1. Country and Sector Background

1. The Organisation of Eastern Caribbean States (OECS), of which St. Vincent and the Grenadines is a member state, was established in 1981 under the Treaty of Basseterre. It has at present a membership of nine (9) states including Grenada, Anguilla, Antigua and Barbuda, the British Virgin Islands, Dominica, Montserrat, St. Kitts and Nevis, St. Lucia and Saint Vincent and the Grenadines. With the exception of Anguilla, British Virgin Islands, and Montserrat, which are all British territories, the remaining independent six member states of the OECS (Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, Saint Lucia, and St. Vincent and the Grenadines) share many common characteristics. They are all similar in size, climate, topography and history, and each has a very open economy with limited diversity in production and a dependence on tourism and/or a few export commodities which are sold, in many cases, in protected markets. Decades of reliance on traditional markets, and on trade preference, have given way to a new reality, where agriculture plays a much smaller role in most economies, and where a much harsher and more competitive international wind blows. In many respects, the OECS is well positioned. Endowed, for the most part, with strong traditions of democratic participation and political stability, favorable locations, excellent climates and an early targeting of universal primary education, many OECS countries already possess a number of ingredients necessary to adapt to the challenges of the 21st century.

2. St. Vincent and the Grenadines (SVG) consists of 32 islands, the largest of which is St. Vincent. It is the commercial and political center where 90 percent of the population resides. As with other countries in the region, St. Vincent and the Grenadines is subject to special development challenges due to its small size and vulnerability to external shocks. Despite a set of relatively good social indicators, which improved during the 1980’s and 1990’s, for the period 1996-2000 approximately 38 percent of the country’s population lived in absolute poverty. This is the highest percentage in the OECS sub-region.
3. St. Vincent and the Grenadines, like the other OECS countries, faces a number of development challenges. First and foremost is the global economic crisis, which has already negatively impacted tourism revenues, FDI inflows and remittances, has markedly slowed GDP growth and is leading to rising unemployment. Hence, the island is seeking new sources of growth and a way to reduce vulnerability, against a background of an increasing competitive global environment. Second, it faces fiscal imbalances and a high debt ratio, compounded by its vulnerability as a small island developing state. The economy of St. Vincent and the Grenadines is vulnerable and subject to changes in the external markets and severe shifts in trade. It is also prone to natural disasters such as hurricane and volcanic eruptions. La Soufriere, in St. Vincent, remains one of the most studied volcanoes in the world and is kept under constant monitor for any activity. In such an environment, business as usual will no longer suffice. The current challenge which faces the country is how to reinvigorate and sustain growth alongside the following imperatives – reducing high unemployment and poverty rates, restoring fiscal and debt sustainability, diversifying the economy, and securing a more sustainable external position.

4. These multi-faceted challenges of St. Vincent and the Grenadines as well as the OECS countries have prompted the World Bank Group to design its assistance strategy in a way that reflects the national and the regional development needs of these countries. In order to address the pressing developmental concerns of the OECS region, the World Bank’s Country Assistance Strategy (CAS) for the OECS, approved in September 2005 for the period FY06-FY09, proposes a new way of doing business to help these small states meet the challenges facing them at this critical stage of their development. The CAS supports the sub-region’s development agenda through two main pillars: (i) supporting growth and improving competitiveness; and (ii) reducing vulnerability and strengthening disaster risk management. Accelerating Growth in St. Vincent and the Grenadines will largely depend on the sub-region’s ability to improve competitiveness and strengthen its performance in the global economy.

5. Public sector modernization has been targeted by various reports as the key to improving efficiency and competitiveness in the region. The OECS Institutional and Organizational Capacity Review of the Core Public Sector (IOCR)\cite{2} states that “the institutions relating to public sector management need a major overhaul.” Presently, the public sector is over-emphasizing control of inputs and compliance with rules and regulations rather than with effectively and quickly delivering expected outputs. If it is to reduce costs and improve efficiency, the public sector must become more concerned with the cost-effectiveness, quality, and timeliness of outputs. The need for public sector modernization was echoed by the citizens of the OECS who participated in a 2005 survey managed by the World Bank.\cite{3} Respondents felt that the public sector is inefficient and poorly managed. The report attributes unsatisfactory quality of selected public sector services\cite{4} to institutional deficiencies

\footnotesize{1 World Bank Group Country Assistance Strategy for the OECS for the period FY06-FY09, September 6, 2005, p. v
2 OECS Institutional and Organizational Capacity Review of the Core Public Sector (IOCR), pages 48-49, 90.
3 The survey was conducted by Market Research Surveys, Ltd., and managed by the World Bank. Research was conducted between February and April, 2005.
4 Serious dissatisfaction was expressed with the services of the police, the courts, public hospitals, solid waste disposal agencies and agencies responsible for sale of agricultural produce and environmental protection.}
such as inadequate managerial autonomy, weak accountability, and ineffective enforcement mechanisms. The report also notes that citizens in the region are receptive to regional approaches and integration.

6. The public sector strategy in St. Vincent and the Grenadines is focused on improving the delivery of public sector services, improve internal efficiency (including lower costs of public service delivery), improve coordination between agencies, and increase transparency through the use of ICTs with the overall objective of contributing to regional integration.

7. Modernizing the public sector and the delivery of public sector services through the use of ICTs could potentially be done in a number of ways. In order to target the sectors where interventions are most needed, and are also in line with country priorities, specific areas for e-government interventions were selected during a stakeholder workshop held in 2007. In anticipation of the workshop, the country representatives had submitted their countries’ priorities, and during the workshop, these priorities were discussed and then matched across countries. Input on regional priorities was also obtained from the OECS Secretariat, as well as from the ECCB. In selecting the specific interventions to be included in the project, in addition to the perceived priority by the participating countries, a number of additional criteria were utilized, in particular the following: (i) its likely developmental impact and contribution to the public sector modernization agenda; (ii) the extent of contribution to or impact on policy harmonization and regional integration; (iii) likelihood of achieving early results or “Quick Wins”. Further prioritization took place on the basis of (iv) cost of implementation within available budget; and (v) local capacity for adoption and sustainable use.

8. Several World Bank reports, notably the Doing Business 2007: OECS⁵, and various European Union studies have shown that modernizing the public sector and the delivery of public sector services through the use of ICTs can be beneficial to small island states such as St. Vincent and the Grenadines. ICT-fuelled public sector modernization in the identified areas will help St. Vincent and the Grenadines improve the business environment, and otherwise contribute to private sector development. This project would directly contribute to the ease of doing business in the country by digitizing records, enhancing online access, and facilitating data exchange and processing. These improvements would enhance the ease of enforcing contracts, filing and paying taxes, and trading across borders. They would also improve the overall quality and timeliness of the information produced by the various public sector ministries and agencies, thus creating an environment conducive to improved governance and public oversight. Additionally, by streamlining the public sector processes and information exchange, St. Vincent and the Grenadines can foster an enabling environment for the further development of the private sector so that it can assume a more active role in further growth.

9. Generally across the region many of the countries focus on public sector reform, including the revision and update of the Legal and Regulatory environment, modernization of the Budget and Treasury systems, introduction of new tax administration mechanisms and the restructuring of the Civil Registry. There is significant progress yet to be achieved in St.

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⁵ Doing Business 2007: OECS, Copyright 2006, p. 1
Vincent and the Grenadines both in the context of the overall system’s introduction/upgrade, and the revision of the underlying policies and processes.

10. The EGRIP components were selected on the basis of the Bank’s first mission in February 2007, which met with over 70 decision makers in all Member States and stakeholder organizations. A Stakeholder Workshop took place in May 2007, which was followed by further consultations in November 2007 and an appraisal and technical discussions workshop in March 2008. The Program was approved by the Board of Directors on May 29, 2008, initially including Dominica, Grenada and St. Lucia, but leaving the door open for the addition of St. Vincent and the Grenadines, St. Kitts and Nevis and Antigua and Barbuda. In the case of St. Vincent and the Grenadines, subsequent discussions were held during the second half of 2008, Cabinet approval for participation in the Program was obtained in November 2008 and a further technical discussions workshop took place in April 2009.

11. This regional consultation processes provided the basis to create the main project components that are classified according to the cross-cutting (horizontal) or sectoral (vertical) nature. Component one therefore focuses on horizontal initiatives and component two focuses on selected vertical applications.

12. The key public sector areas selected using the above framework were Registries and Multipurpose Identification Systems in Component 1, and Public financial Management, Customs Administration, Tax Administration, and Procurement in Component 2. A performance or results-based approach has been integrated into the project, and in particular, Component 2. The proposed systems upgrades and activities under this component incorporate potential support for results-based management. For example, the SMARTSTREAM, Standard Integrated Tax Administration System (SIGTAS), and Automatic System for Customs Data (ASYCUDA) all support application of a result focus through management and decision making tools for operational and strategic management reporting. The integrated e-government project will provide the backbone for implementing the proposed reforms.

2. Objectives

13. The overall development objective of the project is to promote the efficiency, quality, and transparency of public services through the delivery of regionally integrated e-government applications that take advantage of economies of scale. Regional integration refers to the implementation of a harmonized regional e-government framework and e-government applications that are interoperable and deployed to users across the region. Such applications are expected to produce time- and cost-savings for governments, businesses and private citizens as well as greater quality of service provision, including increased transparency for users and the public. The expected benefits would accrue in the areas of public sector reform, empowerment of citizens and businesses, and efficiency gains for institutions and end-users through automation and pooling resources at the regional level.
3. **Rationale for Bank Involvement**

14. This project emerges from an increasingly strongly articulated political will and determination for sub-regional cooperation. Particularly strong was the realization that cooperation in the area of e-government, understood broadly as the application of ICT for public sector modernization, can produce important outcomes in terms of reducing the cost of doing business, improving public sector efficiency, transparency and accountability, as well as lead to more sub-regional harmonization and integration. The project wishes to follow in the footsteps of the widely successful sub-regional cooperation in the area of telecommunications, and aims at expanding that cooperation to the broader ICT field.

15. In view of the scarcity of financial resources for e-government development across the region, the World Bank is well positioned to provide the necessary resources and knowledge to implement this project. By using a regional approach to promote integration, competitiveness, public sector efficiency and transparency, the e-government initiative will provide the countries of the region the benefits of economies of scale and related synergies.

16. This project, consistent with the core principles of the OECS FY06-09 CAS guidelines, seeks to modernize public administration and rationalize public service delivery to enhance growth, and improve the efficiency and effectiveness of public services. In addition, it complements other related Bank activities, notably, support for stimulating growth and improvement of competitiveness as well as improvement of the quality of social services.

17. The addition of St. Vincent and the Grenadines into the OECS EGRIP program provides an opportunity to effectively leverage on the findings and recommendations of the OECS Fiduciary Policy Note, which was completed in October 2007. One set of recommendations is focused on improving the efficiency of the financial management and procurement systems permeating the entire cycle of public sector activities, which is particularly relevant to the objectives of this project and provides further justification to some of the proposed components.

18. The project is also complementary to other donor activities in the region and is formulated with due consideration of the CARICOM Connectivity Agenda (2003) and the Action-Oriented E-Government Strategy for Countries of the Caribbean Region 2004-2007. In particular, the project will be closely coordinated with the EU SFA 2005 program and CIDA’s upcoming Supporting Economic Management in the Caribbean (SEMCAR) program which will build on the successes of Eastern Caribbean Economic Management Project (ECEMP) and Guyana Economic Management Program GEMP.

19. The EGRIP will closely coordinate its proposed activities with those already implemented by these projects and by others being planned by donors, and will look for opportunities to build upon and complement them whenever possible. To a large extent,

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6 The Note recommends improving the efficiency of project implementation in the OECS countries by (i) contributing to a more efficient use of limited institutional and human resource capacity, (ii) lowering transactions costs, and (iii) optimizing the use of public funds, while (iv) maintaining a robust control framework.
focus will be on improving the front-end aspects of government service delivery to citizens and businesses within a regional framework.

4. Description

20. The project has two main substantive components: Horizontal (Cross-Sectoral) E-Government Interventions and Vertical (Sectoral) E-Government. Both components were articulated and agreed on through a regional consultation process involving substantial ongoing input from all key stakeholders, considering specific client needs in the regional context, implementation capacity, and the challenges identified by ICT sector assessments. A third component for project management is also included in both phases.

21. The break-down by components for St. Vincent and the Grenadines is indicated in the table below.

### Table 1: Notional Phase 1 lending envelope by component (US$ million)\(^7\)

<table>
<thead>
<tr>
<th>Component/Sub-component</th>
<th>IDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Horizontal e-government interventions</td>
<td>0.89</td>
</tr>
<tr>
<td>1.1 Policy and strategy implementation</td>
<td>0.01</td>
</tr>
<tr>
<td>1.2 Legal and regulatory framework implementation</td>
<td>0.03</td>
</tr>
<tr>
<td>1.3 ICT Standards and Total Cost of Ownership Optimization</td>
<td>0.13</td>
</tr>
<tr>
<td>1.4 Regional E-Government Institutional Framework Strengthening</td>
<td>0.35</td>
</tr>
<tr>
<td>1.5 Automated Registries and Multi-Purpose ID Systems, including extension of Intranet</td>
<td>0.38</td>
</tr>
<tr>
<td>2. Vertical e-government interventions</td>
<td>1.23</td>
</tr>
<tr>
<td>2.1 E-Government in Public Financial Management</td>
<td>0.14</td>
</tr>
<tr>
<td>2.2 E-Government in Tax Administration</td>
<td>0.20</td>
</tr>
<tr>
<td>2.3 E-Government in Customs</td>
<td>0.16</td>
</tr>
<tr>
<td>2.4 Electronic Government Procurement</td>
<td>0.20</td>
</tr>
<tr>
<td>2.5 E-Government in Health, Postal, Roads and Other Sectors</td>
<td>0.53</td>
</tr>
<tr>
<td>3. Project Management</td>
<td>0.16</td>
</tr>
<tr>
<td>Unallocated 5%</td>
<td>0.12</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.40</td>
</tr>
</tbody>
</table>

22. In light of the fact that the countries’ top priorities are concentrated in the area of public finance (both on the expenditure and the revenue side), component two is the largest of the project and is primarily dedicated to these priority areas. However, there was strong client demand for including a number of initiatives outside of the traditional public finance area, so as to explore e-government applications in social and productive sectors (e.g. health, education, agriculture, tourism, postal, roads, among others).

23. In the case of St. Vincent and the Grenadines alongside health, high priority was awarded to the postal services and transport infrastructure sectors. Support for e-government activities in these sectors was included under subcomponent 2.5. Furthermore, five percent of total project costs are set aside as unallocated to allow for additional flexibility in complementing activities under the project.

\(^7\) Totals do not fully add up due to rounding.
COMPONENT 1 - Horizontal E-Government Interventions (US$ 890,000)

24. The objectives of this component are to strengthen and harmonize national and regional e-government processes, operational ICT platforms and frameworks; to promote more efficient regionally-based ICT development and strengthen capacity, and to provide an enabling environment to achieve Public Administration objectives in a globally competitive context, and to better serve citizens, businesses and consumers in the region.

25. Emphasis will be given to capacity building of Public Administration by providing stakeholders with assistance to implement and further improve already harmonized regional and national sector policy, strategy, legislation and related legal and regulatory frameworks, and to develop a structured sustainable means to move forward and improve coordination in e-government on a regional basis.

26. Subcomponent 1.1 - Policy and Strategy Implementation (US$ 10,000): This subcomponent will build on existing e-government policy and strategy development efforts, notably under EU-funded programs. The purpose of this subcomponent is to provide assistance in specific aspects of implementation of the national e-government strategies, as well as provide support for updating and harmonizing e-government policies and strategies across the region through on-going consultation with key actors, as well as provide a framework for regional e-government cooperation activities. At the regional level, the subcomponent includes the following activities: (a) Strategic review and assessment, including comparative analysis of high-level regional e-government vision and goals, global lessons learned, update of national and regional OECS e-government strategies, as well as definition of detailed implementation action plan; (b) Monitoring and evaluation framework, including clearly defined timeframe, criteria and indicators, as well as detailed baseline and monitoring data collection.

27. In the case of St. Vincent and the Grenadines, since current projects under implementation have allocations for policy and strategy implementation, this subcomponent has been significantly reduced and will focus primarily on monitoring and evaluation of the implementation of the project.

28. Subcomponent 1.2 - Legal and Regulatory Framework Implementation (US$ 30,000): This subcomponent will provide complementary contributions to the EU-funded effort to harmonize legal and regulatory frameworks for electronic transactions, focusing on implementation aspects. At the regional level, this subcomponent includes the following activities: (a) Gap analysis and overall assistance for harmonized legal and regulatory framework development and implementation, which may involve complementary regulatory drafting notably on electronic transactions and digital signatures; privacy and data protection; computer misuse; interception of communications; and freedom of information, among others; and (b) Equipment, software and training for implementation of selected pieces of legislation.
29. In the case of St. Vincent and the Grenadines, since current projects under implementation have allocations for legal and regulatory framework, this subcomponent has been reduced.

30. **Subcomponent 1.3 – ICT Standards and Total Cost of Ownership Optimization (US$ 125,000):** This subcomponent is aimed at assisting countries in improving their e-government standards and architectures, as well as overall public sector ICT management and investment practices. The subcomponent will assist countries in identifying potential savings in ICT projects through such tools as pooled procurement of software licenses, implementation of Public-Private Partnerships, and developing frameworks for the assessment of the total cost of ownership of a specific solution (including open source software), among others. This includes analyzing and recommending common information system architectures and standards, viable mechanisms to support and maintain information systems, and establishing sustainable unified policy, strategy and implementing guidelines for on-going optimization. The subcomponent includes the following activities, among others: (a) Assessment of current standards and architectures, definition of harmonized e-government standards, interoperability framework and enterprise architecture (on the basis of Service-Oriented Architectures); (b) Assessment of ICT management and investment practices, development of framework for total cost of ownership analysis and optimization, identification of potential savings and strategy for pooled procurement of software licenses; (c) Assistance for pooled procurement of software licenses on pilot basis; and (d) Capacity building on standards, service architecture, open source software and Total Cost of Ownership optimization.

31. Specifically for St. Vincent and the Grenadines, a priority area for this subcomponent will be the greater use of open source software and ownership of software licenses. This will reduce the total cost and annual payments for licenses and help develop the sub-regional human capacity, competence and available expertise within the OECS.

32. **Subcomponent 1.4 – Regional E-Government Institutional Framework Strengthening (US$ 350,000):** This subcomponent will assess the current institutional framework for e-government project implementation and technical support in the participating countries, and will provide assistance in the strengthening of the regional institutional framework for e-government. One option that will be explored through the project, among others, is the creation of a self-financing sustainable regional E-Government Center of Excellence to provide participating countries with policy guidance, technical support and capacity building in the implementation of ICT systems in government, while at the same time implementing key regional projects and e-government applications on behalf of the participating countries (such as the regional e-procurement platform), as well as focusing on internationally recognized certifications, mentoring and ‘train the trainer’ programs. It will achieve self-financing and future sustainability by provision of services to the participating governments and the private sector, such as: management of hardware and software maintenance contracts, application development and hosting, management of regional information systems (e.g. the e-procurement platform), as well as provision of technical advisory, certification, training and capacity building services, among others. Alternative options for performing the functions of a regional e-government center of excellence, include a network of national-level institutions (such as the existing e-government or ICT units), or integration into a
CARICOM-wide e-government center of excellence or network of centers. The subcomponent includes the following activities, among others: (a) review of regional e-government institutional framework, assess options and business plan, and strategic institutional design and implementation action plan, including governance structure, organizational and business model, implementation arrangements, staffing, action plan for the first 18 months, etc.; (b) start-up implementation support for the new regional e-government institutional framework, including assistance in the establishment of initial service agreements with participating countries, partnership arrangements with international experts from academia, industry and governments; (c) equipment for start-up implementation; (d) Support to national e-government units, through country-based specialists, among others, and assistance to steering committees, including support for enhancing coordination with donors; and (e) Training and capacity building at the national level.

33. **Subcomponent 1.5 – Automated Registries and Multi-Purpose Identification Systems (US$ 370,000):** This subcomponent will review the current status of key government registries and support the creation of harmonized National Identification Systems as a core shared service to be used throughout all e-government platforms, integrated with other key information systems at the national and regional level, where appropriate (Civil and Business Registries, Immigration Systems, and Election Systems). The subcomponent includes the following activities, among others: (a) Needs assessment for national ID system, evaluation and simplification of processes as needed, and design of Multi-Purpose Identification System as a core piece of the overall interoperability framework; (b) Development and implementation of system, including software development, modernization of business and civil registry, election card system, if required, and integration of back end systems and databases; (c) Implementation assistance in core user agencies; (d) Pooled procurement of necessary equipment and National ID cards; and (e) training and consensus building.

34. In the case of St. Vincent and the Grenadines, a priority area for this subcomponent will be the automation and integration of registries, with less emphasis on the new ID card system, given that the Electoral Office is already implementing such a system. However, resources under this activity will be allocated to expanding the Intranet Backbone for more efficient interactions between Ministries and Departments in and outside the Kingstown area.

**COMPONENT 2 – Vertical E-Government Interventions (US$ 1.23 million)**

35. The objective of this component is to harmonize and improve key e-government systems by focusing on specific interventions in core areas of public finance. This area was identified as a national and regional priority by all stakeholders, due to regional commonalities that can be used as a pragmatic basis to begin to harmonize regional e-government systems, to modernize their Public Administrations, to evolve guidelines, and to catalyze further integration in regional processes.

36. In many aspects, the activities included in this component will build upon, and complement results achieved by the CIDA-sponsored ECEMP program, which is focused on the modernization and capacity-building of the public finance sector. CIDA is currently in
the process of preparing its new SEMCAR program, which is expected to include further support for the modernization of core PFM systems, including tax and customs. To that end, CIDA has recently completed an IT diagnostic study through CARTAC, which will inform the design of SEMCAR as well as prove a useful input to the detailed activities foreseen under EGRIP. In light of that, EGRIP will focus on web-based front-end systems, for service delivery as well as interfaces and interoperability among systems, thus minimizing the potential areas for overlap and maximizing the overall efficiency and synergies of the proposed activities. EGRIP and SEMCAR will be closely coordinated throughout implementation.

37. This component will coordinate closely with Component 1 (Horizontal E-Government Interventions) to ensure that the desired vertical goals are supported by the newly developed horizontal tools, standards and regulations.

38. **Subcomponent 2.1 – E-Government in Public Financial Management (US$ 140,000):** This subcomponent will upgrade, integrate and bring to a full capacity existing public finance systems - budget, treasury and financial reporting, (in most cases, implemented on the basis of the “SmartStream” software solution), provide better services and information to government employees and the public in general, and avoid duplication of work in a context of scarce human resource capacity. This will involve, among others, the full implementation and integration of budgeting, accounting and reporting modules; full implementation of the HR module, if applicable; update of the underlying processes and control framework; design of interfaces to link budget, revenue (tax, customs), expenditure and reporting modules, as well as development of a web-based public information system, aimed at providing information to the public at large on government finances in an easily understandable format. This subcomponent will include the following activities at the regional level: (a) Overall assistance for PFM sub-component implementation; (b) Gap analysis between government financial management needs and the PFM systems capabilities; (c) Using the results of (b) as an input, upgrade and integration of the HR, budgeting, accounting and financial reporting modules and databases; development and implementation of comprehensive, results-oriented budget classifications and standardized financial reporting formats; (d) Development of user-friendly interfaces linking budget, revenue (tax, customs), expenditure and financial reporting modules into a single public finance system; (e) Development of a web-based public information system, aimed at providing information to the public at large on government finances in an easily understandable format; (f) Development of the PFM system operations manual/user guidelines, and personnel training; and (g) PFM system maintenance contract.

39. In particular for St. Vincent & the Grenadines, given the existence of other projects that are supporting this area, the overall allocations to this subcomponent have been reduced, compared to the other countries.

40. **Subcomponent 2.2 – E-Government in Tax Administration (US$ 200,000):** This subcomponent is aimed at developing an on-line registration and electronic tax filing subsystem to interface with the tax management system. It is expected that the current core tax administration system, SIGTAS, will be upgraded or migrated with the support of a
parallel CIDA regional program. The on-line filing module will be designed so that it can interface with any underlying core tax administration system, and will allow for integration with the banking system for payments and refunds, including through a future regional payments gateway. This subcomponent will also evaluate opportunities to share tax administration system support through the regional center of excellence or other similar structure. The subcomponent includes the following activities: (a) Overall assistance for tax system sub-component implementation; (b) Design, development and implementation of on-line registration and e-filing system; (c) Tax system personnel training and user manuals; and (d) Tax system maintenance contract.

41. In particular for St. Vincent & the Grenadines, given the existence of other projects that are supporting this area, the overall allocations to this subcomponent have been reduced, compared to the other countries.

42. **Subcomponent 2.3 - E-Government in Customs (US$ 160,000):** This subcomponent is aimed at creating a regional customs information sharing network within the context of the upcoming OECS Economic Union. This will allow for interoperability of various customs systems over heterogeneous regional platforms, as well as sharing and crossing of information among public agencies involved in the export and import processes. It is expected that a parallel CIDA regional program and existing World Bank programs in some of the countries will support the migration to more modern versions of ASYCUDA. This subcomponent is therefore not expected to assist in that area, but will support any additional systems upgrades in particular the implementation of an electronic filing module, where required, maintenance contracts, well-defined interfaces with PFM and tax administration systems, as well as training. The subcomponent includes the following activities at the regional level: (a) Overall assistance for customs sub-component implementation; (b) Regional customs information network, including harmonization and aggregation of trade data, and implementation of the on-line electronic manifest interchange module, among others; (c) Customs system upgrades including electronic filing module and interface with PFM and tax systems; (d) Customs system personnel training and manuals; and (e) Customs system maintenance contract.

43. In particular for St. Vincent & the Grenadines, given the existence of other projects that are supporting this area, the overall allocations to this subcomponent have been reduced, compared to the other countries.

44. **Subcomponent 2.4 Electronic Government Procurement (US$ 200,000):** This subcomponent will create a regional e-procurement platform, based on the successful experience of the OECS Pharmaceutical Procurement Service (PPS). This platform will initially allow for the publication of online notices and award of contracts while eventually moving to a transactional system for competitive tendering. This subcomponent will also support the implementation of the national procurement systems, in particular, the procurement module of SmartStream, and its integration with the regional e-procurement platform. This subcomponent will explore alternative approaches including a Public-private partnership (PPP) for implementation of the system. While a full-fledged outsourcing PPP may not be a viable option in this context, intermediate PPP models may be explored. The subcomponent includes the following activities: (a) Design and implementation of an action
plan for pooled procurement in the OECS, including assessment of options for a PPP framework for e-procurement; (b) Development of a regional e-procurement platform and transactional system for competitive tendering; (c) Upgrading the national procurement systems, where required, and the systems of the OECS PPS, integrating them to the regional e-procurement platform, and related capacity enhancement; and (d) Application of the regional e-procurement platform and the PPS experience to other types of goods and services.

45. **Subcomponent 2.5 E-Government in Health and Other Social and Productive Sectors (US$ 530,000)**: This subcomponent will provide assistance in the implementation of a regional pilot project in health management information systems, and may be complemented with small preparatory and/or complementary activities in other social and productive sectors, such as agriculture and tourism, as well as education, among others. The subcomponent includes the following activities at the regional level: (a) Implementation of a regional e-government pilot project in the health sector, through, in particular the design and implementation of a regional health management information system, which may include facilities management systems, electronic patient records, regional information network and on-line tools for Health Ministries; (b) Preparatory activities and/or complementary support to existing e-government initiatives in other social and productive sectors, notably agriculture and tourism, as well as education, postal sector, or others as may be identified in the early stages of the project.

46. In the case of St. Vincent and the Grenadines, the Ministry of Health has stated that EGRIP would need to be well coordinated with the existing World Bank HIV/AIDS Project. In addition, under the framework of activity (b), the project will include for St. Vincent and the Grenadines additional activities that were not foreseen at the regional level: (b) computerizing and interconnecting the Postal Corporation district branches; (c) integrating the various departments of the new Buildings, Roads and Bridges Authority; and (d) upgrading and operationalizing the government’s web portal.

**COMPONENT 3 – Project Management (US$ 160,000)**

47. This component will support the establishment of the Regional E-Government Unit (REGU) described below, under the direction of an overall Project Manager. The REGU will also include specialized staff located in the agencies identified in each country as focal points for the project, thus assisting in project implementation at the local level. To help manage the fiduciary aspects of the project, there will be a Procurement Specialist, and a Project Accountant. There is also a provision for office space and equipment, as well as other operating costs. Finally, there are resources devoted to community outreach and public awareness, as well as annual external audits.

**UNALLOCATED (US$ 120,000)**

48. Five percent of total project costs are set aside as unallocated to allow for additional flexibility in complementing activities under the project.
5. Financing

Source: ($m.)
BORROWER/RECIPIENT 0
International Development Association (IDA) 2.25
Total 2.25

6. Implementation

49. The project will be implemented by the OECS Secretariat, Regional E-Government Unit (REGU). For effective project implementation, the organizational structure will be defined at two levels: regional and national.

   a. At the regional level, two new structures are being created, the Regional Technical Committee (RTC) for the project and the regional E-Government Unit (REGU), which will be a specialized unit within the OECS Secretariat, the implementing agency for the project.

   b. At the national level, the project will be coordinated by the respective ICT or e-government units, which will be the national focal points for the project and will provide assistance to the REGU in implementing the relevant activities at the national level. The national focal point will be the Ministry of Telecommunications, Science, Technology and Industry in the case of St. Vincent and the Grenadines, and will be in charge of the day-to-day management of the technical and logistical aspects of the project at the national level, including the work program, coordinating with the relevant ministries and departments, and the preparation of terms of reference and technical specifications. This unit will coordinate its work and receive guidance from the National ICT Forum. No new structures at the national level are being created for this project.

7. Sustainability

50. The results of the project are expected to be sustainable given the strong emphasis of the project on institutional strengthening and capacity building, as well as on identifying models for sustainable technology management, through total cost of ownership analysis. In addition, as a result of the project, it is likely that a new regional institutional framework for e-government will emerge, on the basis of a number of alternative models that will be assessed. This new institutional framework for e-government sustainability will be strongly anchored in the institutional framework of the OECS Economic Union, and will become the major guarantor of the future sustainability of the project as a whole. The exact financial model to ensure the sustainability of this new framework will be defined in the early stages of the project. It is expected that potential service revenue streams may involve maintenance contracts, technical advisory fees, application development and hosting, management fees for regional information systems (e.g. the e-procurement platform), as well as revenues derived from consulting, training and capacity building activities, among others.
8. Lessons Learned from Past Operations in the Country/Sector

51. The design of the project reflects key lessons learned from previous operations in the OECS, including Grenada and Dominica, and elsewhere in the world, from the Doing Business report, and the CFAA/CPARs done in the region.

52. The following is a summary of the key lessons incorporated in the project design:

a. Work in the OECS states has shown the critical importance of having a harmonized regional approach. The EGRIP project takes a strategic approach to assisting in sub-regional cooperation by utilizing a regional approach in virtually all its components, including the e-procurement component. The EGRIP project also demonstrates its regional commitment through the key roles of regional organizations such as the OECS Secretariat, the ECCB, ECTEL, CARTAC and CARICAD, among others.

b. The need for reform to address areas that will show early, visible results to build strong ownership as the reform process moves forward to address more difficult issues. In this regard, the Bank is quite experienced and has a rich knowledge base in areas of work related to modernization of Tax, Customs, Finance, and Procurement – key areas for the EGRIP project. Hence the project is well-placed to demonstrate early positive results in these areas.

c. Small economies with severe capacity constraints in the public sector and faced with a relatively high vulnerability index, inclusive of periodic natural disasters, may require longer adjustment periods and greater flexibility on the part of donors. This is reflected in the design of the project which has two phases under the APL, and is expected to benefit from coordinated donor assistance.

d. The need for adequate private sector participation and commitment. Experience from previous similar Bank projects suggests that it is important to secure participation or input from the private sector through consultation, and to continue to devolve functions from the relatively public sector to the private sector. The design of this project has benefited from input from consultations processes and consultations with the private sector, e.g. under the auspices of the e-procurement sub-component.

e. Projects that build institutional capacity and utilize existing Government systems and structures for implementations are more likely to succeed and be sustainable than projects that rely only on self-standing Project Implementation Units. At the same time it is important to have a clear delineation between the national and the regional implementation arrangement. Both lessons learned have been considered in the preparation of this project.

f. Even though OECS countries have performed well in Doing Business 2007 report, there are some of regulatory and institutional areas for further improvement. This project has been designed taking in consideration those recommendations of improvement such as harmonization of taxes and property registration where the OECS member countries continue to use different legislation. The component Legal and Regulatory Framework will provide complimentary contributions to the EU-funded effort to harmonize at the regional level, the regulatory framework for electronic transactions. The project also addresses one of the key recommendations made in this report, in relation to payment of taxes i.e. the need to allow electronic filing and payment of taxes.
g. This project supports the institutional strengthening of the public financial management function through addressing some weaknesses in public sector financial management that apply across all or most countries. In many areas the proposed regional nature of the project will hopefully enhance the impact and cost effectiveness of the proposed interventions. The roll out, training and systems development in the areas of government budgeting, accounting and reporting, and increased functionality of the systems are also in line with OECS Fiduciary Policy Note and CFAA recommendations.

h. The CPAR of the OECS States (Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines) identified several instances that demonstrated the lack of capacity and lack of transparency in the area of procurement. The more recent CPAR for Dominica (June 2003) had similar follow-up recommendations for the OECS states which included the need for a sound, harmonized regime for public sector procurement, appropriate policy oversight arrangements at the regional and national levels, better economies of scale at the regional level, a comprehensive regional capacity-building strategy, and development of an appropriate set of tools to facilitate implementation of the harmonized public sector procurement framework. The EGRIP project attempts to address the capacity issues as related to procurement. In addition, the e-procurement pilot contributes to the increased transparency of the procurement process. Finally the regional nature of the pilot and the project overall, also addresses the regionalization issues that were brought up in the CPARs.

i. Finally, the project is building on some lessons learned from Public Sector Modernization efforts in Grenada that have shown the importance of taking a strategic, incremental approach to public sector modernization versus a “big bang” approach which takes time to produce results and can easily tax the capacity of oversight agencies to manage the process. E-government experiences from diverse locations, from the islands of Cape Verde to the province of Nova Scotia, are also brought to bear on the design of this project, both in terms of institutional design and negotiations with vendors to achieve volume discounts. All this is reflected in the project design which takes an incremental approach by addressing primarily the core public finance area first and by attempting to achieve economies of scale through regional cooperation.

9. Safeguard Policies (including public consultation)

53. The proposed project is considered Category C and hence no safeguard policies are expected to apply.

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<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Environmental Assessment (OP/BP 4.01)</td>
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<tr>
<td>Safety of Dams (OP/BP 4.37)</td>
<td>[ ]</td>
<td>[X]</td>
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10. List of Factual Technical Documents

3. OECS: Towards a New Agenda for Growth, World Bank
3. OECS Institutional and Organizational Capacity Review of the Core Public Sector (IOCR)
3. Improving competitiveness and increasing economic diversification in the Caribbean: the role of ICT, infoDev, 2005
3. CARICOM Connectivity Agenda, 2003
3. Assessment of Current Operation of SIGTAS and a Diagnosis of Short-term Needs, Philippe Dadour, September 2007
3. Consultant reports by Cletus Bertin
3. Additional letter from the Prime Minister of St. Vincent and the Grenadines nominating the negotiating team (April 1, 2009).

11. Contact point

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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas
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