1. Country and Sector Background

1. The OECS 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. The OECS countries face a number of common challenges. First, they are all seeking new sources of growth and a way to reduce vulnerability, against a backdrop of an increasing competitive global environment. Second, they all face fiscal imbalances and high debt ratios, compounded by their inherent vulnerability as small island developing states. Most of the economies are vulnerable to changes in external markets and severe shifts in trade, and are prone to natural disasters such as hurricanes. In such an environment, business as usual will no longer suffice. The current challenge facing the sub-region 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.
3. These multi-faceted challenges have prompted the World Bank Group to design its assistance strategy in a way that reflects both the national and the regional development needs of these countries. In order to address the pressing developmental concerns of the 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 the OECS will largely depend on the sub-region’s ability to improve competitiveness and strengthen its performance in the global economy.

4. There have been many studies on small states -- all of which tend to make the same point, namely that small states face huge challenges of size and isolation, and that their prospects rest on standard policy improvements that are not unique to small states (governance, trade integration, infrastructure, etc.). In line with these observations, the World Bank has embraced a new approach that focuses on improved governance, public sector modernization, and enhanced regional integration. The success of this new approach is evident in a recent e-government program in the islands of Cape Verde, where innovative steps were taken to integrate and improve connectivity with the outside world. Technical savvy and strong political backing opened the way to broad changes in the fundamental nature of government in Cape Verde. The following is a list of some of the key results achieved by the Cape Verde e-government project:

- Increased transparency
- Enhanced tax collection
- Reduced opportunities for fraud and corruption
- Reduced unit cost of public service delivery

5. Outcomes of this project validate the new approach chosen by the World Bank Group towards small states. In addition, the Cape Verde experience was well received by OECS officials, who welcome the lessons that may be applicable for the proposed E-Government and Regional Integration Project (EGRIP) as a way of ensuring a stronger footing from the start.

6. 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) states that “the institutions relating to public sector management need a major overhaul.” Presently, “the public sector is working in the old, traditional, pre-independence mode,” and 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

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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.
need for public sector modernization was echoed by the citizens of the OECS who participated in a 2005 survey managed by the World Bank. Respondents felt that the public sector is inefficient and poorly managed. The report attributes unsatisfactory quality of selected public sector services to institutional deficiencies 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.

7. The public sector strategy in the OECS states is to improve the delivery of public sector services, improve internal efficiency, improve coordination between agencies, and increase transparency through the use of ICTs with the overall objective of contributing to regional integration. Key Public Sector areas in this context are Financial Management, Customs, Value Added Tax (VAT), Revenue Services, Procurement, and a Joint Identification System. The integrated e-government project will provide the backbone for implementing the proposed reforms.

8. As noted in the Doing Business 2007: OECS report, the region does well in certain areas, but falls behind on other key indicators. OECS countries fall behind on the ease of getting credit, enforcing contracts and closing a business. Results are mixed for trading across borders, registering property and paying taxes. This project would directly contribute to the ease of doing business in the OECS 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. In addition, by streamlining the public sector processes and information exchange, the OECS can foster an enabling environment for the further development of the private sector so that it can assume a more active role in future growth.

9. With a significant amount of help from the EU, CIDA and other donor agencies, the OECS already has a significant head start in the direction of public sector reforms. Dominica, St. Lucia, and St. Vincent have a few e-government related projects that are planned or currently underway, which are in some cases supplemented by technical assistance focused on the underlying policy reforms. Grenada and St. Kitts are lagging behind; however, Grenada recently negotiated a Technical Assistance Project that will assist the Government to begin the process of modernizing its public sector. St. Kitts should also seek additional assistance in the area of public sector modernization.

10. In general, across the entire region, much attention is being directed towards public sector reforms, including the revision and update of the Legal and Regulatory environment, modernization of the Budget and Treasury systems, introduction of new Taxation mechanisms, and the restructuring of the Civil Registry. While significant progress was

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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.
5 Doing Business 2007: OECS, Copyright 2006, p. 1
already achieved in some countries and sectors, much still remains to be done in the OECS both in the context of the overall systems’ introduction/upgrade, and the revision of the underlying policies and processes.

11. The process used to develop the EGRIP components was based on the first Bank mission in February 2007 to meet with over 70 decision-makers in all Member States and stakeholder organizations, and a follow-up Stakeholder Workshop in May 2007. The regional consultation processes provided the basis to create three main project components that are classified according to their cross-cutting (horizontal) or sectoral (vertical) nature. Hence, component one is devoted to horizontal initiatives, whereas components two and three focus on selected vertical applications. Component three will form the basis of the proposed second phase of the program, and hence the first phase will focus on components one and two.

2. Objectives

12. 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.

13. Phase 1 and Phase 2 of the project, while scaling up different vertical applications, will have the same project development objective. The same outcome indicators will apply.

3. Rationale for Bank Involvement

14. This project emerges from an increasingly strongly articulated political will and determination for sub-regional cooperation and in particular 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. Due to 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 timing of the OECS EGRIP project provides an opportunity to effectively leverage on the findings and recommendations of the OECS Fiduciary Policy Note completed in October 2007. The project design takes into consideration conclusions of this comprehensive study which focused on the issues of budgeting, financial management, auditing and procurement. The Note provides a wide range of recommendations aimed to smoothen and make more effective implementation of government-led programs and initiatives. 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. It will benefit from the collective experiences of The Network of E-Government Leaders of Latin America and the Caribbean (RED GEALC), which was established as a broad partnership aimed at promoting horizontal cooperation. The project will be closely coordinated with existing programs in the region led by the EU, CIDA, UNDP, OAS, CARICAD and CARTAC, among others, as described in Annex 1.

19. CIDA has already established itself as a leader in the area of public finance and has successfully implemented several programs focused on public financial sector modernization and improvement in the Caribbean. It is currently planning two new initiatives, which would encompass: (1) Continued support to CARTAC (approximately $7.5 million), and (2) A new project known as Supporting Economic Management in the Caribbean (SEMCAR) which will build on the successes of Eastern Caribbean Economic Management Project (ECEMP) and Guyana Economic Management Program GEMP (approximately $17.5 million). As such, it is expected that the EGRIP project and the CIDA-sponsored initiatives will engage in an active, continuous dialogue, looking for ways to maximize the overall efficiency and synergies of the proposed activities and avoid potential duplication.

20. Other ongoing work in this area includes the World Bank-financed Dominica Growth and Social Protection Technical Assistance Credit, a similar project in Grenada (Grenada Technical Assistance Credit) and an OECS IDF grant on regional capacity building. The Dominica credit was prepared in coordination with the EU, among others, and focused on the systemic improvements and capacity building in the areas of tax and customs. It was envisioned that some of the outputs of this project would be further utilized and relied upon.

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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.
by the EU in preparation of a larger scale budgetary support operation. A similar project is currently being prepared for Grenada, and areas of potential complementarities with EGRIP include components on customs modernization (upgrade to ASYCUDA World), and Tax Administration Modernization (including information systems upgrades and tax interface with ASYCUDA). The Grenada and Dominica projects both have components related to VAT introduction and Customs modernization, and the EGRIP project will improve some Tax and Customs issues not included in these projects, in particular with regards to web-based services and interfaces between systems, as well as regional information systems. The OECS IDF grant focuses on regional capacity building in the area of procurement and auditing, which is another related initiative that will be considered as part of an overall activities framework.

21. 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, focus will be on improving the front-end aspects of government service delivery to citizens and businesses within a regional framework.

4. Description

22. The project is designed to be the first phase of a regional program and will be financed through IDA credits for the four initial participating countries: Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines. The two non-IDA eligible OECS countries, St. Kitts and Nevis, and Antigua and Barbuda, may in the future be eligible for IBRD loans, but are likely to participate in the program initially on the basis of donor grants. The program as a whole is expected to eventually include donor co-financing or parallel financing in the form of grants and/or concessional lending. The proposed instrument is an Adaptable Program Loan (APL), which was considered the most flexible instrument in terms of the various borrower’s needs in technical assistance, specialized advisory services and targeted catalytic investments.

23. Phase 1 focuses on cross-sectoral e-government issues, as well as on specific applications in the public finance area (including Public Financial Management or PFM, tax, customs and procurement), as well as a health management information systems pilot project (possibly together with preparatory and complementary activities in other sectors). Five percent of total project costs are set aside as unallocated to allow for additional flexibility in complementing activities under the project.

24. Phase 2 is expected to deepen the assistance provided under Phase 1, while expanding the program to cover other sectors, in particular, tourism, agriculture, health and education, among others, that may emerge during the early stages of implementation of Phase 1.

COMPONENT 1 – Horizontal E-Government Interventions

25. 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.

26. **Subcomponent 1.1 - Policy and Strategy Implementation:** This subcomponent will build on existing e-government policy and strategy development efforts, notably under EU-funded programs. The subcomponent includes the following activities, among others: (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. **Subcomponent 1.2 - Legal and Regulatory Framework Implementation:** This subcomponent will provide complementary contributions to the EU-funded effort to harmonize legal and regulatory frameworks for electronic transactions, focusing on implementation aspects. The subcomponent includes the following activities, among others: (a) Gap analysis and overall implementation 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 and software, as well as training, for implementation of selected pieces of legislation such as digital signatures.

28. **Subcomponent 1.3 – ICT Standards and Total Cost of Ownership Optimization:** 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 includes the following activities, among others: (a) Assessment of current standards and architectures, definition of harmonized e-government standards, interoperability framework and architectures (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.

29. **Subcomponent 1.4 – Regional E-Government Institutional Framework Strengthening:** 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 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. 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 for a regional center of excellence, 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.

30. **Subcomponent 1.5 – Automated Registries and Multi-Purpose Identification Systems**: 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.

**COMPONENT 2 – Vertical E-Government Interventions**

31. The objective of this component is to harmonize and improve key e-government systems, with a primary focus on specific interventions in core areas of public finance, with complementary interventions in health and other sectors. In many aspects, many 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 conducting the preparation of its new SEMCAR program, which may include further support for the modernization of core PFM systems, including tax and customs. EGRIP and SEMCAR will be closely coordinated throughout implementation.

32. **Subcomponent 2.1 – E-Government in Public Financial Management**: 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: (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.

33. Subcomponent 2.2 – E-Government in Tax Administration: 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. 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.

34. Subcomponent 2.3 - E-Government in Customs: 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: (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.

35. **Subcomponent 2.4 Electronic Government Procurement**: 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 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 and integrating to the regional e-procurement platform the systems of the OECS PPS and related capacity enhancement; and (d) Application of the regional e-procurement platform and the PPS experience to other types of goods and services.

36. **Subcomponent 2.5 E-Government in Health and Other Social and Productive Sectors**: 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: (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, or others as may be identified in the early stages of the project.

**COMPONENT 3 – Project Management**

37. 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 financial management specialist. 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 audits.

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5. **Financing**
6. Implementation

38. 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 will be 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 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. These units will coordinate their work and receive guidance from existing national e-government or ICT steering committees (NSCs). No new structures at the national level are being created for this project.

39. The RTC will be responsible for providing overall guidance to the REGU including monitoring and evaluation of implementation progress and addressing implementation bottlenecks. Detailed description of roles and responsibilities as well as composition of the respective committees (RTC/NSCs), the implementing agency and the national focal point units will be included in the Project Operations Manual.

40. Given the multisectoral and regional nature of the project, the RTC will be comprised of country representatives appointed by the participating governments at the level of Permanent Secretary or higher, as well as the OECS Secretariat. It will also include representatives from the other OECS states, CARICAD, CARTAC, ECCB and ECTEL, on an advisory role. The RTC will be chaired on a rotating basis by the participating governments. The REGU will act as the executive secretariat of the RTC. Any major policy decisions requiring the agreement of the Heads of State will be channeled by the RTC through the REGU and the OECS Secretariat to the relevant OECS Authorities Meeting.

41. The REGU will be responsible for the day-to-day administration of the project, in its technical, procurement and financial aspects (project fund flow will be handled centrally). The REGU will report directly to the OECS Secretariat, will seek guidance from the RTC, and will be responsible for providing timely reports to the governments, the Bank and other donors. The REGU will be staffed with highly qualified technical staff selected from among the participating countries. Technical staff from CARICAD, CARTAC, ECCB and ECTEL may also act as advisors to this unit, as needed. This unit will consist of a Project manager, as
well as a procurement and financial management specialist. It will be assisted by one fully paid local specialist per participating country, who will be staff of the REGU located within existing ICT or e-government units at the national level. Once alternative options are assessed, it is possible that during project implementation a Regional Center of Excellence may emerge out of the REGU, to support broad e-government implementation at the regional level, manage regional platforms and provide technical support.

7. **Sustainability**

42. 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 self-sustaining Regional E-Government Center of Excellence 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 entity 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**

43. 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.

44. 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 subject to periodic natural disaster 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 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 the 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 complementary 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 component contributes to the increased transparency of the procurement process. Finally the regional nature of the component 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

This project currently triggers none of the Bank’s safeguard policies and is hence assigned to Category C under OP 4.01.

<table>
<thead>
<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/GP 4.01)]</td>
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<td>Natural Habitats (OP/BP 4.04)</td>
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<td>Safety of Dams (OP/BP 4.37)</td>
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<td>Projects in Disputed Areas (OP/BP/GP 7.60)*</td>
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<tr>
<td>Projects on International Waterways (OP/BP/GP 7.50)</td>
<td>[]</td>
<td>[x]</td>
</tr>
</tbody>
</table>

10. List of Factual Technical Documents

- OECS: Towards a New Agenda for Growth, World Bank
- Doing Business 2007: OECS, World Bank
- OECS Fiduciary Policy Note, World Bank, 2007
- OECS Institutional and Organizational Capacity Review of the Core Public Sector (IOCR)
- Market Research Surveys, Ltd., OECS Citizen Survey, 2005
- Improving competitiveness and increasing economic diversification in the Caribbean: the role of ICT, infoDev, 2005
- CARICOM Connectivity Agenda, 2003
- Assessment of Current Operation of SIGTAS and a Diagnosis of Short-term Needs, Philippe Dadour, September 2007
- Advisory Services for Diagnostic Study and Action Plan – e-government in the OECS Region, Theodore Gering, June 2007
- Consultant reports by Cletus Bertin

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.
- Letters from Prime Ministers of Grenada (June 28, 2007), St. Lucia (Dec. 24, 2007), Dominica (Jan. 10, 2008) and St. Vincent (Jan. 29 2008)

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