

# IEG

## ICR Review

Independent Evaluation Group

<b>1. Project Data:</b>		<b>Date Posted :</b>	08/31/2006	
<b>PROJ ID:</b>	P076822		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b>	Emergency Recovery Project	<b>Project Costs (US\$M)</b>	3.81	3.56
<b>Country:</b>	St Vincent & Grenadines	<b>Loan/Credit (US\$M)</b>	3.0	3.0
<b>Sector(s):</b>	Board: UD - Ports waterways and shipping (100%)	<b>Cofinancing (US\$M)</b>	0	0
<b>L/C Number:</b>	C3613; L7103			
		<b>Board Approval (FY)</b>		02
<b>Partners involved :</b>	None	<b>Closing Date</b>	06/30/2005	12/31/2005
<b>Evaluator :</b>	<b>Panel Reviewer :</b>	<b>Division Manager :</b>	<b>Division :</b>	
Silke Heuser	Roy Gilbert	Alain A. Barbu	IEGSG	
<b>2. Project Objectives and Components</b>				
<b>a. Objectives</b>				
As per the MOP (page 12), they were to				
(a) help safeguard and maintain the productive capacity of St. Vincent and the Grenadines' tourism sector, notably by securing the [tourism] industry's energy needs through fuel imports following the events of September 11, 2001;				
(b) enhance security at key airport and seaport facilities in line with international standards in an effort to prevent further acts of terrorism and safeguard the sub-region's image as a safe tourism destination; and				
(c) strengthen the country's institutional capacity to develop and implement security plans, procedures and measures as mandated by the international civil aviation and maritime transport regulatory agencies .				
The Loan Agreement (Schedule 2) includes these three objectives plus two more . (a) Expanding tourism promotion through a regional advertising campaign, and (b) improving the administration of off-shore financial and business services. The discrepancy is probably due to an oversight in not deleting these two objectives from the Loan Agreement, since the project included no actions or components to achieve them . IEG takes the same position as the ICR in treating the project as having three objectives only as per the MOP .				
The St. Vincent and the Grenadines Emergency Recovery Project (ERP) was part of a five country emergency recovery program. Other countries of the Organization of Eastern Caribbean States (OECS), including Dominica, St. Kitts and Nevis, Grenada, and St. Lucia took part in the program .				
<b>b. Components (or Key Conditions in the case of Adjustment Loans ):</b>				
(a) <b>Critical Imports</b> (appraisal cost US\$1.20 million; actual cost US\$1.20 million) to finance low-sulfur diesel fuel for electricity generation. This was critical to ensure that energy-intensive tourism facilities were kept operational during the recovery period.				
(b) <b>Airport and Seaport Security Enhancemen t</b> (appraisal cost US\$2.06 million; actual cost US\$2.27 million) to finance (i) civil works to upgrade perimeter fencing and roadway and improve access to key facilities; (ii) security equipment, including communication, passenger and luggage screening, identification (badge) and surveillance systems; and (iii) institutional capacity building, including technical assistance; and training to develop and implement security programs, emergency and contingency plans at airports and seaports .				
(c) <b>Implementation Support</b> (appraisal cost US\$0.23 million; actual cost US\$0.09 million) to assist the Borrower in meeting its project management obligations through the strengthening of an existing Project Coordination Unit (PCU).				
<b>c. Comments on Project Cost, Financing, Borrower Contribution, and Dates</b>				
The project experienced variations in prices for security equipment . With the exception of the security sniffers, all security equipment originally included in the project has been procured . The sniffers were canceled due to their high price (\$130,000 for two sniffers), and low level of reliability . Project savings were used to either finance additional security equipment (e.g. communication equipment, and patrol vehicles ) or undertake works because of unforeseen events (e.g. additional repairs to the airport perimeter fencing after Hurricane Ivan ). The project was extended six months to December 31, 2005, to allow completion of the Closed Circuit Television (CCTV) systems.				

### 3. Relevance of Objectives & Design :

The objectives of the project are relevant to what has been diagnosed in the September 6, 2005 Country Assistance Strategy (CAS); such as regional integration, public sector reform, (i.e. improving safety standards to comply with

international requirements), as well as building human and institutional capacity .

The project design and preparation as stated in the Loan Agreement (Schedule 2) were basically sound. At the time of project design, the QAG reviewed the quality at entry on June 6, 2002 and found it to be satisfactory .

However, there is a question with respect to the appropriateness of the choice of lending instrument for this project . At the time of project appraisal, a connection between an emergency recovery loan (ERL) and an emergency situation in the country was not clearly demonstrated . According to OP 8.50, "an emergency is an extraordinary event of limited duration, such as war, civil disturbance, or natural disaster ." Furthermore, the OP 8.50 states that "serious economic dislocation caused by external economic shocks or other situations justifying development policy lending [as in St. Vincent and the Grenadines at this time] is not considered an emergency."

#### **4. Achievement of Objectives (Efficacy) :**

(a) *To help safeguard and maintain the productive capacity of St. Vincent and the Grenadines' tourism sector, notably by securing the industry's energy needs through fuel imports following the events of September 11, 2001* (rated **Substantial**).

Fuel oil for St. Vincent and the Grenadines was financed .

(b) *To enhance security at key airport and seaport facilities in line with international standards in an effort to prevent further acts of terrorism and safeguard the sub-region's image as a safe tourism destination* (rated **Substantial**).

The construction of the perimeter fencing and the roadway at E.T. Joshua airport has been completed in compliance with the International Civil Aviation Organization (ICAO) standards. This includes additional repairs made on the beach side of the fence after damage caused by Hurricane Ivan in September 2004. A new checked baggage area has also been erected. With the exception of the security sniffers, all security equipment originally included in the project has been procured, installed, and is in use at both port and airport facilities . The E.T. Joshua airport certification process has been carried out by the Directorate of Civil Aviation (DCA) on behalf of the International Civil Aviation Organization (ICAO). The International Ship and Port Security (ISPS) certification process for the main port of Kingston has also been completed . As a direct result of the project, all facilities currently meet all international security standards.

(c) *To strengthen the country's institutional capacity to develop and implement security plans, procedures and measures as mandated by the international civil aviation and maritime transport regulatory agencies* (rated **Substantial**).

After initial delays, training activities were completed (with 40 participants and a 90 percent graduation rate). A comprehensive Regulatory Review for Enhanced Security covering both the civil aviation and maritime sectors in St. Vincent and the Grenadines has been completed . This has helped the authorities take a full account of the ICAO and International Maritime Organization (IMO) requirements and identify potential deficiencies and areas for improvement. The government also drafted a national transportation security plan for St. Vincent and the Grenadines, as well as a port security plan . Both plans have been reviewed by the respective authorities and are awaiting legislative approval. In addition, an airport safety management study, which was not initially included under the project, has been prepared.

#### **5. Efficiency :**

No ERRs were estimated for this project either at appraisal or completion . While the MOP did not comment on ERRs, the ICR (page 6) stated that "it was not possible to calculate the economic rate of return for this type of project ." More effort could have gone into the economic analysis of the project, considering, for instance, future benefits stemming from an increase in tourist arrivals, in particular cruises .

At the start of the Project, unit cost targets were estimated . Unit costs for security equipment and especially the CCTV systems varied widely between the five OECS countries (Dominica \$85,000, Grenada \$200,000, St. Kitts and Nevis \$125,000, St. Vincent and the Grenadines \$140,000, and St. Lucia \$250,000). A cost effectiveness study in the preparation phase of the project could have played a role in coordinating procurement for all five countries . In fact, at the beginning of the project, the five countries expressed interest in procuring the security equipment regionally. However, not all of the countries were at the same level of preparedness, and regional procurement did not occur. Stronger coordination would have resulted in better prices, common training and maintenance practices, common parts inventories, and better opportunities for assisting and supporting each other during periods of machinery breakdown.

#### **6. M&E Design, Implementation, & Utilization:**

M&E was limited at the outset and during implementation . It lacked quantifiable outcome indicators, such as tourist arrivals, stays and spending, to demonstrate progress toward the goal of a safe and sustainable tourism sector . M&E design, implementation and utilization instead addressed the details of the outputs of the emergency equipment (e.g. baggage screeners, metal detectors, etc.), but the links between these outputs and the actual results of the project could have been more explicit in the ICR.

#### **7. Other (Safeguards, Fiduciary, Unintended Impacts--Positive & Negative):**

N/a

8. Ratings :	ICR	ICR Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Modest	Modest	
<b>Sustainability :</b>	Likely	Likely	
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- ICR rating values flagged with ' \* ' don't comply with OP/BP 13.55, but are listed for completeness .

**9. Lessons:**

- Careful selection of lending instruments is important . It is questionable whether the Bank should extend the use of an ERL instrument to situations that are not emergencies in the sense defined by the OP 8.50.
- Projects that are prepared under pressure may lack the time for detailed planning, which slows down implementation once the project is approved .
- For Small Island Developing States (SIDS) there can be significant advantages to implementing multi-country programs through a regional entity . The project greatly benefited from the support of the Department of Civil Aviation, the regional agency that coordinated training and institutional strengthening activities . Such an agency was well positioned to establish and apply regional standards and policies .
- In SIDS, the right balance needs to be found between strengthening a small country 's own institutional capacity, especially with procurement, and efficiency gains of procurement through regional institutions . In this case, project experience proved that regional procurement can bring important benefits . Participating governments greatly benefited from the coordinated procurement of policy development and training activities . Additional benefits could have been derived, however, from the joint purchase of key equipment . Expensive spare parts could have been purchased in bulk and a single firm could have been contracted to carry out required maintenance work in all participating countries . This was not done under the project .
- Involvement of stakeholders in project identification, preparation, and management helps significantly in ensuring successful implementation . However, stakeholders from St. Vincent and the Grenadines were not involved in the identification and preparation of this project .

**10. Assessment Recommended?**  Yes  No

**Why?** The project experience generated interesting lessons concerning the Bank 's experience in dealing with external shocks in SIDS, particularly concerning the tourism industry . These lessons should inform the upcoming IEG review of Bank experience with other external shocks, such as natural disasters and climate change .

**11. Comments on Quality of ICR:**

Satisfactory, with good and candid coverage of the principal topics affecting project performance, together with an informative borrower contribution. However, the evaluation would have been more complete with outcome indicators (that should have been included in log frame matrix of Annex 1) and that would provide supporting evidence for the results claimed. In addition, information about the project's efficiency could have been more elaborate . Specifically, unit cost estimates provided in the MOP could have been supplemented with actual per unit costs in the ICR .