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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AS ADMINISTRATOR OF THE
SINT MAARTEN HURRICANE IRMA RECONSTRUCTION, RECOVERY AND RESILIENCE TRUST FUND

PROJECT PAPER
ON A
PROPOSED ADDITIONAL FINANCING
IN THE AMOUNT OF US\$7 MILLION

TO THE
SINT MAARTEN MEDICAL CENTER FOUNDATION

FOR A
SECOND ADDITIONAL FINANCING TO THE SINT MAARTEN HOSPITAL RESILIENCY AND
PREPAREDNESS PROJECT

August 22, 2023

Health, Nutrition & Population Global Practice
Latin America And Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 10, 2023)

Currency Unit = Netherlands
Antillean Guilder

Naf 1.8 = US\$1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Carlos Felipe Jaramillo

Country Director: Lilia Burunciuc

Regional Director: Jaime Saavedra

Practice Manager: Michele Gragnolati

Task Team Leader(s): Carolyn J. Shelton

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
COVID-19	Coronavirus Disease
CPG	Clinical Practice Guideline
DBM	Design, Build and Maintain
ESMP	Environmental and Social Management Plan
FM	Financial Management
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IFR	Interim Financial Audit Report
IRI	Intermediate Results indicator
Naf	Netherlands Antillean Gilder
OP	Operational Policy
PDO	Project Development Objective
SMMC	Sint Maarten Medical Center
STEP	Systematic Tracking of Exchanges in Procurement
SZV	Social and Health Insurances
TF	Trust Fund
US	United States
WB	World Bank (International Bank for Reconstruction and Development)

St Maarten

2nd AF for the Sint Maarten Hospital Resiliency and Preparedness Project

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BASIC INFORMATION – PARENT (Sint Maarten Hospital Resiliency & Preparedness Project - P167532)

Country St Maarten	Product Line Recipient Executed Activities	Team Leader(s) Carolyn J. Shelton		
Project ID P167532	Financing Instrument Investment Project Financing	Resp CC HLCHN (9319)	Req CC LCC3C (451)	Practice Area (Lead) Health, Nutrition & Population

Implementing Agency: Sint Maarten Medical Center (SMMC)

Is this a regionally tagged project? No	
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Bank/IFC Collaboration No

Approval Date 16-Aug-2018	Closing Date 31-Jul-2024	Expected Guarantee Expiration Date	Original Environmental Assessment Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
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Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach [MPA]	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)



Development Objective(s)

Improve the preparedness and capacity of hospital services in Sint Maarten

Ratings (from Parent ISR)

	Implementation					Latest ISR
	25-Jun-2020	20-Dec-2020	11-Aug-2021	04-May-2022	09-Dec-2022	27-Mar-2023
Progress towards achievement of PDO	S	S	S	S	S	S
Overall Implementation Progress (IP)	S	S	S	S	S	MS
Overall Safeguards Rating	S	S	S	S	S	S
Overall Risk	M	M	M	M	M	L

BASIC INFORMATION – ADDITIONAL FINANCING (Second Additional Financing for the Sint Maarten Hospital Resiliency and Preparedness Project - P180854)

Project ID P180854	Project Name Second Additional Financing for the Sint Maarten Hospital Resiliency and Preparedness Project	Additional Financing Type Cost Overrun/Financing Gap	Urgent Need or Capacity Constraints No
Financing instrument Investment Project Financing	Product line Recipient Executed Activities	Approval Date 29-Aug-2023	
Projected Date of Full Disbursement	Bank/IFC Collaboration		



30-May-2025	No		
Is this a regionally tagged project?			
No			

Financing & Implementation Modalities

<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a Non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)
<input type="checkbox"/> Contingent Emergency Response Component (CERC)	

Disbursement Summary (from Parent ISR)

Source of Funds	Net Commitments	Total Disbursed	Remaining Balance	Disbursed
Grants	28.61	26.28	2.33	92 %

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Second Additional Financing for the Sint Maarten Hospital Resiliency and Preparedness Project - P180854)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

	Current Financing	Proposed Additional Financing	Total Proposed Financing
Total Project Cost	104.11	40.00	144.11
Total Financing	104.11	40.00	144.11
Financing Gap	0.00	0.00	0.00



DETAILS - Additional Financing

Non-World Bank Group Financing

Counterpart Funding	33.00
Borrower/Recipient	33.00
Trust Funds	7.00
Sint Maarten: Hurricane Irma Recon., Rec., & Res. Prg TF	7.00

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any other Policy waiver(s)?

Yes No

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Carolyn J. Shelton	Team Leader (ADM Responsible)		HAWH3
Luciano Gutierrez Wuerzius	Procurement Specialist (ADM Responsible)		ELCRU
Gabriel Penalzoza	Procurement Specialist		ELCRU



Saidu Dani Goje	Financial Management Specialist (ADM Responsible)		ELCG1
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Erica Virginia Piber	Social Specialist (ADM Responsible)		SLCSO
Barnaby John Wiles	Procurement Team	STEP	ELCPV
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Leslie Del Carmen Yanez Fernandez	Team Member	Program Assistant	HLCHN
Lisa Lui	Counsel		LEGLE
Natalia Cecilia Bavio	Team Member	FMS	ELCG1
Samantha Abigail Fien-Helfman	Team Member		HLCHN
Extended Team			
Name	Title	Organization	Location



I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks the approval of the Regional Vice President for a proposed second Additional Financing (AF) in the amount of US\$7 million to the Sint Maarten Hospital Resiliency & Preparedness Project (P167532).** The AF would be financed by the Bank-administered Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund (TF) to cover a cost over-run of Component 1 of the Project, resulting from a substantial increase in the costs of construction activities. This financing gap needs to be addressed to ensure sustainability of the Project Development Objective (PDO) achievement.

2. **In parallel, the Sint Maarten Hospital Resiliency & Preparedness Project would be restructured to modify project component amounts, update the Project's Results Framework (RF), extend the project's closing date and revise disbursement estimates.** The implementation arrangements, PDO, environmental assessment category, and safeguards policies remain unchanged.

B. Parent Project Background and Scope

3. **Sint Maarten, with a population of over 40,000, is highly vulnerable to natural disasters and adverse climatic events.** These events have catastrophic impacts on the country's social and economic development. In September 2017, hurricane Irma, a Category 5 hurricane, struck Sint Maarten and left a trail of devastation throughout the country. The World Bank estimated damages and losses related to hurricane Irma at US\$1.38 billion and US\$1.35 billion (about 129 and 126 percent of the Gross Domestic Product, respectively¹), affecting 90 percent of all infrastructure and large parts of the natural environment.

4. **Sint Maarten made substantial efforts to address the most urgent needs following hurricane Irma (for example, removing debris, sheltering roofless populations, and resuming government and business services).** Nevertheless, recovery needs were massive, and the country had limited capacity to manage large-scale resilient reconstruction. To support sustainable recovery after hurricane Irma, the Government of the Netherlands established a Single Donor Trust Fund (SDTF) - Sint Maarten Reconstruction, Recovery and Resilience Trust Fund (SXM TF) in the amount of up to EUR 470 million, administered by the World Bank. The SDTF focuses on, inter alia, restoring the country's emergency response services, financing, and broadening the government's housing repair program, improving health facilities and services, investing in school repairs, providing social transfers, and improving the targeting of social safety nets.

5. **The Project Development Objective (PDO) of the Sint Maarten Hospital Resiliency and Preparedness Project is to improve the preparedness and capacity of hospital services in Sint Maarten.** The Project, in the amount of US\$25 million, was approved on August 16, 2018 and declared effective on September 6, 2018 with a current closing date of July 31, 2024.

¹ GDP for 2016 was estimated at US\$1.072 billion



6. The Project is implemented by the Sint Maarten Medical Center (SMMC) and consists of three components: Component 1 - Building and launching of the new focuses on the design upgrade, construction, and equipment (medical and non-medical), training (for equipment) and maintenance services for the new hospital; Component 2 - Transition and Contingency Plan for Sint Maarten Medical Center aims to prioritize essential upgrades to allow for the continuity of services while improving the existing hospital services' preparedness and capacity for future extreme weather conditions, particularly while the new hospital is being built; and Component 3 - Project Management finances related operating expenses, equipment, and personnel necessary for the project's execution.

7. On August 26, 2020, an AF in the amount of US\$3.61 million from the SXM TF was approved by the World Bank Latin America and Caribbean Regional Vice President to cover a cost over-run in Component 2 that resulted from the substantial increase in demand for hospital services and the price of medical goods following the onset of the COVID-19 pandemic. More specifically, the funds are supporting: (i) goods (i.e., medical supplies and equipment, personal protective equipment, pharmaceuticals, non-medical equipment for triage and isolation areas); (ii) works (e.g. minor works to accommodate the triage of suspected cases and treatment of mild cases that can self-isolate at home); (iii) consulting services (e.g. temporary staffing, public education and communications); and (iv) operating costs. In parallel, the Project was restructured to update the RF, modify project component amounts, revise disbursement estimates, and extend the grant's closing date by twelve months (from July 31, 2023 to July 31, 2024). The implementation arrangements, PDO, safeguards category, and safeguards policies were not changed.

C. Status of Project Implementation and Performance to Date

8. **The PDO and Implementation Progress (IP) have consistently been rated Moderately Satisfactory or higher throughout project implementation.** These ratings were recently validated by the December 2022 implementation support mission and the Sint Maarten Country Portfolio Performance Review held in early March 2023. One of the Project's three PDO indicators – (i) *reduction in medical referrals abroad* - has been achieved. The second PDO indicator – (ii) *implementation of the Emergency Disaster Preparedness Plan and Evacuation Plan according to procedures* – is nearly met (83 percent of a 90 percent target). Following the updating of clinical practice guidelines (CPGs), technical audits to assess the implementation of the updated CPGs (third PDO indicator) have begun. Although completion of the new hospital is not explicitly referenced in the PDO-level indicators, it is tracked as an intermediate results indicator (IRI). As such, the IP rating was downgraded from Satisfactory to Moderately Satisfactory in the March 2023 Implementation Status and Results report (ISR) to account for delays associated with the new hospital construction. All other remaining IRIs are on track to be achieved.

9. **As of August 2023, 92 percent of the original US\$25 million grant financing has disbursed,** and the first additional grant of US\$3.61 million (which is limited to expenditures under Component 2, primarily essential upgrades to the existing facility) has fully disbursed. The Recipient and main implementing agency (SMMC) has remained in compliance with key covenants, including those related to staffing, safeguards, audits, and financial management (FM) reporting requirements. The safeguards performance has been satisfactory, and the safeguards classification remains Category B. No new safeguards policies will be triggered. The following section describes the progress achieved under each component.



10. **Component 1. Building and launching of the new hospital (US\$17 million TF; US\$84.43 million counterpart funds)** focuses on the design upgrade, construction, and equipment (medical and non-medical), training (for equipment) and maintenance services for the new hospital. Financing supports increased resiliency of the new hospital to withstand Category 5 plus hurricanes, an expanded scope of services, and increased capacity. In light of implementation challenges caused by significant market disruptions (i.e., COVID-19, Russia's invasion of Ukraine, global inflation, supply chain constraints, etc.), SMMC fast-tracked some activities to minimize delays. As of July 2023, SMMC reports that the basement floor and parapet walls are 95 percent complete, retaining walls are 80 percent complete, and the base isolators on the basement floor that will absorb any potential shocks from earthquakes have been installed, as have 90 percent of the seven water tanks. Construction of the ground and first floors of the new building are expected to begin in November and December of 2023, respectively. Construction of the main building is expected to be completed by October 2025, with the transition of the existing hospital to the new hospital in December 2025.

11. **Component 2. Transition and Contingency Plan for Sint Maarten Medical Center (US\$11.09 million TF)** aims to prioritize essential upgrades to allow for the continuity of services while improving the existing hospital services' preparedness and capacity for future extreme weather conditions, particularly while the new hospital is being built. Moving the existing hospital services to the new hospital facility creates the opportunity to modernize the current service delivery model, expand the scope of services, increase non-invasive procedures and ambulatory care, and adopt and better implement quality standards to improve health outcomes and reduce avoidable complications. This ability to expand the scope of provision of care also reduces the high costs of overseas referrals and reinforces SMMC's goal of providing "care close to home." As of July 2023, all essential upgrades have been completed, including the renovation of the existing operating room, installation of lines to connect the new medical gas distribution system to the operating room, and the installation of an additional fiber optic cable connection. With the completion of this operating room, SMMC now has four operating rooms and can expand its medical services providing quality care close to home and reduce medical referrals overseas. Additionally, the fiber optic cable is improving connectivity by providing faster internet speeds for SMMC, thereby supporting various healthcare services and operations.

12. **Component 3. Project Management (US\$525,000 TF; US\$500,000 counterpart funds)** finances related operating expenses, equipment, and personnel necessary for the execution of the project. These include contract management, procurement, financial management (FM), technical and monitoring and evaluation, including project audits. TF financing under this component has been fully disbursed, and adequate staffing is in place using SMMC funds to carry out these functions.

D. Rationale for Additional Financing

13. **Impacts from the COVID-19 pandemic and Russia's invasion of Ukraine (namely inflation and supply constraints) threaten full achievement of the PDO.** The COVID-19 pandemic and the ongoing conflict have resulted in both: (i) a substantial increase in the cost of project-related materials; and (ii) construction delays related to the shortage of materials and containers. The project has therefore had to incur additional costs under Component 1, resulting in a cost over-run of expenditure Category 4 (TFOA8176) which needs to be remedied to contribute to the completion of original project activities (i.e.,



new hospital construction) and achievement of the PDO.

14. While the hospital construction contract cost is fixed, this increase was unforeseen, and in February 2022, the Contractor (FINSO) reported a significant budget over-run and indicated they would not be able to complete the project within the original budget. On February 27, 2023, SMMC signed a contract amendment with FINSO to increase the contract amount by US\$40 million to account for these increased costs. This second AF would cover US\$7 million, while the remainder of US\$33 million is to be financed by SMMC for hospital construction related costs.

II. DESCRIPTION OF ADDITIONAL FINANCING

A. Description of the Additional Financing

15. Component 1: Building and launching of the new hospital (Original grant - US\$17 million TF; proposed AF2 – US\$7 million TF; total – US\$24 million TF). This AF will finance a cost over-run of the New General Hospital Design, Build, and Maintain (DBM) contract. The original DBM contract for US\$101.4 million was signed on September 19, 2016. Since this signing, the multiple crises described above (COVID-19 pandemic, Russia’s invasion of Ukraine, and persistently high inflation) have negatively impacted the costs of construction materials, equipment, and shipping (including delays due to the availability of containers). This AF amount was approved by the Steering Committee of the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund to allow for completion of the New General Hospital construction, which is critical for improving the preparedness and capacity of hospital services in Sint Maarten.

B. Proposed Changes under this Additional Financing and Restructuring

16. Changes to Component Costs: This AF responds to increases in the total cost of Component 1 and reflects minor adjustments to the costs of Components 2 and 3 as shown below. All other TF activities remain unchanged. Table 1 reflects the second AF to Component 1 as a result of the cost over-run.

Table 1. Changes to Project Component Costs (US\$ million)

Project Components	Current Project Cost <i>(TF + Counterpart Funds)</i>	Proposed Change		Total Proposed Project Cost	Of which, total financing by TF
		<i>Proposed AF2 (TF)</i>	<i>Additional Counterpart Funds</i>		
C1. Building and launching of the new hospital	101.43	7.0	33.0	141.43	24.0*
C2. Transition and Contingency Plan for Sint Maarten Medical Center	11.09	0.0	0.0	11.09	11.09
C3. Project Management	1.03	0.0	0.0	1.03	0.53



Total	113.55	7.0	33.00	153.55	35.61
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* This total amount includes the US\$17 million from the original grant as well as the US\$7 million proposed as part of this 2nd additional financing.

17. **Revise disbursement estimates:** To reflect the additional funds, as well as the delays due to the impacts of the pandemic and supply chain constraints on the implementation of Component 1, the disbursement estimates have been revised as reflected in Section VII.

18. **Adjustments to Results Framework.** As part of the restructuring, the RF will also be modified to adjust the methodology and end targets of select indicators to ensure they appropriately measure project activities and progress, as well the revised closing date where relevant. The following changes will be made:

- a. The end target for the intermediate outcome indicator on construction (“*progress in construction for the new hospital*”) would be revised downward from 100 percent to 45 percent in accordance with the latest detailed construction timetable; and
- b. The phrasing, methodology and description for the intermediate results indicator measuring the implementation of the updated clinical guidelines (“*updated clinical guidelines for 20 prevalent health problems implemented and evaluated*”) would be adjusted to measure the actual number of updated clinical practice guidelines implemented rather than “Y/N” metric, so that the actual results achieved are adequately captured.

19. **Extend the Project’s Closing date.** The closing date of the original grant (TF-A8176) will be extended by 10 months to May 31, 2025 to be aligned with the closing date of the second Additional Financing of US\$7 million.

20. **Other aspects of the project remain unchanged.** No changes will be made to the implementation arrangements, design, scope or to the PDO.

21. **The activities to be financed through this AF remain covered by the existing safeguards instruments prepared under the project.** In addition to the Satisfactory safeguards performance (indicated in the most recent ISR archived in March 2023), SMMC has adequate capacity in place to implement the safeguards instruments. As noted above, the Environmental Assessment category and safeguard policies triggered would remain the same for this second AF as no change in the Project’s scope is proposed.

III. KEY RISKS

22. **The overall risk continues to be assessed as Low.** The AF-supported activities do not pose additional risks to the project, but rather strengthen mitigation through various measures, such as adding funds critical to achieving the PDO, given the impacts of the pandemic on project implementation. The macroeconomic risk (currently assessed as Moderate in the last ISR of March 2023) continues to be the greatest project-related risk, namely due to the lasting impact of COVID-19 and Sint Maarten’s vulnerability to price shocks, including the heightened inflation pressures resulting from Russia’s invasion



of Ukraine. SMMC, however, has actively taken steps to cushion these impacts, including by negotiating a contract amendment with the contractor for the hospital construction and by securing additional funds from their private loan to help cover these increased costs.

IV. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

23. **The lasting impacts of the COVID-19 pandemic and the high inflation brought on by Russia's invasion of Ukraine have contributed to rising construction costs both globally, and in particular for the island of Sint Maarten.** Project activities support the mitigation of and response to adverse health and economic impacts resulting from aftershocks of the pandemic and the impact of rising construction costs including materials and shipping. The project activities to be financed are expected to continue the Project's contribution to strengthening the capacity and preparedness of hospital services in Sint Maarten. Moreover, the AF contributes to the overall PDO of ensuring that the hospital is well positioned to adequately provide services in the face of a potential outbreak or other emergency such as a natural disaster. The Project is also working to improve the quality of care available on the island and decrease the need for reliance on costly overseas medical referrals, which is in line with the project's original intent.

B. Technical

24. **The project continues to be relevant and consistent with the aim of improving the preparedness and capacity of hospital services in Sint Maarten.** The project design includes two complementary technical components: Component 1 concentrates on the construction of the new hospital, while Component 2 focuses on the need to continue the provision of health services as the new facility is under construction, develop tools and mechanisms to adjust the service delivery model and quality of health care and support the transition and preparation of the hospital to deal with emergencies. Activities included in the original project design are even more critical given that SMMC is the Government designated provider of hospital services for the entire population of Sint Maarten (including residents of Saba and St. Eustatius), and the only hospital providing services in the country.

25. **The project continues to have the critical building blocks required for delivering results:**

- (a) Strong support from Government, SMMC management and staff as well as the general population;
- (b) High degree of technical rigor as the functional requirements of the new hospital: (i) address current and future population needs; (ii) focus on increasing quality and efficiency of medical services and reducing costly overseas referrals; (iii) prioritize technical soundness as the design was developed by an independent firm with significant experience in the hospital sector and validated through second opinion assessments with independent consultants; and (iv) reflect inputs from consultations with SMMC staff; and
- (c) Results indicators to assess project performance building on monitoring systems already in place.

C. Financial Management



26. **The FM arrangements under the AF will be the same as those under original project.** FM responsibilities will continue to be undertaken by SMMC, which has established and maintained an adequate FM system in compliance with Bank requirements. The FM system provided reasonable assurance on the use of project funds, as confirmed during the last FM supervision mission in November 2022. FM procedures for the project will continue to be guided by the Project Operations Manual.

27. **The FM risk is rated Moderate due to the reliability of mitigation measures in place at SMMC.** The Project is in compliance with FM reporting requirements interim financial reports (IFR) and audited financial statements. The audited financial statements are acceptable to the Bank and there are no overdue audit reports under the project.² The FM performance rating continues to be satisfactory. Quarterly IFRs and annual audited financial statements, both disaggregated by source of financing, will continue to be submitted to the Bank within 45 days of the end of each quarter and six months of the closure of fiscal year, respectively.

D. Procurement

28. **SMMC is responsible for carrying out the procurement of all the activities financed under the project.** A procurement capacity assessment of the implementing agency, SMMC, was updated by the project team in January 2023 to review the implementation arrangements, staffing, and current procurement systems in place to evaluate the risks and planned and ongoing mitigation measures. Based on this assessment, it was determined that the procurement risk is assessed as Moderate, and that procurement performance of SMMC continues to be assessed as Satisfactory.

29. **Retroactive Financing.** Up to 20 percent of the grant amount (i.e., US\$1.4 million) may be used to retroactively finance eligible expenditures incurred no earlier than one year prior to the signing of the second additional grant agreement.

30. **The Recipient reviewed its procurement strategy with the Bank and has updated the Procurement Plan in the Bank's Systematic Tracking of Exchanges in Procurement (STEP) system.**

E. Social (including Safeguards)

31. **Hospital preparedness and COVID-19 response measures reinforce positive social development outcomes expected from the project.** Adequate safeguard instruments are in place, and similarly to the original grant and AF, this proposed second AF does not involve activities that will result in land acquisition, physical displacement, economic displacement, or any other form of involuntary resettlement as defined by Operational Policy (OP) 4.12. Therefore, no revisions to safeguard policies are proposed.

32. **The existing grievance redress mechanism (GRM) adopted for the project remains applicable and relevant for this AF.** The complaints handling process of the mechanism is specified across the existing safeguards instruments and is made publicly available on SMMC's website and on-site at the hospital.

F. Environment (including Safeguards)

² The audit for the year ending December 31, 2022 was completed on time and deemed satisfactory to the World Bank.



33. **The project was assessed as Category B (Partial Assessment) under OP 4.01 (Environmental Assessment) and will continue to be assessed as Category B for the second AF.** The new hospital construction and rehabilitation of the existing hospital works are expected to pose moderate risks, generating localized environmental impacts due to the project-financed activities. These impacts include debris management, soil stabilization and erosion control, noise and traffic management and workers' occupational health and safety particularly from the increased risks derived from the prevalence of COVID-19 in the country. The proposed AF is to cover a cost over-run³ and thus the activities are fully covered by the existing safeguards policies and all related safeguard instruments have been prepared, reviewed, and disclosed accordingly.

34. **An Environmental and Social Management Plan (ESMP) was prepared, consulted, cleared, and disclosed for the project.**⁴ The ESMP covers the new hospital construction under Component 1 and identifies potential social and environmental risks and impacts; develops mechanisms to comply with the relevant Government of Sint Maarten and WB policy requirements; describes procedures to mitigate environmental and social impacts; and outlines institutional and implementation arrangements, monitoring mechanisms, and capacity-building needs for effective implementation of the ESMP.

35. **In addition, FINSO (the hospital construction firm) has implemented a COVID-19 Prevention and Safety Plan and SMMC has implemented a COVID-19 Management Plan.**⁵ These instruments aim to manage COVID-19 transmission risks during the new hospital construction and in providing care to those who may be infected with COVID-19. The COVID-19 Management Plan outlines the hospital's waste management protocols, including its system for the identification, selection, handling, storage, use and route of final disposal of all infectious, chemical and general waste streams. This plan has been reviewed to ensure hazardous solid waste management is in place for adequate management and final disposal of the medical waste and COVID-19 related waste.

V. WORLD BANK GRIEVANCE REDRESS

36. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the

³ Given the proposed additional financing is solely to cover a cost overrun and there is no modification to the scope of Project activities, the World Bank's corporate Paris Alignment requirement does not apply.

⁴ The ESMP was disclosed on SMMC's website on November 26, 2019, and the World Bank's website on December 19, 2019 respectively. The instrument can be accessed at https://smmc.sx/Portals/0/ESMP_Final_Website.pdf?ver=2019-11-26-144856-923.

⁵ This COVID-19 Management Plan, dated June 7, 2020, is disclosed on SMMC's website at https://smmc.sx/Portals/0/8__Apx%20H_Covid-19%20Prevention%20and%20Safety%20Plan.pdf



attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

**VI. SUMMARY TABLE OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓

VII. DETAILED CHANGE(S)**COMPONENTS**

Current Component Name	Current Cost (US\$, millions)	Action	Proposed Component Name	Proposed Cost (US\$, millions)
Building and launching of the new hospital	17,000,000.00	Revised	Building and launching of the new hospital	24,000,000.00
Transition and Contingency Plan for Sint Maarten Medical Center	11,310,000.00	Revised	Transition and Contingency Plan for Sint Maarten Medical Center	11,085,000.00
Project Management	300,000.00	Revised	Project Management	525,000.00



TOTAL	28,610,000.00			35,610,000.00
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LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Current Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A8176	Effective	31-Jul-2023	31-Jul-2024	30-May-2025	30-Sep-2025
TF-B3788	Effective	31-Jul-2024	31-Jul-2024	31-Jul-2024	30-Nov-2024

Expected Disbursements (in US\$)

Fiscal Year	Annual	Cumulative
2018	0.00	0.00
2019	1,490,157.00	1,490,157.00
2020	11,100,553.00	12,590,710.00
2021	5,967,657.20	18,558,367.20
2022	4,281,870.68	22,840,237.88
2023	3,269,984.35	26,110,222.23
2024	8,052,000.00	34,162,222.23
2025	1,447,777.77	35,610,000.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Latest ISR Rating	Current Rating
Political and Governance	● Moderate	● Moderate
Macroeconomic	● Moderate	● Moderate
Sector Strategies and Policies	● Low	● Low
Technical Design of Project or Program	● Low	● Low
Institutional Capacity for Implementation and Sustainability	● Low	● Low
Fiduciary	● Moderate	● Moderate
Environment and Social	● Moderate	● Moderate
Stakeholders	● Moderate	● Moderate



Other		
Overall	● Low	● Low

LEGAL COVENANTS – Second Additional Financing for the Sint Maarten Hospital Resiliency and Preparedness Project (P180854)

Sections and Description

No information available

Conditions

Type	Financing source	Description
Disbursement	Trust Funds	Schedule 2, Section III, Part B of the Grant Agreement: Notwithstanding the provisions of Schedule 2, Section III, Part A of the Grant Agreement, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$1,400,000 may be made for payments made up to 12 months prior to this date for Eligible Expenditures under Category (1).
Effectiveness	Trust Funds	Article V of the Grant Agreement: The execution and delivery of the Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: St Maarten

Second Additional Financing for the Sint Maarten Hospital Resiliency and Preparedness Project

Project Development Objective(s)

Improve the preparedness and capacity of hospital services in Sint Maarten

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improve capacity of hospital services							
Overseas medical referrals reduced (Percentage)		0.00	15.00	25.00	35.00	35.00	45.00
<i>Action: This indicator has been Revised</i>							
Improve preparedness of hospital services							
Emergency Disaster Preparedness Plan and Evacuation Plan implemented according to procedures (Percentage)		60.00	75.00	75.00	80.00	85.00	90.00
<i>Action: This indicator has been Revised</i>							
Technical audits to evaluate quality and preparedness of service delivery rated		0.00	0.00	60.00	70.00	70.00	90.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
satisfactory (Percentage)							
Action: This indicator has been Revised							

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Building and launching of the new hospital							
Progress in construction of new hospital as per category 5 plus specifications (Percentage)		0.00	0.00	0.00	0.00	10.00	45.00
Action: This indicator has been Revised	Rationale: This end target would be revised downward from 100 percent to 45 percent in accordance with the latest detailed construction timetable.						
Emergency Disaster Preparedness Plan and Evacuation Plan updated (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Health personnel trained (Number)		0.00					300.00
Action: This indicator has been Revised							



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Storage capacity to improve preparedness (Square Meter(m2))		82.00			92.00		208.00
Action: This indicator has been Revised							
Impact of extreme weather conditions on hospital services (admissions, referrals, surgeries) (Percentage)		60.00	60.00	50.00	50.00	40.00	20.00
Action: This indicator has been Revised							
Transition and Contingency Plan for Sint Maarten Medical Center							
Progress in essential upgrades to the existing hospital (Percentage)		0.00	35.00	80.00	100.00	100.00	100.00
Action: This indicator has been Revised							
Contingency Plan in place for continuous services during works and reallocation of services (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised							
Increased patient satisfaction (Percentage)		60.00	60.00	70.00	75.00	80.00	85.00
Action: This indicator has been Revised							
Increased patient satisfaction - females (Percentage)		0.00	60.00	70.00	75.00	80.00	85.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised							
Updated clinical guidelines for prevalent health problems implemented and evaluated (Number)		0.00	2.00	5.00			10.00
Action: This indicator has been Revised	Rationale: The unit of measurement for this IRI would be revised from Y/N to instead track the actual number of CPGs implemented, thereby ensuring that the actual results achieved are adequately captured.						
Hospital implemented a triage and treatment system including split services between COVID-19 and non-COVID-19 patients (Yes/No)		No	Yes	Yes	Yes		Yes
Number of additional hospital beds to manage and treat COVID-19 suspected and confirmed patients. (Number)		0.00	16.00	16.00	16.00		16.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Overseas medical referrals reduced		Annual	SZV and SMMC	SZV insurance records and SMMC referrals	SMMC
Emergency Disaster Preparedness Plan and Evacuation Plan implemented	This indicator measures how well the updated plans	Within 60 days of an	Performance evaluation	Scorecard criteria developed and applied	SMMC



according to procedures	are implemented through the application of a scorecard which was applied in January 2022 to grade the performance of each area of the plan.	extreme weather event	report	in SMMC performance evaluation	
Technical audits to evaluate quality and preparedness of service delivery rated satisfactory		Annual	Technical audit reports		SMMC

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Progress in construction of new hospital as per category 5 plus specifications		Quarterly or semi-annual to be monitored during construction	SMMC through construction supervision firm reports (Royal Haskoning)	Construction supervision firm reports	SMMC
Emergency Disaster Preparedness Plan and Evacuation Plan updated		90 days within an extreme weather event	Evaluation report		SMMC



Health personnel trained	This indicator monitors training provided under the project for all hospital personnel.	Annual	Training reports	Training registers	SMMC
Storage capacity to improve preparedness		Annual	Structural plans of the renovated existing hospital and of the new hospital		SMMC
Impact of extreme weather conditions on hospital services (admissions, referrals, surgeries)		Within 90 days of an extreme weather event	SMMC records and reports		SMMC
Progress in essential upgrades to the existing hospital		Quarterly or semi-annual to be monitored during construction	SMMC through construction supervision firm reports		SMMC
Contingency Plan in place for continuous services during works and reallocation of services		Every six months		Evaluation of plans in place	SMMC
Increased patient satisfaction		Annual	SMMC patient satisfaction	Questionnaire provided to patients upon	SMMC



			surveys	discharge from hospital &/or after outpatient services are delivered	
Increased patient satisfaction - females		Annual	SMMC patient satisfaction surveys		SMMC
Updated clinical guidelines for prevalent health problems implemented and evaluated		Annual	Technical audits		SMMC
Hospital implemented a triage and treatment system including split services between COVID-19 and non-COVID-19 patients	This indicator describes the hospital's capacity to provide personal protective equipment (PPE) for health workers and patients; split services between suspect COVID-19 and non-COVID-19 patients according to SMMC's COVID-19 Management Plan, and streamline the management and treatment of all suspect and confirmed cases.	Every six months	SMMC		SMMC
Number of additional hospital beds to manage and treat COVID-19 suspected and confirmed patients.	This indicator numbers SMMC's capacity to adequately provide services for COVID-19 patients.	Every six months	SMMC		SMMC



