



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 03-Apr-2020 | Report No: PIDA28727



BASIC INFORMATION

A. Basic Project Data

Country Grenada	Project ID P172951	Project Name Grenada - Caribbean Regional Air Transport Connectivity	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 07-Apr-2020	Estimated Board Date 28-May-2020	Practice Area (Lead) Transport
Financing Instrument Investment Project Financing	Borrower(s) Grenada	Implementing Agency Ministry of Infrastructure Development, Public Utilities, Energy, Transport and Implementation	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to (i) improve operational safety and navigation efficiency of air transportation, (ii) increase the climate and disaster resilience of MBIA and (iii) strengthen Grenada’s capacity in civil aviation and airport management

Components

- Operational Safety and Resilience Enhancement
- Technical Assistance and Capacity Building
- Project Management
- Contingent Emergency Response

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	17.00
Total Financing	17.00
of which IBRD/IDA	17.00
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Development Association (IDA)	17.00
IDA Credit	17.00

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Given their insularity and geographical location, air transport connectivity and resilience in the Caribbean must be strengthened to cope with high levels of exposure to natural hazards which are exacerbated by climate change.** Past extreme weather events and other natural disasters in the Caribbean Sea (e.g., hurricanes, flooding, earthquakes, and landslides) have demonstrated the region’s lack of sufficiently resilient infrastructure systems that can continue to deliver essential services even when affected by natural disasters. They have further demonstrated the critical importance of climate/disaster resilient transportation systems – especially air transport – when called to provide immediate life-saving response in post-disaster situations and to contribute to a speedy economic recovery. Such connectivity is likely to be more and more crucial given that climate change is expected to increase the frequency, intensity and impacts of extreme weather events in the region, including hurricanes, storm surges and flooding.

2. **Grenada is highly vulnerable to natural disasters and climate change. In addition, the shock of the coronavirus pandemic has dramatically altered the panorama of OECS economies.** Estimated average annual economic loss due to natural disasters in Grenada was 7.1% per unit GDP between 1998 and 2017¹. The poverty rate increased from 32.1 to 37.7 between 1998 and 2008 exacerbated by the impacts of Hurricane Ivan (2004) and Hurricane Emily (2005) on the economy and socio-economic wellbeing. In this regard, the National Sustainable Development Plan (NSDP) 2020-2035 proposes Grenada’s Climate Resilient Cities Initiative addressing adaptive strategies to build resilience to climate change and to reduce CO₂ emissions, which includes sea level rise adaptation measures and investments as one of the planned interventions. COVID19 and local containment measures have paralyzed the tourism sector and service sector, and affected employment in hotels and related services.

Sectoral and Institutional Context

3. **While COVID19 is expected to have a visible impact on air transportation, its safety and resilience will be a critical factor for the country’s economic recovery.** The immediate impact of COVID19 on air transportation is already visible globally but will have stronger impact in a tourism-depend country like Dominica. The decrease in regional air transportation in the Caribbean has been dramatic, with several Caribbean airports, closing

¹ Global Climate Risk Index 2019
file:///C:/Users/wb551726/Documents/Caribbean%20Air%20Transport/Grenada/Global%20Climate%20Risk%20Index%202019_2.pdf



commercial passenger traffic. As a result, the main regional airline (LIAT) connecting most Caribbean islands suspended all flights to 10 Caribbean countries (including Dominica, Guyana, Grenada and St Lucia). This has a direct and major negative impact on tourism. However, air transportation will be critical for Grenada's economic recovery and given its dependence on tourism, having safe and reliable air transportation, as well as cold storage and cargo facilities for agriculture products, will support a faster return to growth.

4. **Although overall Caribbean extra-regional air connectivity has improved in recent years, intra-regional connectivity has languished.** Air travel in the Caribbean region is notably characterized by limited flight options as well as frequent delays and cancellations. With the decline of agriculture and tourism's emergence as a key economic pillar, improved air transport connectivity has become essential to economic growth and some of the larger and/or wealthier Caribbean nations have prioritized major airport investments. However, these investments have tended to favor extra-regional connectivity (i.e., long-haul passenger service) far more than intra-regional air connectivity (i.e., short-haul service between islands). This long-haul focus contributes to increased airport charges and weakening the relative position of regional airlines given their greater sensitivity to Caribbean region airport charges and operational disruptions. Overall Caribbean air passenger traffic grew 50% between 2007 and 2017, from about 40 million to almost 60 million annually, but intra-regional passenger traffic remained flat overall and declined in some countries including Grenada, Dominica, and St. Lucia.

5. **To support further growth, and to reverse the decline in intra-regional connectivity, Maurice Bishop International Airport (MBIA) requires critical investments to improve safety, capability, and resilience.** While MBIA is well designed and constructed from a resilience perspective, it is ageing, reaching capacity limitations in some areas (e.g., air cargo), and lacks some key state-of-the-art air navigational aids which compromises safety and increases the risk of flight cancellations, diversions, and delays, which particularly burdens airlines with an intra-regional focus. MBIA is vulnerable to extreme weather and with climate change and the ongoing erosion of its sea defense wall, the risk is increasing with time. While GAA's overall management of MBIA is considered satisfactory, there is a consensus that, given the strategic importance of air transport to Grenada, further institutional improvement is necessary in safety/security, financial management, operations/maintenance, and regulatory oversight.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

6. The Project Development Objective (PDO) is to (i) improve operational safety and navigation efficiency of air transport, (ii) increase the climate/disaster resilience of MBIA and (iii) strengthen Grenada's capacity in civil aviation and airport management.

7. The proposed project is part of a regional series of projects, the Caribbean Regional Air Transport Connectivity Project (CATCOP), together with Haiti, St Lucia, and Dominica. Regional benefits will include spill-over effect for countries participating in CATCOP, including improved capacity of countries to accommodate diverted flights and emergency landing, improved capacity of countries to support post-disaster relief flights, and improved collaboration and coordination of civil aviation.

Key Results

8. Progress towards achievement of the Project Development Objective will be measured through the following key indicators:

PDO 1: Improve operational safety and navigation efficiency of air transport



- (i) Modernization of air navigation systems and oversight

PDO2: Increase the climate/disaster resilience of MBIA

- (i) Air Cargo Facility certified as a trusted point of departure

PDO 3: Strengthen Grenada's capacity in civil aviation and airport management

- (i) Regional capacity building program on air traffic control and management prepared and endorsed
- (ii) Regional capacity building program on air traffic control and management prepared and endorsed

D. Project Description

1. **The proposed Project would include four components:** (i) Operational Safety and Resilience Enhancement; (ii) Technical Assistance and Capacity Building; (iii) Project Management; and (iv) Contingent Emergency Response. The development objectives would be achieved through targeted and coordinated investments to address the most critical observed safety and resilience deficiencies at MBIA with a particular focus on (i) the airfield and cargo facilities and (ii) strengthening the capacity of GAA. Total Project cost is estimated at US\$17 million.

2. **Component 1: Operational Safety and Resilience Enhancement (US\$11.5 million).** This component would improve MBIA operational safety and resilience and support Grenada's efforts to comply with ICAO's SARP and abide by the POS Declaration. It would finance, *inter alia*: (a) construction of Runway End Safety Areas (RESAs) with enhanced drainage features, (b) installation of an Instrument Landing System (ILS) for Runway 10, (c) deployment of Automatic Dependent Surveillance - Broadcast (ADS-B), (d) installation of a Precision Approach Path Indicator (PAPI) for Runway 28, (e) provision of Automatic Terminal Information Service (ATIS), (f) development of a resilient air cargo facility with cold storage and X-ray screening capability, (g) preparation of a long-term sea defense strategy for MBIA, and (h) development and implementation of an airport wildlife management program.

3. **Component 2: Technical Assistance and Capacity Building (US\$ 3.5 million).** This component would strengthen the institutional capacity of GAA and Civil Aviation Division through a combination of regional and Grenada-specific technical assistance and capacity building activities with a focus on enhancing aircraft operational safety, air transport sector regulatory oversight, airport management capability, climate / disaster resilience, and gender diversity. The following activities would be financed, *inter alia*: (a) regionally-coordinated training related to air traffic control skills, Crash Fire Rescue (CFR) skills, climate / disaster resilience best practices, wildlife management best practices, and gender diversity best practices; (b) ICAO SARPs compliance screening to identify critical safety gaps; (c) preparation of an Aviation Sector Strategic Plan to guide further investment in Grenada's aviation sector; and (d) gap analysis of institutional capacity for GAA and Civil Aviation Division. Most training activities would be implemented in coordination with other CATCOP countries and would be conducted in a limited number of locations in the Caribbean to enhance synergies associated with the regional approach. The training program would be co-financed by all the CATCOP projects and the Project would cover costs associated with Grenada's participation.

4. **Component 3: Project Management (US\$ 2.0 million).** The project would be implemented by the



MOI with close coordination and participation from line agencies, including the MOTCA, and the GAA responsible for MBIA. Staff have already been assigned for project preparation to in the following functions: (i) overall project coordination, (ii) technical specialist, (iii) social and environmental safeguards, and (iv) procurement and financial management. In this regard, this component would include support by consultants on procurement and safeguards during implementation (to be discussed during appraisal). This component will also finance annual audits that will be performed by an independent auditing firm based on Terms of Reference satisfactory to the Bank.

5. **Component 4: Contingent Emergency Response (US\$0 million).** This Component will provide immediate response to an eligible emergency. As such, in the event of such eligible emergency (as defined in the CERC Annex to the Project Operations Manual, and at the request of the government, the Component would finance emergency activities and expenditures through the reallocation of funds from the Project.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

6. **The Environmental and Social Risk Classification of the project is Moderate under the World Bank Environmental and Social Framework.** Seven (7) Environmental and Social Standards (ESSs) of the World Bank Environmental and Social Framework (ESF) are relevant for the project. The implementing agency has carried out a preliminary Environmental and Social Assessment (ESA) of the project based on the current available information. The preliminary ESA confirms that project activities are expected to be limited to existing sites (occurring within the demarcations of the existing airports and communications tower facilities which are already developed lands), limited in number, likely reversible in nature, and can be mitigated with measures that are readily identifiable and technically and economically feasible. Technical assistance (TA) under Component will be done in accordance with paragraphs 14–18 of ESS1 for these activities as relevant and appropriate to the nature of the risks and impacts. The ESA includes a Labor Management Plan (LMP) and three separate Environment and Social Management Plans (ESMPs) for the airports and off-site ADS-B towers, as well as a Monitoring Plan. The ESA also incorporates an Environmental and Social Management Framework for Contingent Emergency Response (CERC) component. The preliminary ESA will be updated during the detailed design stage. The client also prepared the Stakeholder Engagement Plan (SEP) and draft Environmental and Social Commitment Plan (ESCP). In addition to the proposed World Bank funded CATCOP project, the GoG is also planning to initiate a separate redevelopment project at MBIA focusing on resurfacing of runway, rehabilitation of air terminal and other facilities funded by EXIM Bank of China. It was determined that the redevelopment project would not be considered as associate facilities.



E. Implementation

Institutional and Implementation Arrangements

7. **The project will be housed within the Ministry of Infrastructure Development, Public Utilities, Energy, Transportation and Implementation (MOIID).** MOIID is responsible for coordinating government projects and those financed by external sources, and as such, the project will be housed within the Department of Implementation (DOI). The MOF will support project implementation through key fiduciary activities performed by the Accountant General's Department (AGD) and the Central Procurement Unit (CPU). The arrangement is common to new World Bank-financed projects. Procurement will be conducted by the staff of the existing CPU. A procurement capacity assessment of the CPU was carried out in April 2019 and concluded that CPU has capacity to carry out the procurement activities envisaged under the project. Financial Management (FM) functions and responsibility for the project will be executed by the AGD. The FM assessment has been completed and concluded that the proposed project FM arrangements meet Bank's requirement.

8. **A technical committee has been created to address technical issues related to the Bank project and other airport projects.** The technical committee will be composed of the Chief Technical Officer (CTO) of the Ministry of Implementation, as well as technical staff from GAA and the Ministry of Tourism and Civil Aviation. The Technical Committee will meet regularly and as required to meet project deliverables. The CTO will ensure the coordination/communication between the technical committee and the project oversight committee.

CONTACT POINT

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APPROVAL

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