b. Technical Assistance	0.09	0.02		0.06	0.01		66.7	50.0	
4. Project Management	0.19	0.04		0.07	0.01		36.8	25.0	

Annex 3. Economic Costs and Benefits

It was not possible to calculate rates of return for this type of project

Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating		
	Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation					
11/24/2001	7	LEAD SPECIALIST, TTL (1); LEAD ECONOMIST(1); ECONOMIST (1); ENGINEER (1); SECURITY SPECIALIST (2); FINANCIAL MANAGEMENT SPECIALIST (1)	S	S	
Appraisal/Negotiation					
01/15/2002	4	LEAD SPECIALIST, TTL (1); LEAD ECONOMIST (1); ENGINEER (1); FINANCIAL MANAGEMENT SPECIALIST (1)	S	S	
Supervision					
10/17/2002	4	LEAD SPECIALIST, TTL (1); PROGRAM OFFICER (1); INTERN (1); ENGINEER (1)	S	S	
02/13/2003	3	TTL, LEAD URBAN SPEC. (1); PROJECT ENGINEER (1); PROGRAM OFFICER (1)	S	S	
05/22/2003	3	LEAD SPECIALIST (1); PROGRAM OFFICER (1); CONSULTANT, ENGINEER (1)	S	S	
08/27/2003	2	TTL (1); PROJECT ENGINEER (1)	S	S	
01/25/2004	2	TASK TEAM LEADER (1); CIVIL ENGINEER (1)	S	S	
02/27/2004	3	TTL (1); ECONOMIST (1); ENVIRONMENTAL SPEC. (1)	S	S	
12/01/2004	2	CIVIL ENGINEER (1); ECONOMIST (1)	S	S	
04/11/2005	2	CIVIL ENGINEER (1); OPERATIONS OFFICER (1)	S	S	
05/06/2005	2	AIR SECURITY SPECIALIST (1); TRANSPORT SPECIALIST (1)	S	S	
07/12/2005	2	OPERATIONS OFFICER (1); ENVIRONMENTAL SPEC. (1)	S	S	

ICR	05/18/2005	2	OPERATIONS SPECIALIST (1); CIVIL ENGINEER (1)	S	S
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(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation	19	53
Appraisal/Negotiation	13	36
Supervision	24	66
ICR	3	8
Total	59	163

Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	<u>Rating</u>				
<input type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Physical</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Financial</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> H	<input checked="" type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Environmental</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

Social

<input type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Gender</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA
<input type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> H	<input type="radio"/> SU	<input checked="" type="radio"/> M	<input type="radio"/> N	<input type="radio"/> NA
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> H	<input type="radio"/> SU	<input type="radio"/> M	<input type="radio"/> N	<input checked="" type="radio"/> NA

Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

6.1 Bank performance

Rating

- | | | | | |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Lending | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Supervision | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

6.2 Borrower performance

Rating

- | | | | | |
|---|--------------------------|------------------------------------|-------------------------|--------------------------|
| <input checked="" type="checkbox"/> Preparation | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Implementation agency performance | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |
| <input checked="" type="checkbox"/> Overall | <input type="radio"/> HS | <input checked="" type="radio"/> S | <input type="radio"/> U | <input type="radio"/> HU |

Annex 7. List of Supporting Documents

- Memorandum and Recommendation of the President – Report No. P 7506-LAC
- Technical Annex - Report No. T 7506-LAC
- Consultant's final Assessment of Security Needs at Airports and Maritime Passenger Terminals in OECS Countries in the Post September 11, 2001 Environment, February 15, 2002
- Document Credit Agreement No. 36130-SV, April 19, 2002
- Document Loan Agreement No. 71030-SV, April 19, 2002
- Financial and Audit Reports 2003-2005
- Mid Term Technical Review, February 25, 2004
- Final Technical Review, May 24, 2005
- Project Files

