



## 1. Project Data

<b>Project ID</b> P114963	<b>Project Name</b> 6R (APL1A) Communic. Infrast. Prog.	
<b>Country</b> Caribbean	<b>Practice Area(Lead)</b> Digital Development	
<b>L/C/TF Number(s)</b> IDA-51170,IDA-51180,IDA-51190,IDA-65820,IDA-65830,IDA-65840,IDA-H7720	<b>Closing Date (Original)</b> 01-Feb-2017	<b>Total Project Cost (USD)</b> 32,524,129.04
<b>Bank Approval Date</b> 22-May-2012	<b>Closing Date (Actual)</b> 30-Jun-2021	
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	25,000,000.00	0.00
Revised Commitment	34,557,400.67	0.00
Actual	32,524,129.04	0.00

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## 2. Project Objectives and Components

### a. Objectives

This project in Grenada, Saint Lucia and Saint Vincent and Grenadines, was the first phase of the Caribbean Regional Communications Infrastructure Program (CARCIP) program. This program aimed at building regional digital infrastructure and facilitating the development of an Information Technology/Information Technology Enabled Services (IT/ ITES) in the region. Dominican Republic was



expected to join this phase at appraisal. However, the program was implemented separately in the Dominican Republic.

The Project Development Objective (PDO) as stated in the Loan Agreements of Grenada, Saint Lucia and Saint Vincente and the Grenadines (Schedule 1, page 4) and in the Project Appraisal Document (PAD, page 8):

**" To increase access to regional broadband networks and advance the development of an Information Communication Technology (ICT) - enabled services in the Caribbean Region".**

For this review, the PDO is parsed as follows:

PDO 1. To increase access to regional broadband networks in the Caribbean region. and

PDO 2. To advance the development of ICT enabled services in the Caribbean Region.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

Yes

**Date of Board Approval**

24-May-2016

**c. Will a split evaluation be undertaken?**

Yes

**d. Components**

There were three components (PAD, pages 9 - 10).

**1. Regional Connectivity Infrastructure.** The appraisal and actual cost was US\$ 12.6 million. There were two sub-components: (i) investments in regional physical connectivity infrastructure, including in submarine cable infrastructure, terrestrial broadband optical fiber networks and terrestrial or submarine cross-border links and national and regional Internet Exchange Points (IXPs); and (ii) enabling policies and regulations for a Public-Private Partnership (PPP) arrangement for managing the infrastructure.

**2. ICT - led innovation.** The appraisal and actual cost was US\$7.5 million. This component planned to support activities aimed at fostering growth of the regional IT/ ITES industries. Activities included, IT/ITES skill development for citizens, and business incubation program for businesses, and policies and regulations for supporting regional integration of the IT/ ITES industries. The targets for the indicators of this component were revised downwards substantially during implementation.

**3. Implementation support.** The appraisal and actual cost was US\$1.9 million. This component supported project implementation, institutional capacity building and support for monitoring and evaluation (M&E).



**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Program Cost.** The estimated program cost at appraisal was US\$98.0 million. According to the clarifications provided by the project team, the actual cost was approximately US\$118.0 million (this included the Bank contribution and private capital mobilization of US\$85.2 million).

**Project Cost.** The total actual project cost was US\$32.35 million, higher than the appraisal cost of US\$25.0 million.

**Financing.** The total Bank financing at appraisal for this operation was US\$25.0 million (this included national and regional IDA credits of US\$6 million for Saint Vincent and the Grenadines, US\$10.0 million for Grenada, US\$6.0 million for Saint Lucia, and a regional grant of US\$3.0 million to the Caribbean Telecommunications Union (CTU). Additional Financing (AF) of US\$11.9 million was approved on March 5, 2020. With this the Bank financing for the project was US\$36.9 million. The total amount disbursed was US\$32.5 million. According to the clarifications provided by the team, the difference between the Bank financing and amount disbursed was due to exchange rate fluctuations during implementation.

**Recipient contribution.** Recipient contribution was not planned at appraisal. There was no recipient contribution during implementation.

**Dates.** The project was approved on May 22, 2012, became effective on December 11, 2012, and was scheduled to close on February 1, 2017. However, the project closed four years and five months behind schedule on June 30, 2021.

**Changes.** There were four Level 2 restructurings during implementation. AF was approved on March 2020. The main changes made during implementation are listed in sequential order as follows.

The following main changes were made through **the first restructuring on May 24, 2016**.

- The closing date was extended from February 1, 2017, to December 11, 2018, for completing the activities associated with construction of the regional broadband infrastructure, the submarine cable and the ICT skills development component which were delayed in the initial years.
- Several targets of component two activities were revised downwards to reflect realistic targets relative to the level of available funding.
- Funds were reallocated under the regional CTU grant to new activities, utilizing funds previously allocated to activities to be implemented by the Caribbean Knowledge and Learning network.
- The unutilized funds from the Project Preparation Facility (PPF) were reallocated among other disbursement categories.

The main change made through the **second restructuring on June 21, 2018**, is as follows.

- The closing date for the IDA credit was extended by 18 months from August 1, 2018 to February 1, 2020, due to the delays in completing the regional broadband network and delays in finalizing the regional PPP arrangement.



The main change made through the **third restructuring on January 17, 2020**, is as follows.

The closing date was extended from February 1, 2020, to December 31, 2020 to allow for supervision of the regional network.

**AF was approved in March 2020.** The AF sought to finance the completion of the ongoing and planned activities which had a financing gap due to the following reasons.

- A ten percent exchange loss between the SDR and US\$ since approval due to exchange rate changes.
- Budget constraints faced by the countries for counterpart funding for the regional broadband network.
- Cost increases due to the increase in the final number of buildings to be connected to the regional broadband network.
- A scale-up of the training and incubation program in Grenada and Saint Vincent and the Grenadines.

The main change made through the **fourth restructuring on December 19, 2020**.

The closing date for Grenada was extended by six months from December 31, 2020 to June 30, 2021, due to the COVID - 19 restrictions on shipping of goods and entry of technical experts. However, the credits for Saint Lucia and Saint Vincent and the Grenadines closed on December 31, 2020.

**Split rating.** Though the PDO was not changed, targets for PDO 2 were substantially revised downwards with the first Level 2 restructuring. Therefore, this review is based on a split rating of objectives, when US\$20.0 million (27%) of the financing was disbursed before restructuring and the balance US\$80.0 (63%) disbursed after restructuring.

### 3. Relevance of Objectives

#### Rationale

**Country and regional context.** Grenada, Saint Lucia, Saint Vincent and the Grenadines are small remote countries in the Caribbean region. Their size made it difficult for them to realize scale economies and remoteness raised their trade-related transactions costs. The countries are in the Atlantic Hurricane Belt and vulnerable to climate change and natural disasters. Developing digital infrastructure and IT/ ITES for integrating the region to the global economy and addressing the challenges of isolation, natural disaster risks, and high cost of doing business was important to the regional strategy.

**Sector context.** Although the region was serviced by an external submarine network and international bandwidth usage grew by 75% in 2010 in the region, when this project was prepared, demand for bandwidth outstripped supply. National level challenges in the form of interconnection disputes between the regional service operators contributed to the slow growth of broadband access and their high prices (in 2010, the average rate of internet users was 41% and that of fixed broadband internet subscribers was 13.3%, far below than in other developed countries). The high price of fixed broadband services limited their



affordability for businesses and consumers. These factors limited the options of the regional countries to diversify their economies through information-based services.

**Regional strategy.** The PDO was well-aligned with the regional digital development strategy 2010-14, developed by the Caribbean Community (CARICOM). The key objectives of the strategy were to establish a modern regulatory and open telecommunications infrastructure with affordable networks, increase the region's trained ICT workforce and enable production of regional digital goods and services for guiding businesses and governments to use ICT for sustainable growth through partnerships.

**Bank Strategy.** The PDO was well-aligned with the Bank strategy. At appraisal, the Bank's Regional Partnership Strategy (RPS) for the Organization of Eastern Caribbean States (OECS) for 2010 - 2014, articulated the need for enhancing regional connectivity between the islands, facilitating private sector investment, introducing a cooperative approach for developing the regional IT sector and exploiting the economies of scale in deploying services for citizens and businesses. The PDOs continue to be relevant to the areas highlighted in the Bank's Performance and Learning Review (PLR) of the RPS for OECS countries for 2015-2019. The strategic area one of the RPS highlighted the need for fostering conditions for growth and competitiveness and articulated the need for enhancing the resilience of the countries to natural disasters and public health emergencies.

**Bank experience.** This project was the first phase of the CARCIP program. The project included, regional physical connectivity infrastructure investments and institutional strengthening activities for enhancing the effectiveness of the regional institutional ICT framework. These activities were likely to contribute to the intended outcomes of increasing the number of internet users and increase employment in the IT/ ITES industry and increase the number of businesses receiving support.

When the CARCIP project became effective, the Bank had several ongoing projects aimed at addressing the gaps for supporting the region's ICT strategy, such as: (i) The Telecom and ICT Development (TICT) project for OECS countries; (ii) The E - Government for Regional Integration Network project (EGRIN) for OECS countries; and (iii) The Caribbean Knowledge and Learning Network (CKLN) project. The CARCIP project aimed at establishing synergies with the ongoing projects to attain real regional integration. For instance, the CKLN and the CARCIP projects were complementary, in that while the CKLN' project focused on international connectivity through a Research and Educational Network, the CARCIP project aimed at regional infrastructure investments required for the countries to interconnect with the CKLN for global and regional interconnectivity.

The PDOs were highly relevant to the OECS countries regional strategy and to the Bank's regional strategy for OECS counties. This project together with other ongoing projects was likely to contribute to the higher level outcome of global and regional interconnectivity of the OECS countries. Therefore, the relevance of the PDO was rated **high**.

**Rating**  
High

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



## **OBJECTIVE 1**

### **Objective**

PDO 1. To increase access to regional broadband networks in the Caribbean region.

### **Rationale**

**Theory of change.** Investments in regional broadband infrastructure and the enabling environment for such networks were aimed at addressing the development challenge of the low penetration of high-speed broadband infrastructure in the regional countries. The outputs of these activities were likely to increase the number of households, businesses and government institutions connected with the fiber optic network, and to the long-term development outcome of aiding regional growth. The causal links between the project activities, their outputs and outcomes were logical, and the outcomes were monitorable. The theory of change explicitly assumes strong regional and national level ownership and willingness of the private sector to develop new innovative products and services.

**Outputs** (ICR pages 15 - 17, and pages 32 -42).

- The submarine cable between Grenada and Saint Vincent and the Grenadines was activated as targeted. This was a first for several outer islands and the submarine cable provided the islands direct access to international bandwidth. The fiber-optic networks with network lengths of 330 Kilometers (Km) in Grenada, 450 km in Saint Lucia and 290 km in Saint Vincent and the Grenadines were rolled out as targeted.
- 769 buildings/facilities were connected to the networks in the three countries, exceeding the original and revised targets of 235 and 744 respectively. This included 233 buildings/facilities in Saint Vicente and Grenadines (original and revised targets 74 and 274); 352 in Saint Lucia (original and revised targets 95 and 350), and 184 in Grenada (original and revised targets 66 and 120).
- The project implemented a regional Public-Private-Partnership (PPP) arrangement through pooling the procurement of broadband networks for the countries in one contract. This approach contributed to realizing scale economies and generating a project size intended to attract major domestic and regional telecommunications players. The deployment of the broadband network was overseen by the individual Project Management Units (PMUs), as opposed to relying on an external management consultancy for enhancing local capacity.
- The pooled procurement included a component to support setting an Internet Exchange Point (IXP) at Saint Vincent and the Grenadines which did not have an IXP, and integrating the Digicel network to the existing IXPs in Saint Lucia and Grenada where the internet service providers had already set up peering arrangements independent of Bank support. Regional workshops were conducted by the CTU as targeted to help the operators in the countries to understand the benefits of IXPs and on using the infrastructure.
- Eight policies for regional open access were implemented, exceeding the target of two. The policies covered regional coordination, harmonizing policies and strategies at the regional level, and knowledge transfer between countries.
- The CTU provided support for implementing the regulatory framework to the Organization of Eastern Caribbean States (OECS) for further increasing regional competition in the areas of: (i) The legal and regulatory framework for open access and broadband infrastructure; (ii) Electronic communications law; (iii) Consumer protection legislation; and (iv) Wholesale access law. The CTU also conducted



workshops on subjects such as harmonizing regional regulations and emerging telecommunication regulatory issues, and provided support for implementing standardized skills and harmonizing certification programs that were accredited internationally.

Some activities had not been completed as targeted in the project countries at closure: (i) additional Wi-Fi hotspot to further improve last mile access had not been installed in Saint Vincent and the Grenadines and Saint Lucia due to procurement delays; (ii) the activity associated with designing and commissioning a data center in Grenada had also not been completed. According to the clarifications provided by the team, this activity in Grenada has been rolled over to a follow-on project.

### **Outcomes.**

The outputs described above were expected to increase the number of people in the three countries with access to regional broadband networks.

- 68,286 beneficiaries in the three countries had access to regional broadband networks, exceeding the target of 66,500. The beneficiaries included the government, schools and other public service facilities, and the private sector. The infrastructure aided in digital transformation of businesses. For instance, the roll-out of middle-mile broadband networks under PPP, aided in further deployment of last mile networks (not funded by the project) which enabled the participating countries to reach 95% 3G coverage and 90% of 4G coverage.
- The number of beneficiaries in the three countries disaggregated by gender was as follows:
  - Saint Vincent and the Grenadines: 20,586 (original and revised targets 15,000 and 5,000). 53.70% of the beneficiaries were women (target 50%).
  - Saint Lucia: 22,500 (original and revised targets 30,500 and 9,000). 45% of the beneficiaries were women, short of the target of 50%.
  - Grenada: 25,200 (original and revised targets 21,000 and 7,000). 54% of the beneficiaries were women (target 50%).

Given that the intended outcome was achieved and most of the activities were completed, efficacy of this objective is **substantial**.

### **Rating**

Substantial

## **OBJECTIVE 1 REVISION 1**

### **Revised Objective**

The targets for PDO 1 were not revised downwards with the first restructuring of the project.

### **Revised Rationale**

The outputs and outcome referred above are relevant after the first restructuring of the project.

### **Revised Rating**



Substantial

## OBJECTIVE 2

### Objective

To advance the development of ICT enabled services in the Caribbean Region.

### Rationale

**Theory of change.** The outputs of activities such as supporting businesses in the IT/ITES industries and training people on ICT skills were aimed at addressing the development challenges of inadequate support to entrepreneurship in the ICT sector and lack of ICT skills in the countries. The outputs of the activities were likely to increase the number of businesses incubated under the training program, and increase the number of people enrolled the IT/ITES skills training program. These outputs were likely to aid in the long-term development outcome of increasing external competitiveness. The causal links between activities, outputs and outcomes were logical, and the intended outcomes were monitorable. The theory of change explicitly assumes that: (i) the private sector is willing to roll-out fiber optic networks; and (ii) citizens of the three countries are willing to develop ICT skills.

**Outputs.** (ICR, pages 18 - 20 , pages 33 - 35 and pages 38 - 40).

- 3,518 people in the three countries were trained in ICT skills, far short of the original target of 51,600. The number of people trained in Grenada 724 (original target 19,000); Saint Lucia 1,210 (target 16,300); and Saint Vincent and the Grenadines 1,584 (target 16,300).
- 799 people were certified after training, far short of the original target of 18,600. The number of people certified in Grenada 161 (target 11,000); Saint Lucia 288 (target 4,700); and Saint Vincent and the Grenadines 350 (target 2,900).
- 102 businesses received support in the countries, far short of the original target of 281. The number of businesses supported in Grenada 53 (target 100); in Saint Lucia 25 (target 125); and in Saint Vicente and Grenadines 24 (target 56).
- 61% of the surveyed beneficiaries of the Caribbean Regional Communications Infrastructure Program were satisfied with the program, exceeding the original and revised targets of 50%. 95% of the surveyed beneficiaries in Grenada, 88% of the beneficiaries in Saint Lucia and 85% of the beneficiaries in Saint Vincent and the Grenadines reported satisfaction with the program.

### Outcomes.

The outputs were expected to lead to the outcome of increasing the number of people employed in the IT/ITES industries.

- 2,924 people were employed in the ICT sector in the three countries when the project closed, well short of the original target of 11,000. The number of people in Grenada were 204 (target 3,000); Saint Lucia 2,500 (target 4,000); and Saint Vincente and Grenadines 220 (target 4,000).

Given that the outcomes were far short of the original target, efficacy of this objective is modest before the project restructuring.





## Rating

Modest

### **OBJECTIVE 2 REVISION 1**

#### **Revised Objective**

To advance the development of ICT enabled services in the Caribbean Region.  
The PDO remained unchanged, although the targets were substantially revised downwards.

#### **Revised Rationale**

##### **Outputs.**

- 3,518 people were trained in ICT skills, exceeding the revised target of 3,400. The number of people trained in Grenada 724 (target 300); Saint Lucia 1,210 (target 250); and Saint Vincent and the Grenadines 1,584 (target 1,600).
- 799 people were certified after training in ICT skills, achieving the revised target 790. The number of people certified in Grenada 161 (short of the revised target 290); Saint Lucia 288 (revised target 290); and Saint Vincent and the Grenadines 350 (short of the revised target 250).
- 102 businesses received support in the countries, exceeding the revised target of 80. The number of businesses supported in Grenada 53 (short of the revised target 60); in Saint Lucia 25 (target 20); and in Saint Vicente and Grenadines 24 (target 23).

##### **Outcomes.**

- 2,924 were employed in the three countries when the project closed, exceeding the revised target of 1,300. The number of people employed Grenada 204 (short of the revised target 420); Saint Lucia 2,500 (target 400); Saint Vincente and Grenadines 220 (short of the revised target 500).

Given that the outcomes were realized for the most part, efficacy of this objective is rated as substantial after project restructuring.

#### **Revised Rating**

Substantial

### **OVERALL EFFICACY**

#### **Rationale**

Efficacy of PDO 1 is substantial as the outcomes were realized. Efficacy of PDO 2 is modest given that the outcomes were far short of the original target.



**Overall Efficacy Rating**

Modest

**Primary Reason**

Low achievement

**OVERALL EFFICACY REVISION 1**

**Overall Efficacy Revision 1 Rationale**

Efficacy of PDO 1 is substantial as the outcomes were realized. Efficacy of PDO 2 is substantial after restructuring as the revised targets were realized.

**Overall Efficacy Revision 1 Rating**

Substantial

**5. Efficiency**

**Economic analysis.** A cost-benefit analysis of the CARCIP was conducted at appraisal and at closure. The analysis focused on activities which accounted for 91% of the appraisal estimate and actual cost. The economic benefits were assumed to come from contributions to regional economic growth.

The benefit-cost ratio was US\$10.08 (that is, for every US\$1 invested through the project, economic benefits of US\$10.08 would be accrued over the project's lifetime). At appraisal, the overall Net Present Value (NPV) was US\$2.09 billion, with an Economic Internal Rate of Return (EIRR) of 60%. However, the actual NPV when the project closed was US\$11.74 million and the ex-post EIRR was between 5.5% and 9.2% for the three countries. The reason for the difference between the ex-ante EIRR and the actual EIRR was that the economic analysis at appraisal included the benefits to regional growth from the expected joining of the Dominican Republic (a much larger country) in the first phase of the CARCIP program. However, the Dominican Republic did not join the first phase.

**Administrative and Operational Issues.** The actual cost of deploying a regional broadband network and training and business incubation grants were substantially underestimated. This led to a financing gap and necessitated AF for the project. The delays in implementing the regional broadband infrastructure and finalizing the PPP arrangement) contributed to the extension of the project closing date. According to the clarifications provided by the team, the project lost US\$7.19 million in foregone economic benefits due to the implementation delays and that necessitated other cost increases such as supervision costs.

In sum, overall efficiency is rated as modest.

**Efficiency Rating**

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:



	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	60.00	91.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	7.40	91.00 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

**Under the original outcome targets.** With a high relevance of objectives, modest efficacy and efficiency, the overall outcome is rated Moderately Unsatisfactory (3).

**Under the revised outcome targets.** With a high relevance of objectives, substantial efficacy and modest efficiency, the overall outcome is rated Moderately Satisfactory (4).

Taking these ratings into account and weighing by the amount disbursed before (US\$8.97 million out of a total US\$32.5 million) and after project restructuring ( $0.276 \times 3 + 0.724 \times 4 = 3.724$ ), overall outcome is **Moderately Satisfactory**.

### a. Outcome Rating

Moderately Satisfactory

## 7. Risk to Development Outcome

**Government commitment/ ownership.** The risk to development outcome is low. Developing the ICT sector remains critical to the regional countries, as evidenced by ongoing Bank-financed ICT regional projects (the Caribbean Digital Transformation project, Grenada's Digital Government for Resilience Project, and the OECS E-Government Regional Integration Project). The ICR (paragraph 97) notes that this project facilitated the implementation of other government projects such as the DigiGov Project in Saint Lucia and the GiNET project in Grenada. Further, some activities that were unable to be funded under this project were to be covered under the Bank-financed Digital Transformation Project. The team clarified that the activity related to the data center in Grenada has been rolled over to a follow on project. These factors indicate that government commitment to developing the ICT sector remains a priority to the regional countries.

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

The Bank prepared this project based on the lessons from the previous Bank-financed regional programs globally, such as the Regional Communications Infrastructure Program in East and Southern Africa, the



Central Africa Backbone project, the West Africa Regional Communications Infrastructure Program and the Pacific Islands Connectivity program (PAD, paragraph 15). Lessons incorporated at design included: (i) focusing on regional and country priorities for securing ownership; (ii) tailoring approach to the needs of each participating country; (iii) combining investments in regional ICT infrastructure with activities aimed to improve the policy and regulatory environments for the ICT sector.

The Caribbean Telecommunications Union (CTU) - a regional institution established to facilitate the development of the ICT sector in Caribbean countries - was responsible for overall coordination. The Project Management Units (PMUs) in the three countries were responsible for day-to-day implementation. The PMUs were familiar with Bank procedures having executed Bank-financed projects (PAD, paragraph 17). The implementation arrangements could have been strengthened since the countries still lacked sufficient capacity.

Several risks were identified at appraisal including high risk, with the weak implementation capacity at the regional level and in the three countries. Mitigation measures incorporated at design included identifying national and regional champions and hiring a coordinator and fiduciary specialists in CTU. With mitigation measures, the project risk was rated as moderate. However, the mitigation measures proved to be insufficient, as evidenced by the serious delays during implementation. The arrangements made at appraisal for safeguards and fiduciary compliance were appropriate, but there should have been more attention to the lengthy and cumbersome processes for potential beneficiaries of the business incubation grants. The ICR (paragraph 72) notes that some recipients waited up to two years for a grant award.

There were significant shortcomings in Quality-at-Entry. Component one activity (regional connectivity infrastructure) was not fully ready for implementation. This resulted in substantial delays and necessitated repeated extension of the closing date. The preparatory phase underestimated the time it would take to execute the regional broadband network. Further, the preparation team had not undertaken an assessment of the legal and regulatory framework for the PPP at appraisal and this led to substantial delays in finalizing the PPP arrangements. The costs associated with deploying a regional broadband network and funding training and business incubation grants were substantially underestimated. The results framework had a number of flaws (discussed in section 9).

### **Quality-at-Entry Rating** Moderately Unsatisfactory

#### **b. Quality of supervision**

Nineteen Implementation Status Reports (ISRs) were filed over the project lifetime, implying twice a year supervision missions. The ICR (paragraph 93) notes that the key task team members and staff from the CTU monitored progress and provided support to the PMUs in the three countries. The continuity of leadership was maintained with one administrative task team leader (TTL) during preparation and one during implementation. According to the clarifications provided by the team, there were three co TTLs during implementation. The ICR notes that the transitions were well-managed. The project was proactive in restructuring the project in the face of realities on the ground (although the supervision team could have done more to intervene in the slow processing of business incubation grants). The supervision team



corrected the deficiencies in the M&E framework (discussed in section 9) and the support provided by the team aided in safeguards and fiduciary compliance (discussed in section 10).

Bank performance at quality-at-entry was moderately unsatisfactory and quality of supervision was satisfactory. Since overall outcome was in the satisfactory range, overall Bank performance is rated as moderately satisfactory.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The PMUs in the three countries were responsible for collecting data and reporting progress. The CTU was responsible at the regional level for collating the data from the three countries (PAD, paragraph 46). The two key outcomes - the number of people connected to the regional broadband network and the number of people employed in the IT/ITES industries in the three countries - were appropriate and attributable to the project.

However, there were some M&E framework shortcomings. One, the PDO level indicators in the PAD lacked adequate detail in terms of methodology for measuring progress, and two, the outcome targets for the number of people employed in IT/ITES industries was unrealistic relative to the funding envelope.

### **b. M&E Implementation**

The results framework was adjusted and the indicator for monitoring the number of people employed in the IT/ITES industries was revised downwards. The methodology for collecting data for monitoring progress was clarified with the restructuring of the project.

The ICR (paragraph 77) notes that the project lacked routine reporting for the activities under the skills training activity once implementation commenced, due to the heavy reliance on part-time consultants.

### **c. M&E Utilization**

The M&E data was used for restructuring the project and informing decision making by the government and the Bank. The ICR notes that during implementation both Saint Lucia and Grenada lacked capacity for monitoring the business support program. This was rectified by the Bank through targeted outreach



to the business support program based on M&E data. The team clarified that the Bank additional financing supported M&E in all three countries, especially completion surveys and reports.

In sum, M&E is rated modest overall, in view of the shortcomings of the M&E design.

## M&E Quality Rating

Modest

## 10. Other Issues

### a. Safeguards

The project was classified as a Category B (partial assessment) project under the World Bank Safeguard policies. Four safeguard policies were triggered at appraisal: Environmental Assessment (OP/BP 4.01); Natural Habitats (OP/BP 4.01); Physical Cultural Resources (OP/BP 4.11); and Involuntary Resettlement (OP/BP 4.12).

**Environmental Safeguards, Natural Habitats and Physical Cultural Resources.** The PAD (paragraph 58) noted that the potential adverse social and environmental impacts were expected to be minor. As the exact location of the backbone networks and regional links were not known at appraisal, a site-specific Environmental and Social Impact Assessment (ESIA) was not conducted. However, a regional ESIA was prepared and publicly-disclosed to address issues pertaining to environmental safeguards and safeguards on natural habitats and physical cultural resources (PAD, paragraph 59).

The ICR (paragraph 85) notes that the compliance with environmental was satisfactory during implementation. An Environmental and Social Impact Assessment was completed to assess the environmental risk from offshore activities before works began in 2019. The PMUs in the three countries regularly updated the Environmental and Social Management Framework and had adequate social specialists. According to the clarifications provided by the team, there were no issues with the safeguards on natural habitats and physical cultural resources.

**Involuntary Resettlement.** As the specific program areas were not known, a regional Resettlement Policy Framework (RPF) was prepared and publicly-disclosed at appraisal (PAD, paragraph 59). The ICR (paragraph 85) notes that there were no resettlement activities under the project. The Grievance Redress Mechanism (GRM) was implemented satisfactorily with no breaches in compliance.

### b. Fiduciary Compliance

**Financial Management.** The Bank conducted a financial management assessment at appraisal. The PMUs in the participating countries had experience in implementing previous Bank-financed projects. The assessment concluded that the financial management risk was moderate (paragraph 54).

The ICR (paragraph 83) notes that the project's financial management was moderately satisfactory during implementation. The project complied with the financial covenants. Although there were some minor issues



during the project lifetime (such as lapses in review and reconciliation for two months due to staff absence), none of them had an adverse impact on financial reporting. The interim financial reports and the annual audits were submitted on time. According to the clarifications provided by the team, Saint Lucia's audit reports were unqualified, Grenada's final audit was unqualified, and although Saint Vicente and Grenadines audit reports were qualified for two years (2016 and 2017), they were unqualified for the remaining years.

**Procurement.** The Bank conducted a procurement assessment of the national PMUs and the CTU at appraisal. The national PMUs were well-staffed with procurement experts with experience in executing Bank-financed projects. However, the CTU did not have experience with Bank projects. The project design hence had provisions for strengthening the CTU through hiring an external procurement specialist.

The ICR (paragraph 84) notes that procurement performance was moderately satisfactory. Despite challenges during implementation, high-value contracts were completed by the closing date, with very small disbursements pending in the three countries. The ICR does not report any case of mis procurement.

**c. Unintended impacts (Positive or Negative)**

The ICR does not report any unintended impact from the project.

**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

**12. Lessons**

The ICR draws the following main lessons from implementing this project, with some adaptation of language.

**1. An assessment of the technical and institutional challenges that are likely to be encountered in regional projects can help in reducing delays during implementation, especially in countries with low capacities.** The experience of this project showed that while



there are potential cost savings associated with a pooled procurement approach, the risk is high that economic benefits may be foregone in trying to harmonize legal and regulatory frameworks during implementation.

**2. Developing a regional approach to digital development may require long-term engagement and extended project timelines.** While the argument to adopt a regional approach has merits in small states, the experience of this project showed that in low capacity environments, engagement may require technical assistance, technical and implementation capacity building and financing to continue operations over a prolonged time period.

**3. Identifying a strong regional champion can be particularly helpful in projects of a regional nature.** The experience of this project showed that while the regional grant to the Caribbean Telecommunications Union (CTU) was small in terms of the financial amount, it was still critical to enable regional coordination and discussions at the regional and at the local levels.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR is clear and well-written. The theory of change provided in the text clearly articulates the causal links between the project activities, outputs and the intended outcomes. The quality of evidence provided is adequate to assess project performance. The ICR candidly acknowledges the difficulties encountered with a pooled procurement approach and appropriately does a split rating of objectives, given the rather substantial reduction in targets following the project restructuring.

There was few shortcomings: (i) the ICR (table 3 page 21) reports incorrect outcome rating after restructuring. After restructuring, outcome should have been moderately satisfactory (high relevance of objectives, substantial efficacy and modest efficiency) instead of satisfactory as reported in the ICR; and (ii) the ICR provides little details on whether there were issues with the safeguards on physical cultural resources and natural habitats and on whether the audits were unqualified. The clarifications were however subsequently provided by the team.

Overall, the quality of the ICR is rated **substantial**.

#### a. Quality of ICR Rating

Substantial



