



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

FOR OFFICIAL USE ONLY

Report No: PAD2920

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AS ADMINISTRATOR OF THE
SINT MAARTEN HURRICANE IRMA RECONSTRUCTION, RECOVERY AND RESILIENCE TRUST FUND

PROJECT APPRAISAL DOCUMENT

ON A
PROPOSED GRANT

IN THE AMOUNT OF

US\$25 MILLION

TO THE

SINT MAARTEN MEDICAL CENTER (SMMC)

FOR A

SINT MAARTEN HOSPITAL RESILIENCY & PREPAREDNESS PROJECT

August 16, 2018

Health, Nutrition & Population Global Practice
Latin America And Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 1, 2018)

Currency Unit = Netherlands
Antillean Guilder

Naf 1.79 = US\$1.00

FISCAL YEAR

January 1 - December 31

Regional Vice President: Jorge Familiar

Country Director: Tahseen Sayed Khan

Senior Global Practice Director: Timothy Grant Evans

Practice Manager: Daniel Dulitzky

Task Team Leader(s): Carolyn J. Shelton

ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome
CGHM	Complaints and Grievance Handling Mechanism
EOC	Emergency Operations Center
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Safeguards
FM	Financial Management
GDP	Gross Domestic Product
GRS	Grievance Redress Service
HCWM	Health Care Waste Management
IFRs	Interim Financial Reports
IPF	Investment Project Financing
IRC	Interim Recovery Committee
JCI	Joint Commission International
MSMEs	Micro, Small, and Medium-sized Enterprises
Naf	Netherlands Antillean Gilder
NCDs	Non-Communicable Diseases
NRRP	National Recovery and Resilience Plan
OP	Operational Policy
PAHO	Pan American Health Organization
PDO	Project Development Objective
PMT	Project Management Team
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
SAP	Safeguards Action Plan
SDTF	Single Donor Trust Fund
SMGH	Sint Maarten General Hospital
SMMC	Sint Maarten Medical Center
SZV	Health and Social Insurance Fund
TF	Trust Fund
UNDP	United Nations Development Program
US	United States
VSA	Ministry of Public Health, Social Development and Labor
WB	World Bank (International Bank for Reconstruction and Development)
WIB	Windward Island Bank



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	9
A. Country Context.....	9
B. Sectoral and Institutional Context	11
C. Relevance to Higher Level Objectives.....	14
II. PROJECT DESCRIPTION.....	14
A. Project Development Objective	14
B. Project Components	14
C. Project Beneficiaries	17
D. Results Chain	17
E. Rationale for Bank Involvement and Role of Partners	18
F. Lessons Learned and Reflected in the Project Design	18
III. IMPLEMENTATION ARRANGEMENTS	19
A. Institutional and Implementation Arrangements	19
B. Results Monitoring and Evaluation Arrangements.....	21
C. Sustainability.....	21
IV. PROJECT APPRAISAL SUMMARY	22
A. Technical, Economic and Financial Analysis	22
B. Fiduciary.....	25
C. Safeguards	26
V. KEY RISKS	28
VI. RESULTS FRAMEWORK AND MONITORING	30
ANNEX 1. Implementation Arrangements and Support Plan	37
ANNEX 2. Fiduciary Issues	38
ANNEX 3. Safeguards Action Plan (SAP).....	41
ANNEX 4. Team Member List	46
ANNEX 5. Map	47



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
St Maarten	Sint Maarten Hospital Resiliency & Preparedness Project		
Project ID	Financing Instrument	Environmental Assessment Category	Process
P167532	Investment Project Financing	B-Partial Assessment	Urgent Need or Capacity Constraints (FCC)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input checked="" type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
21-Aug-2018	31-Jul-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

Improve the preparedness and capacity of hospital services in Sint Maarten



Components

Component Name	Cost (US\$, millions)
Building and launching of the new hospital	17,000,000.00
Transition and Contingency Plan for Sint Maarten Medical Center	7,700,000.00
Project Management	300,000.00

Organizations

Borrower: Ministry of Public Health, Social Development and Labour (VSA)

Implementing Agency: Sint Maarten Medical Center (SMMC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	100.50
Total Financing	100.50
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Counterpart Funding	75.50
Borrower	75.50
Trust Funds	25.00
Free-standing Single Purpose Trust Fund	25.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024
Annual	17.50	7.50	0.00	0.00	0.00	0.00



Cumulative	17.50	25.00	25.00	25.00	25.00	25.00
------------	-------	-------	-------	-------	-------	-------

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?	
a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	No
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	No
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	



10. Overall

● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project

Yes

No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09	✓	
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

Grant Agreement (GA), Schedule 2, Section I.A.1. The Recipient shall, as relevant, maintain throughout Project implementation, a Project management team to be responsible for: (a) the management, coordination and implementation of the Project; (b) the assurance of the proper application in the Project of the requirements, criteria, policies, procedures and organizational arrangements set forth in the Grant Agreement, the Project Operations Manual (“POM”), and Safeguard Instruments; and (c) coordination with the relevant ministries and agencies of the Government of Sint Maarten, including, specifically, the Ministry of Public Health, Social Development and Labor (“VSA”), the Sint Maarten Health and Social Insurance Fund (“SZV”), the Interim Recovery Committee, and the National Recovery Bureau, once established, in the preparation and implementation of the



Project.

Sections and Description

GA, Schedule 2, Section I.A2. With respect to the Recipient’s Supervisory Board and Board of Directors, the Recipient shall ensure for each body: (a) the appointment of qualified representatives; (b) the appropriate participation by the appointed representatives; and (c) the body’s efficient and effective functioning in accordance with the Recipient’s articles of incorporation then in effect.

Sections and Description

GA, Schedule 2, Section I.B, subsections 1 and 2. By not later than thirty (30) days after the Effective Date, the Recipient shall have adopted the POM, in substance and form, and in a manner acceptable to the World Bank, and shall carry out the Project in accordance with the POM, which shall not be assigned, amended, abrogated or waived in a manner which, in the opinion of the World Bank, may materially and adversely affect the implementation of the Project.

Sections and Description

GA, Schedule 2, Section I.C (a). The Recipient shall prepare and furnish to the World Bank not later than October 1st of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and (iii) any training activities that may be required under the Project.

Sections and Description

GA, Schedule 2, Section I.D.1. For Part 2 (a) (i) of the Project, the Recipient shall, to the satisfaction of the World Bank, ensure the carrying out of an Environmental and Social Safeguards Audit, showing that pertinent environmental and social safeguard standards and practices consistent the World Bank’s Safeguard Policies have been complied with for any activities under this Part of the Project for which retroactive financing is sought, and will continue to be complied with during said activities’ implementation.

Sections and Description

GA, Schedule 2, Section I.D.2. By not later than fourteen (14) days after the Effective Date, the Recipient shall, following proper public consultations, adopt and publicly disclose an Environmental and Social Safeguards Due Diligence Checklist, to be applied by the Recipient for Part 2 (a) (ii) of the Project, in form and substance satisfactory to the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.3 (a). With respect to the Environmental and Social Management Plan (“ESMP”) to be applied by the Recipient for Part 1 of the Project: (a) by not later than fourteen (14) days after (i) the Recipient’s approval of the final design for the civil works for the new hospital facility under Part 1 of the Project, or (ii) the Recipient’s receipt of the government permits for the said works, whichever is later, the Recipient shall furnish a draft ESMP to the World Bank for review.

Sections and Description

GA, Schedule 2, Section I.D.3 (b). By not later than fourteen (14) days after receiving the World Bank’s comments



on the ESMP, the Recipient shall publicly disclose an updated draft ESMP on its website and for public comment and consultation, for a period and in a manner satisfactory to the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.3 (c). By not later than fourteen (14) days after the end of the public comment period acceptable to the World Bank, noted in Section I.D.3 (b), the Recipient shall furnish to the World Bank for approval a final draft ESMP, incorporating, as appropriate, feedback resulting from said comments.

Sections and Description

GA, Schedule 2, Section I.D.3 (d). By not later than seven (7) days after the World Bank's acceptance of the ESMP, the Recipient shall adopt and publicly disclose the final ESMP through its website and by issuance of public notices, in form and substance satisfactory to the World Bank.

Sections and Description

GA, Schedule 2, Sections I.D.4 and I.D.9. Following the Recipient's adoption and public disclosure of the Environmental and Social Safeguards Due Diligence Checklist and the ESMP (collectively, "Safeguard Instruments"), the Recipient shall incorporate and thereafter maintain Safeguard Instruments in the POM, and shall ensure that the Safeguard Instruments, and any provision thereof, shall not be amended, suspended, abrogated, terminated or waived, except with the prior written consent of the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.5. The Recipient shall carry out the Project in accordance with the provisions of the Safeguard Instruments, and to this end, shall maintain throughout Project implementation, dedicated staff to ensure the Project's compliance with the Safeguard Instruments.

Sections and Description

GA, Schedule 2, Section I.D.6. Civil works under Part 1 and Part 2 (a) (ii) of the Project shall begin only after the requisite Safeguard Instruments have been prepared, properly consulted on, adopted and publicly disclosed.

Sections and Description

GA, Schedule 2, Section I.D.7. In carrying out the Project, the Recipient shall ensure that the activities involve no land acquisition or Involuntary Resettlement, and shall immediately inform the World Bank of any circumstances that have arisen or that may arise concerning: (a) the Recipient's legal possession of a proposed or selected site; or (b) the possibility of Involuntary Resettlement on a proposed or selected site, recognizing that no civil works related to the Project shall continue under such circumstances until arrangements to address such Involuntary Resettlement have been adopted and implemented by the Recipient, all to the satisfaction of the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.8. The Recipient shall ensure that: (a) any technical advice conveyed through technical assistance financed under this Agreement complies with the requirements of the relevant Safeguard Policies then in force; (b) all contractors carrying out the Project perform their work in accordance with the technical and environmental practices applicable to the Project, in accordance with the World Bank's Safeguard Policies, and as set forth in the Safeguard Instruments, and under terms of reference and with qualifications and experience necessary to satisfactorily carry out the design and construction of the Project, and all of which shall be acceptable



to the World Bank; and (c) any contracts for civil works under the Project include Codes of Conduct, for local and international contractors, their staff, guest workers, and laborers, in form and substance acceptable to the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.10. Not later than thirty (30) days following the Effective Date, the Recipient shall establish, and thereafter maintain and publicize throughout Project implementation, a Project feedback and grievance redress mechanism, in form and substance satisfactory to the World Bank, to hear and determine fairly and in good faith all feedback and complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by said feedback and grievance redress mechanism, in a manner satisfactory to the World Bank.

Sections and Description

GA, Schedule 2, Section I.D.11. The Recipient shall: (a) no later than five (5) days after the occurrence of a Significant Event, inform the World Bank by any electronic means of the nature of the incident, accident, or circumstance and any effect or impact (whether on-site or off-site) resulting or likely to result there from; (b) no later than thirty (30) days after such Significant Event, provide the World Bank with a summary report that includes a description of such Significant Event, and the measures, if any, that the Recipient is taking or plans to take to address such Significant Event and to prevent any future similar event; and (c) keep the World Bank informed of the on-going implementation of the said measures and plans.

Conditions

Type	Description
Effectiveness	GA, Sections 5.01 (a) and 5.02. The Recipient shall furnish to the World Bank a legal opinion, satisfactory to the World Bank, evidencing that the execution and delivery of the Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary corporate and governmental action.
Effectiveness	GA, Section 5.01 (b). If the World Bank so requests, the condition of the Recipient, as represented or warranted to the World Bank at the date of this Agreement, has undergone no material adverse change after such date.
Disbursement	GA, Schedule 2, Section IV.B.1 (a). Withdrawals up to an aggregate amount not to exceed \$1,800,000 may be made for payments made prior to the date of the Grant Agreement but on or after May 1, 2018, for: (i) eligible expenditures for goods, non-consulting services, consulting services, Training and Operating Costs under the Project; and (ii) eligible expenditures for works under Part 2 (a) (i) of the Project, following an Environmental and Social Safeguards Audit, satisfactory to the World Bank, showing that the pertinent obligations set forth in this Agreement, as applicable to each eligible expenditure for works under Part 2 (a) (i) of the Project, have been complied with, in accordance with Section I.D.1



	of Schedule 2 to the GA; withdrawals for payments made on or after the date of the Grant Agreement, for eligible expenditures for works under Part 2 (a) (i) of the Project shall also follow an Environmental and Social Safeguards Audit.
Type Disbursement	Description GA, Schedule 2, Section IV.B.1 (b). No withdrawals shall be made for payments for works under Part 2 (a) (ii) of the Project, until the Environmental and Social Safeguards Due Diligence Checklist has been adopted, made public, and incorporated into the POM in accordance with Section I.D.2 of Schedule 2 to the GA.
Type Disbursement	Description GA, Schedule 2, Section IV.B.1 (c). No withdrawals shall be made for payments for works under Part 1 (b) of the Project, until: (i) the ESMP has been adopted, made public, and incorporated into the POM in accordance with Section I.D.3 of Schedule 2 to the GA; and (ii) all conditions precedent to the Co-financing Agreement’s effectiveness, or to the right of the Recipient to make withdrawals under it, have been fulfilled.



I. STRATEGIC CONTEXT

A. Country Context

1. **Sint Maarten is a high-income constituent country¹ of the Kingdom of the Netherlands in the Caribbean.** It occupies the southern half of an island shared with the French overseas collectivity of Saint Martin. It is the most densely populated country in the Caribbean with a population of roughly 40,000 and a per capita Gross Domestic Product (GDP) of US\$25,381.² Sint Maarten is currently rebuilding after damages caused by Hurricane Irma that claimed lives and deteriorated the socio-economic environment on the island.

2. **Sint Maarten is highly vulnerable to natural disasters and adverse climatic events due to its location within the hurricane belt.** For the past decades, the country has been exposed to numerous high winds and hurricanes, including notably intense storms; Donna in 1960 (Category 3), Luis in 1995 (Category 4), and Irma 2017 (Category 5 plus). Due to the size of the country, a single storm has the potential to directly impact the entire population. High winds, excessive rainfall and flooding are the principal risk factors, while the country is also vulnerable to earthquakes. Coastal areas are exposed to flood risk from storm surge and tsunamis. Increased urbanization along with climate change and limited country capacity to build with resilience add to the country's vulnerability to natural hazards.

3. **Natural hazards have catastrophic impacts on the country's economy which is essentially tourism-based.** The restaurants, hotels, and other tourism-related sectors, including the wholesale and retail trade, the real estate, renting and business activities sectors account for approximately 45 percent of Sint Maarten's GDP. Activities in the transport, storage and communication sector, 11 percent of GDP, are also related to the tourism sector. The tourism sector contributed 73 percent to the country's total foreign exchange income in 2016. Sint Maarten's harbor is a significant port for cruise tourism in the Caribbean, with 1.7 million cruise passengers visiting per year. The airport is an important hub for regional travel with a large network of connecting flights across the Caribbean. However, the economy has seen limited growth in recent years and the economy remains exposed to tourism trends and weather shocks.

Urgent Need of Assistance

4. **Sint Maarten is in need of urgent assistance after the Hurricane Irma, a Category 5 plus hurricane that hit the island on September 6, 2017.** Winds of more than 185 mph (296km/h) left a trail of devastation throughout the country. During landfall, the storm's eye passed directly through Sint Maarten exposing it to the highest wind velocities in the storm. Irma was shortly followed by another small-scale hurricane, Maria, on September 19, 2017 further damaging the country's infrastructure. The World Bank estimates damages and losses related to Hurricane Irma at US\$1.38 billion (129.5 percent of GDP) and US\$976.5 million to Hurricane Maria (91.8 percent of GDP), affecting 90 percent of all infrastructure and large parts of the natural environment.

5. **Reconstruction and recovery needs are greater than currently identified public and private resources. Sint Maarten's economy is expected to contract 8.5 percent in 2018, following an estimated 4.5 percent contraction in 2017.** Growth is projected to rebound in 2019 and the country is expected to return to its pre-

¹ Sint Maarten is one of the four constituent countries of the Kingdom of the Netherlands, along with Netherlands, Aruba, and Curacao

² From Central Bank of Curacao and Sint Maarten, based on 2018 estimates.



Hurricane Irma real GDP level by 2025. Private external finance from direct investment, loans, pay-out of insurance claims and funds held abroad will be needed to finance reconstruction of private properties and businesses. Public finances face a sharp decline in tax revenue due to the economic contraction and, at the same time, increased expenditure needs to reconstruct public infrastructure and to assist the affected population.

6. **The social and economic effects of Hurricane Irma and the disaster's impact on poverty levels could be significant if action is not immediately taken.** In the absence of a national poverty line for Sint Maarten, a UNDP benchmark for poverty based on minimum wage³ indicates that 26.87 percent of households (approximately 3,762 households) are poor and live on revenues at or below the minimum wage (NAF 1.530.53 or approximately US\$850 per month in 2017). Although little is known about the distribution of disaster impacts and their effect on vulnerable groups in Sint Maarten, international experience indicates that the poorest and most vulnerable groups are likely disproportionately affected by the disaster, including Sint Maarten's large number of female-headed households (38.7 percent of all households), who depend on the income of women post hurricane.

7. **Sint Maarten's overall unemployment rate (6.2 percent) and youth unemployment rate (23.8 percent) in 2017⁴ have significantly risen following the hurricane due to the shutting down of tourism businesses.** The tourism sector suffered from significant damages to the airport, accommodations, and tour operator equipment, dramatically reducing the number of tourist arrivals. Micro, small, and medium-sized enterprises (MSMEs) have experienced significant loss of capital due to the impacts of the hurricane. Households need access to finance to rebuild homes and fully reengage in economic activities. Rapid economic recovery and reconstruction are critically needed to generate revenues and avoid further job loss, and support to stimulate access to finance and business recovery are needed to enable the private sector to grow and contribute to Sint Maarten's overall economic recovery.

8. **Sint Maarten has made substantial efforts to address the most urgent needs following Hurricane Irma** (e.g. initial debris removal, sheltering roofless populations, resumption of government and business services). Nevertheless, recovery needs are massive and the country has limited capacities to manage this scale of resilient reconstruction. To support rapid and sustainable recovery, on April 16, 2018, the Government of Netherlands established a €470 million Euro Single Donor Trust Fund (SDTF) managed by the World Bank. This SDTF will finance activities for the recovery, reconstruction and resilience building of Sint Maarten selected from the Government of Sint Maarten's National Recovery and Resilience Plan (NRRP), which outlines the country's recovery needs. The SDTF Steering Committee is composed of one representative each of the World Bank, the Government of Sint Maarten and the Government of the Netherlands and is mandated to approve recovery projects as well as required capacity building activities. The Steering Committee decides by consensus of its members, approves projects, and monitors the progress of agreed activities. The Steering Committee has approved four priority projects: (a) the Sint Maarten Emergency Recovery Project I (P167339); (b) a Sint Maarten Emergency Debris Removal and Cash for Works Project (P167347); (c) a Sint Maarten Skills and Training and Strengthening of the Social Protection System Project (P167368); and (d) the proposed Sint Maarten Hospital Resiliency & Preparedness Project (P167532) described in this document.

9. **A pressing need to strengthen hospital services in Sint Maarten was recognized as early as 2015 by the Ministry of Public Health, Social Development and Labor (VSA), the Health and Social Insurance Fund (SZV) and the SMMC.** Given that the only existing hospital in the country was unsuitable for a complete re-design over the

³ Developed by UNDP in 2015.

⁴ According to the Sint Maarten Government Statistical Yearbook 2017.



long-term, it was decided that a new general hospital would be built. A new business model of care was developed, private financing was secured, a firm was selected and the initial structural design for the new hospital was completed just before Hurricane Irma.

10. **In terms of the impact of Hurricane Irma on the existing hospital, services were limited for several days and the hospital gradually regained part of its service capacity. However, precarious conditions remain.** For example, the fire detection system and generator are still not functional. Out-of-country referrals have increased as well as the increased use of containers for storage and work spaces. These impacts further underline the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand Category 5 plus hurricane level winds (200mph+) and to adequately prepare for and mitigate disaster impacts so as to provide continuity of care in the context of disasters.

11. **Based on the urgent need of assistance, the proposed Hospital Resiliency and Preparedness Project is being prepared under the requirements of paragraph 12 of the Investment Project Financing Policy (IPF) on "Projects in Situations of Urgent Need of Assistance or Capacity Constraints."** This is because Sint Maarten is responding to a natural disaster as defined under the policy and preparing for imminent weather events during the ongoing hurricane season. The World Bank and Sint Maarten recognize the urgency of initiating emergency response efforts in light of the risks presented by the ongoing hurricane season and agreed to prepare the proposed project in an expedited manner.

12. **Despite the availability of external grant finance to support the public-sector reconstruction and recovery efforts, the Government of Sint Maarten faces budgetary shortfalls projected for 2018 to 2020.** The Government is working to adopt a medium-term fiscal framework in view of the current exceptional circumstances. A medium-term fiscal framework, including multi-annual revenue and expenditure projections and operational targets, should provide an outline on financing requirements over the next few years, as well as how to deal with the accumulated debt and debt service in the longer term. Strengthening fiscal management, including budget preparation, implementation and accountability capabilities, is needed to assure adequate implementation of reconstruction and recovery activities as well as fiscal sustainability.

B. Sectoral and Institutional Context

13. **Although hospital services have been partially restored since Hurricane Irma, essential medical and safety equipment (e.g. fire detection system, back-up power supply and sufficient storage) is still not functioning and overseas referrals continue to increase.** As a result, services are delivered under sub-optimal conditions that require both short term support to the current facility and upgrading of the new hospital facility design to Category 5 plus hurricane standards.

14. **Due to the increasing life expectancy of its population, Sint Maarten is faced with an aging adult population and a steady rise of chronic non-communicable diseases (NCDs), coupled with prevalent vector-borne diseases.** Sint Maarten, like many developed countries and other countries in the Caribbean, is faced with an increase in chronic NCDs. Ischemic heart disease was the leading cause of death in both 2010 and 2012, while diabetes mellitus was the second leading cause over the same period.⁵ Cancer deaths have also increased

⁵ PAHO Health in the Americas Brief on Sint Maarten. 2017; Ministry of Public Health, Social Development and Labor, Collective Preventive Services (Sint Maarten). Leading causes of death on Sint Maarten, year 2010 and 2012. Phillipsburg: VSA; 2014.



significantly over the past decade. A 2015 Health Survey⁶ of the adult population (18 years of age or older) showed a high prevalence of hypertension (31.4 percent) and diabetes mellitus (13.5 percent). The study also showed that 18 percent of the people with diabetes already had diabetes-related complications denoting poor control and secondary prevention of this disease. For the first time, the 2011 census included data on such diseases as Alzheimer's, cancer and sickle cell anemia. A 2009 study of children 0-4 years old showed that one third were overweight, and among that group, nearly half were obese.⁷ In 2010, 40 percent of youth ages 12–18 years old were overweight, of which around 54 percent were obese.⁸

15. **In terms of health service delivery, only primary and secondary care is provided in Sint Maarten** by a mix of non-profit and private providers, as follows: the Sint Maarten Medical Center (SMMC), a non-profit foundation endorsed by the Government as the sole provider of hospital services in the country,⁹ 23 general practitioners (private), dental care providers, the White and Yellow Cross Foundation (primary care, nursing home and specialized ambulatory care), the Turning Point Foundation (drugs and rehabilitation), the AIDS Foundation, the Diabetes Foundation and 15 pharmacies, of which one is situated within SMMC (Cay Hill Pharmacy).

16. **SMMC is the only hospital and the only source of secondary health services on the Dutch side of the island**, and is the primary source of care for the nearby islands of Saba and St. Eustatius.¹⁰ SMMC provides outpatient (emergency, radiology, dialysis and other special clinics) and inpatient care (medical pediatric and surgical wards, intensive care, labor and delivery, and an operating theater). No tertiary services are provided on the island and patients needing such services are referred to neighboring countries (Colombia, Dominican Republic, Puerto Rico, etc.). In addition to the permanent population, SMMC provides services to approximately 2.6 million tourists per year (2 million cruise ship tourists and 0.6 million stay-over tourists).

17. **The Ministry of Public Health, Social Development and Labor (VSA) is responsible for the legal, policy and quality framework for healthcare in Sint Maarten.** In addition, VSA is responsible for setting the legally binding tariffs and tariff structure for healthcare, and the medical inspection and the approval of admittance of new healthcare institutions, medical appliances and licenses for doctors at SMMC. In addition, VSA includes a few public programs such as ambulance services and vaccination programs.

18. **The Health and Social Insurance Fund (SZV) is mandated by law to administer and manage the National Health and Social Insurance Schemes.** Established in 2010 under VSA's oversight, SZV is an autonomous, and in principle self-sustained, administrative body responsible for implementing several social insurance schemes (illness, accident, general old-age, widow/widower and orphan, severance, and exceptional medical expenses). SZV is the main provider of healthcare insurance to civil servants and covers the healthcare costs of approximately two-thirds of the population.¹¹ It is estimated that 15 percent of the population has private health insurance, and another 12.3 percent do not have health insurance.¹² While the Government is providing medical aid programs to the uninsured, there is an ongoing effort for a health reform which aims to reduce out-of-pocket

⁶ Observatoire Sint Maarten and Saint Martin. 2015 Crossborder Health Study. University of the Virgin Islands, University of St. Martin

⁷ Weight that is higher than what is considered a healthy weight for a given height is described as overweight or obese, and determined by an individual's body mass index (BMI)

⁸ Youth Obesity Research, Students Hanze Hogeschool, Groningen, 2009 and 2010.

⁹ SMMC is a non-profit foundation, and owner of the hospital itself. However, the hospital is located on government owned land.

¹⁰ After Sint Maarten became a constituent country within the Kingdom of the Netherlands in October 2010, the surrounding smaller islands of Sint Eustatius and Saba became special municipalities of the Netherlands.

¹¹ STAT, Census 2011

¹² SMMC Strategic Business Plan Version 5.0: November 2017. Market Analysis



health expenditures, and create a guarantee fund to cover the uninsured. In late 2017, the health reform package was submitted to the Council of Advice before going to Parliament for approval, and is moving through the review processes, which have been somewhat delayed by Hurricane Irma.

19. **Built in 1991 for a population of 23,000, the SMMC has surpassed its lifetime capacity and has weathered several hurricanes.** The current hospital design is not functional. It has an open structure with five internal open-air patios that expose the hospital to severe weather and increase the risks to deal with hurricanes. After Hurricane Irma in September 2017, the SMMC suffered substantial damage and services were disrupted for several units, for example, intensive care and dialysis. Although the SMMC resumed operations immediately after the hurricane, due in part to provisional repairs carried out by the Dutch Marine engineering support unit, it is not expected to withstand another hurricane higher than Category 2.¹³ In addition, the hospital capacity and design (including 4 to 6 persons per room) do not provide options to rehabilitate or redesign the hospital to improve quality, reduce risk of the admitted patients and increase efficiency of health services. As a result of the limited quality and lack of services post-Irma, a substantial number of patients have been sent overseas for medical treatment, thus increasing the cost of health care to an unsustainable level. Estimated total costs related to medical transfers to other countries were US\$16.3 million in 2014, compared to US\$4.3 million in 2012.^{14,15} This data does not include those that fall under a private insurance structure, which amounts to 15 percent of the total population. The situation has been exacerbated by the 2017 hurricane season: in 2017, SZV spent US\$21.3 million financing overseas referrals.

20. **To strengthen the healthcare sector on Sint Maarten, a Tripartite was established in March 2015** consisting of: (i) the VSA, (ii) the SZV and (iii) the SMMC. With its focus on achieving affordable and sustainable quality healthcare, the Tripartite declared that the existing hospital building was unsuitable for a complete re-design over the long-term. At that time, SMMC was in a poor financial situation because the hospital service fees (tariffs) were not increased between 2004 and 2016, which resulted in underinvestment. This has had negative impacts on maintenance, technology, quality care and expansion of services in line with the increased demand for care.

21. **Given the Tripartite is focused on achieving affordable and sustainable quality healthcare based on the concept of 'care close to home,' it decided on the need to build a new general hospital.** The new hospital will be able to provide approximately 84 percent of the basic specialties, increase the number of beds from 66 to 110 and expand specific areas to provide more outpatient surgeries and other ambulatory services. Despite the increase, the ratio of beds per 1,000 people would still be relatively low when benchmarked with the Netherlands and other countries in the Caribbean. The existing hospital is located on the same land as the planned new hospital and will be gradually phased out once the new hospital construction is complete. The existing hospital will remain open during construction of the new hospital, but requires repairs of damage caused by hurricane Irma, especially given that it is the only provider of hospital services in the country. SMMC has developed a two-phase transition and contingency plan to maintain the provision of health services during the construction of the new hospital. Works on the first phase will use an open space, near the current parking area. Once the first phase is completed, health services will be moved to the new building and the old building will be demolished to complete the second phase of the new hospital.

¹³ Technical Inspection Report, Royal Haskoning DHV 26 October 2017.

¹⁴ Sint Maarten Country Cooperation Strategy 2015-2019. Pan American Health Organization (PAHO)/World Health Organization (WHO). 2005.

¹⁵ SMMC Strategic Business Plan Version 5.0: November 2017. Market Analysis



C. Relevance to Higher Level Objectives

22. **The Government of Sint Maarten has prepared a National Recovery and Resilience Plan (NRRP) outlining the recovery needs across the socio-economic sectors of the country.** The NRRP describes the Government’s vision, principles and a proposed approach for rebuilding a “better and stronger Sint Maarten” following Hurricane Irma. The Government of Sint Maarten aims to quickly restore economic, community and governance infrastructure and service delivery. The proposed project is well aligned with the NRRP. These goals are also reflected in the design of the SDTF, which will support this and other emergency projects.

23. **This project addresses needs for immediate recovery and rehabilitation of the health sector,** through restoration of the existing hospital, as well as strengthening future resilience by building back better, through construction of a new Category 5 plus resistant hospital which will ensure continuity of services and improve the preparedness and capacity of the health sector going forward. The US\$25 million trust fund is leveraging US\$75 million in counterpart funds already mobilized and allocated to build the new hospital.

24. **The project is aligned with the World Bank Group’s twin goals of ending extreme poverty and boosting shared prosperity.** It will target the most in-need and vulnerable population immediately affected by the hurricane, help the country to recover and resume growth, and contribute to strengthening the economic and social resilience of the country in the future, thus contributing to sustainable and inclusive growth.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement: Improve the preparedness and capacity of hospital services in Sint Maarten

PDO Level Indicators:

1. Overseas medical referrals reduced¹⁶
2. Emergency Disaster Preparedness Plan and Evacuation Plan implemented according to procedures^{17,18}
3. Technical audits of service delivery conducted and rated satisfactory

B. Project Components

Component 1. Building and launching of the new hospital (US\$17 million TF; US\$75 million counterpart funds)

25. **This component will co-finance the turn-key contract for the design upgrade, construction and launching of the new hospital.** Specifically, the component will co-finance the construction of the entire hospital. The US\$17 million TF allocated to Component 1 will increase the resiliency of the new hospital, so that the

¹⁶ This indicator will track overseas medical referrals on an annual basis as an indicator of the hospital’s capacity to provide services and rely less on the need for overseas referrals over time.

¹⁷ This indicator will measure how well the updated Emergency Disaster Preparedness Plan and Evacuation Plan are implemented through the application of a scorecard which will grade the performance of each area of the plan.

¹⁸ PAHO, Hospital Safety Index: https://www.paho.org/disasters/index.php?option=com_content&view=article&id=964:safety-index&Itemid=912&lang=en



required upgrades to the original hospital design can be made to ensure that the new facility can withstand Category 5 plus hurricanes.

26. **With the support of the Tripartite, SMMC identified the need to replace the existing hospital prior to Hurricane Irma, and agreed on the construction of a new building on the same land of the existing hospital.** The pre-design of the new hospital considered not only additional capacity in terms of beds and ambulatory services, but also the need to incorporate new services, adding new diagnostic and treatment procedures, and new medical specialties. In September 2016, the selection process to hire a firm to design, construct and implement the new hospital was completed. This turn-key contract includes full design of the new hospital, construction and equipment (medical and non-medical equipment), training (for equipment) and maintenance services for a 10-year period (with an option to extend the maintenance period for two additional periods of 5 years). By the time the complete design of the hospital was ready, damages caused by Hurricane Irma underlined the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand Category 5 plus hurricane level winds (200mph+). These changes will require an amendment to the existing turn-key contract (variation order) and the component will co-finance the total cost of the contract to allow for the required additional works, features and protections. The amendment will be processed after Bank approval of the project and will be reviewed according to the relevant World Bank policies. While an existing contract with the construction supervision firm hired to oversee works at the new hospital will also require an amendment to adjust the time table and cost, the construction supervision will be financed by the Recipient. See Section IV. B. for further details.

27. **In addition to the expansion in the scope of services, the new hospital will:** (i) increase capacity from 66 to 110 beds; (ii) have 4 operating theaters and larger areas for ambulatory care, including a new flow of patients for ambulatory surgery; and (iii) include critical characteristics to increase the resiliency of the hospital (external protection to withstand Category 5 plus hurricanes, installation of modern and safe medical gas, greater storage capacity for having supplies for longer periods, underground communication through fiber optic capability, and a landing platform for helicopters for the transport of trauma patients, etc.).

Component 2. Transition and Contingency Plan for Sint Maarten Medical Center (US\$7.7 million TF)

28. **The structure of the existing hospital was seriously damaged and weakened by Hurricane Irma.** As a result, priority has been given to select essential upgrades to allow for the continuity of services while improving the existing hospital services' preparedness and capacity for future extreme weather conditions, particularly while the new hospital is being built. The transition from the current weak and, in some cases, unsafe structural conditions (wiring, plumbing, roofing) of the existing hospital to the full operation of the new hospital requires significant planning and critical investments. Moving the existing hospital services to the new hospital facility will create the opportunity to modernize the current service delivery model, expand the scope of services, increase non-invasive procedures and ambulatory care, and adopt/better implement quality standards to improve the outcomes and reduce avoidable complications. This ability to expand the scope of provision of care will also reduce the high costs of overseas referrals and reinforce the Tripartite's goal of "care close to home." Since 2014, SMMC started the development and implementation of a Quality Management System. The hospital made good progress in developing and institutionalizing a wide variety of quality management system components. For example, most departments develop annual quality plans and subsequent action plans for quality and safety improvement within their department. Nevertheless, clinical guidelines will need to be revised to update care pathways and algorithms to the new service delivery models and more systematic quality control mechanisms



including technical audit need to be implemented.

29. **Some of the main steps and investments included in this transition process include:**

- (i) Essential upgrades to the current hospital to: (a) repair damage from Hurricane Irma and bolster the aging building's ability to face future hurricanes; and (b) enable the hospital to manage the increasing demand for services in the short term and allow it to continue providing services over the next 3 to 4 years; and (c) connect the hospital to a reliable source of communication (fiber optic) to improve its link to the Emergency Operation Center (EOC), expand options for telemedicine to increase access to services not available on the island, and avoid medical referrals when possible.
- (ii) Update the emergency plan to deal with disasters in the context of weak situation of the current hospital.
- (iii) Changes in the service delivery model and scope of services to be provided in the new hospital. The new hospital will increase the capacity and expand the scope of services and increase the range of medical specialties.
- (iv) Strengthen the standardization of procedures and the use of clinical guidelines to improve the clinical decision-making process and quality standards. The implementation of these tools will require the strengthening of human resources capacity (short-term training; formation of strategic partnerships for knowledge transfer) and implementation of continuous quality improvement (updating, development and application of protocols, clinical guidelines and quality checklists).
- (v) Given that the new hospital will be built on the same land as the existing hospital, the progress of the works will require a contingency plan to allow for the provision of services while the different phases of the new works are implemented

30. **This component will finance:** (i) works and equipment needed for the critical rehabilitation and upgrades of the existing hospital during the transition period (some of these investments include: roof reinforcement, electric generator and generator care complex, fire detection system, a water control plan, expansion and new storage for medical supplies, an access control system, a medical gas distribution, an information, communication and technology system, link to fiber optic cables, expansion of dialysis capacity and the care complex, adjustment of the general facilities, construction and relocation of the support services building and medical surgical ward, and upgrading of the operating theater complex); (ii) technical assistance to support the updating and implementation of clinical guidelines and quality control mechanisms and internal technical audits; (iii) arrangements with strategic partners (well recognized academic centers) for training of human resources; and (iv) support the SMMC's accreditation process with the Joint Commission International (JCI).¹⁹

Component 3. Project Management (US\$ 300,000 TF; US\$500,000 counterpart funds)

31. **The project will be implemented by the SMMC.** This component will finance the related operating expenses, equipment, and personnel necessary for the execution of the project, in the areas of contract management, procurement, financial management, technical and monitoring and evaluation, including project audits. The SMMC will allocate budget to cover the project's recurrent costs.

¹⁹ JCI is the oldest and largest standards-setting and accrediting body in health care in the United States. <https://www.jointcommissioninternational.org>



Table 1. Project Costs and Financing by Component

Project Components	Project Cost (US\$ million)	Trust Fund (US\$ million)	Counterpart funds (US\$ million)
Component 1. Building and launching of the new hospital	92.0	17.0	75.0
Component 2. Transition and Contingency Plan for Sint Maarten Medical Center	7.7	7.7	0.00
Component 3. Project Management	0.80	0.30	0.50
Total	100.50	25.00	75.50

32. **Retroactive Financing** will be considered for payments made prior to the date of the Grant Agreement, except that withdrawals up to an aggregate amount not to exceed US\$1,800,000 may be made for payments made prior to this date but on or after May 1, 2018, for Eligible Expenditures, and following an Environmental and Social Safeguards Audit, satisfactory to the World Bank, showing that the pertinent obligations set forth in the Grant Agreement, as applicable to each Eligible Expenditure have been complied with.

C. Project Beneficiaries

33. **Project beneficiaries include the estimated 60,000²⁰ residents of Sint Maarten, Saba and St. Eustatius as well as the estimated 2.6 million tourists that visit Sint Maarten each year.** According to the 2011 census, the total population is comprised of approximately 53 percent women.

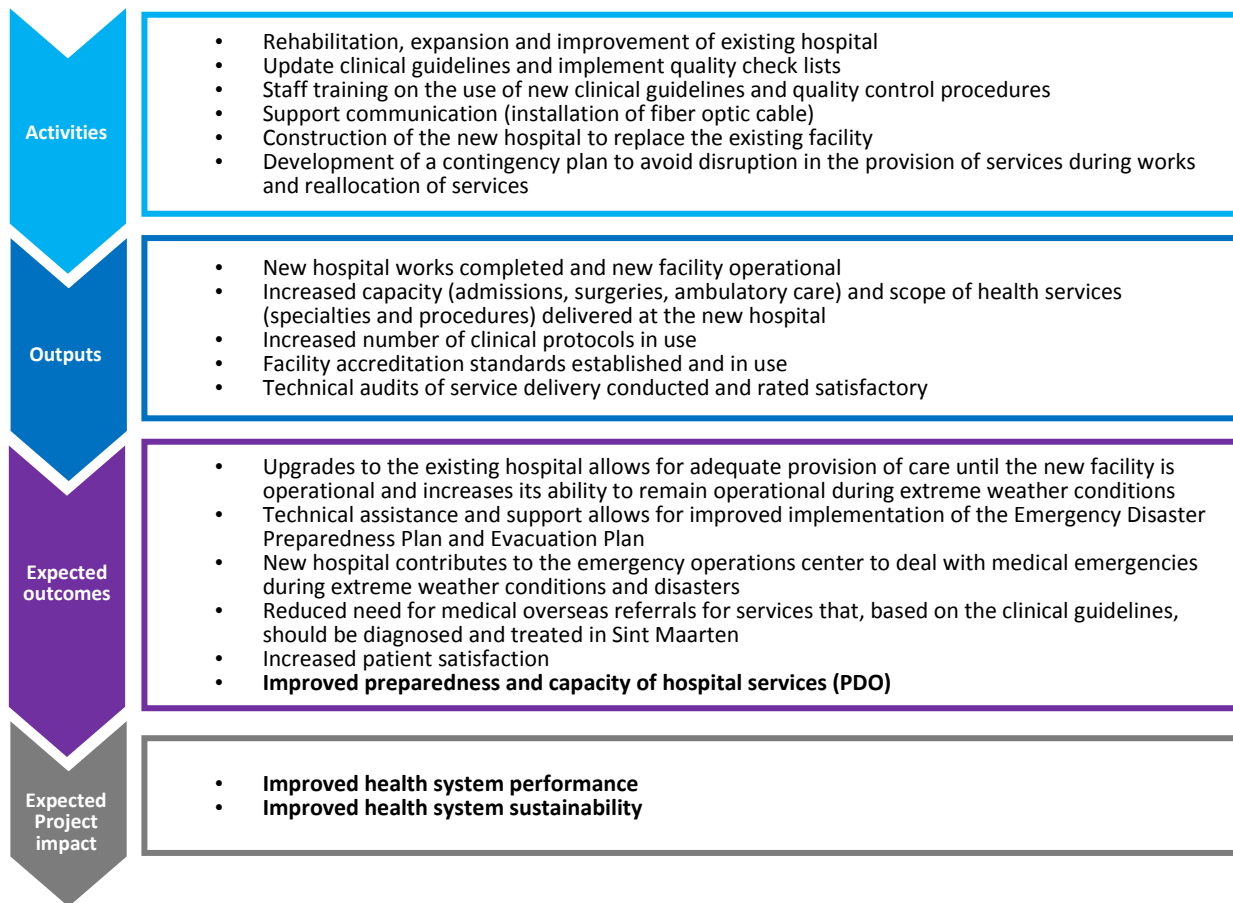
D. Results Chain

34. **Within the shared vision of the Tripartite, and considering the need to implement the Emergency Disaster Preparedness Plan and Evacuation Plan in case of extreme weather conditions, the proposed project will finance investments and technical assistance to improve the preparedness and capacity of hospital services in Sint Maarten.** The project will support critical rehabilitation and temporary expansion of the existing hospital to strengthen the provision of health services while the construction of the new hospital is completed. As the transition from the current hospital to the new building will also introduce a modernization of the service delivery model, the project will also support the updating of clinical guidelines and quality control mechanisms to expand the scope of services and increase quality. Figure 1 shows how desired changes are expected to happen including short, mid and long-term goals.

²⁰ Estimated population includes the number of both permanent and estimated undocumented residents on Sint Maarten, and does not include residents from Saint Martin, the French side of the island.



Figure 1: Results Chain and Expected Outcomes



E. Rationale for Bank Involvement and Role of Partners

35. As part of the preparatory activities for the establishment of the SDTF, the Government of Sint Maarten and the World Bank are finalizing a consolidated National Recovery and Resilience Plan (NRRP) that prioritizes short-, medium- and long-term needs for the recovery, reconstruction and resilience of Sint Maarten. This Plan will include estimates of the financial requirements, costs and investments necessary to build Sint Maarten back better. The outcomes expected from the Plan are: (a) the resilient recovery of social sectors in affected communities, and the reestablishment of businesses continuity; (b) the resilient rehabilitation and reconstruction of critical infrastructure; and (c) the strengthening of the country’s readiness to reduce and address future impacts of natural disasters and climate change. One of the identified priorities relates to ensuring continuity of hospital services and care, supporting the only source of hospital care in Sint Maarten.

F. Lessons Learned and Reflected in the Project Design

36. The project design incorporates lessons learned from previous World Bank and donor funded projects supporting health systems strengthening and service delivery (including hospital services) in other countries, as well as the Bank’s experience in disaster response and preparedness. These include:



- **Strengthening preparedness and capacity of hospital services goes beyond infrastructure.** The proposed project provides a conceptual framework not only for investing in civil works, but also in modernizing the health service delivery model. The SMMC has been strategic about building a new hospital to expand the scope and model of services to provide better quality and more efficient care. The SMMC has a plan in place for transferring the existing services to the new hospital and changing the business model of care which aims to adopt and better implement quality standards to improve outcomes, reduce avoidable complications, and ultimately provide a higher level of quality services in an efficient manner.
- **Employing turn-key contracts can reduce transaction costs.** The project design includes a “turn-key” contract for the building of the new hospital, which eliminates a piecemeal approach characterized by high transaction costs. Not only is this approach more efficient, it will also ease the fiduciary (procurement mainly) burden for SMMC. The Bank has experience in this area, in particular with construction of new facilities and renovations.
- **Investments in health infrastructure require comprehensive maintenance support to avoid service delivery delays and protect investment.** Experience from previous projects demonstrate that support to infrastructure must also include provision and maintenance of equipment, including training on the use of equipment and human resources training and development. The turn-key contract for construction of the new hospital will include these critical aspects to ensure the facility is fully operational.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

37. **The project will be implemented by the Sint Maarten Medical Center (SMMC), a non-profit foundation,**²¹ that is owner and operator of the existing hospital. In 2007, SMMC was appointed by Government through a National Decree as the only hospital facility on Sint Maarten. On June 19, 2018, the Government (VSA) signed a bilateral agreement with SMMC in which it delegates project implementing responsibility to SMMC and names it as the primary Recipient of the grant. As such, SMMC will have the overall responsibility for technical supervision and fiduciary activities for the execution of all three project components. Based on the bilateral agreement, SMMC will report directly to the Minister of VSA, and share all project related reports and progress monitoring information provided to the World Bank with the Minister of VSA. The Minister of VSA is responsible for informing the Government’s Interim Recovery Committee (IRC) on the status of the project as necessary. Finally, the Council of Ministers will approve the final draft grant agreement between SMMC and the World Bank before SMMC can sign the grant agreement.

38. **SMMC is governed by a Supervisory Board responsible for the supervision of the Board of Directors (Figure 2).** The Supervisory Board formally approves key decisions made by the Board of Directors, such as budget setting, foundation reorganization, investments outside the original budget and annual financial statements submitted by the Board of Directors. Supervisory Board members have specific profiles approved by the Minister

²¹ SMMC is a non-profit foundation which is not allowed to benefit from any funds and uses of any extra funds are used to re-invest back into the organization



of VSA to ensure that the Board has diverse expertise (e.g. medical, legal, financial, organizational management/human resources). There is a Chairman, a Vice Chairman, and an Audit Committee within the Supervisory Board that provides advice on the supervision of financial aspects. Comprised of a minimum of three and a maximum of five members, Supervisory Board members are appointed by the Minister of VSA, upon a binding nomination by the Supervisory Board. The Minister of VSA appoints one candidate from the nominations after receiving approval from the Corporate Governance Council of Sint Maarten and the Council of Ministers. Currently, there are two Supervisory Board members, and the Minister of VSA's appointment of a third member is pending approval by the Council of Ministers.

39. **The Board of Directors is tasked with the daily management and decision making related to operating the hospital, according to the strategic plan and the budget.** The Board of Directors is comprised of a maximum of two members: one with a background in financial management and the other with medical expertise. The Directors are appointed by the Supervisory Council in consultation with the Minister of VSA. Although formal approval by the Minister of VSA is not required, in practice SMMC strives to obtain written confirmation from the Minister of VSA that there is no objection to the appointment.

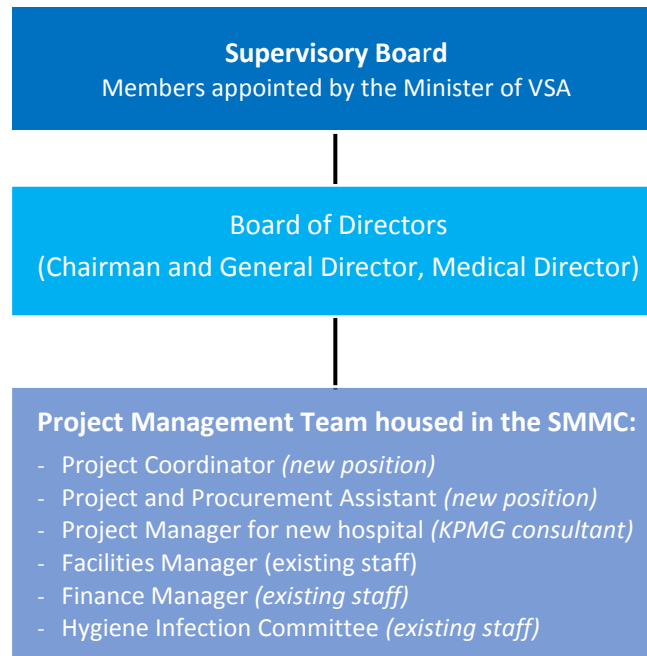
40. **Private financing mobilized by the foundation will co-finance the new hospital.** In February 2018, SMMC signed a loan agreement with a consortium of lenders which is expected to be ratified by November 2018. Once the private funds have been ratified, the consortium will appoint two members to the Supervisory Board.

41. **While the objectives, functions, capacities and legal status of the foundation will not be affected, it is expected that by the end of 2018, the name of the foundation will be changed and the current governance structure will be adjusted.** These changes will not have an impact on the foundation as a legal entity and all existing rights and obligations of the foundation will continue to exist unaltered following the name change of the foundation to the Sint Maarten General Hospital (SMGH). **The changes to the governance structure will include:** (i) the Supervisory Board will include an appointment of one representative of the VSA and one member appointed by the SZV; and (ii) the Board of Directors will expand from a current maximum of two members to three members.

42. **Figure 2 depicts the current governance structure of the foundation and the project implementation arrangements.** A dedicated project management team (PMT) will be housed within SMMC and tasked with overall coordination and implementation support to project activities, procurement selection processes and contract management, financial management and results monitoring. With the ongoing support of technical assistance from one KPMG consultant (for Component 1), SMMC will manage the implementation of the turn-key contract for the new hospital (Component 1), while the implementation of Component 2 will involve the existing structures and staff of SMMC through the PMT. Further details will be outlined in the Project Operational Manual (POM).



Figure 2. SMMC Institutional and Implementation Arrangements



B. Results Monitoring and Evaluation Arrangements

43. **The SMMC will be responsible for overall monitoring of project implementation, including reporting on the project’s Results Framework.** The PMT will implement a monitoring system tailored to the project to include planning, monitoring, implementation, physical and financial progress control during project implementation, as well as tracking of the PDO and intermediate outcome indicators. SMMC will be responsible for completing progress reports focused on tracking the achievement of project results, including monitoring civil works contracts and collecting data on the project indicators. Reporting of progress on results will be shared with the World Bank, the SMMC Supervisory Board, and with the Government, including VSA.

44. **Given the proposed project is being prepared under condensed procedures, studies on gender issues were not conducted during preparation.** Access to maternal and infant health services appears to be well-managed, however due to the current limitations of the existing hospital, early discharges are not infrequent when beds are needed. The project will support the updating of clinical guidelines and quality control protocols that will provide better information on health conditions and quality of services by gender. Finally, recurrent patient satisfaction surveys (disaggregated by gender) will provide data on how the population perceives the hospital services provided.

C. Sustainability

45. **The key sustainability principle is “building back better” – that reconstructed infrastructure will be more resilient.** Due to the emergency, works need to be completed and goods delivered quickly to a high-quality standard, successfully mitigating the risks in question to the population and assets within the areas of



intervention. The objective of this approach is to be able to advance critical emergency measures as quickly as possible with anticipated contracting and retroactive financing modalities available to support the SMMC. The works and goods under Component 2 (renovations to existing hospital) are intended not only to protect the population and assets in a timely manner, but to mitigate the need for further emergency expenditures in case of the occurrence of a disaster while the construction of the new Category 5 resistant hospital is underway (Component 1).

46. **In addition to the critical renovations and upgrades required at the current hospital, the facility currently requires constant maintenance of areas that are reaching the limit of their useful life.** The new hospital building will be more cost-effective to maintain. Ten-year maintenance of the new hospital is included in the turn-key contract (with an option for another 10 years). The long-term sustainability of this investment will be more affordable compared to the current situation.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Analysis

47. **Strategic relevance and technical soundness of the proposed project.** The objective of the proposed project is critical to guarantee the provision of health services during and after extreme weather conditions. The proposed project design includes two complementary components: Component 1 concentrates on the construction of the new hospital, while Component 2 focuses on the need to continue the provision of health services while the new facility is under construction, development of tools and mechanisms to adjust the service delivery model and quality of health care and support the transition and preparation of the hospital to deal with emergencies.

48. **The need to replace the existing hospital in Sint Maarten** is due to the poor state of maintenance, outdated design and equipment and limited capacity (in scope and volume of services). This situation has resulted in problems with the quality of care, costly services (lack of efficiency) and increased need to refer patients overseas. Activities included in the project design are all the more critical given that SMMC is the Government designated provider of hospital services for the entire population of Sint Maarten (including residents of Saba and St. Eustatius), and the only hospital providing services in the country.

49. **Functional requirements of the new hospital.** To determine the functional requirements that the new general hospital must meet, an attempt has been made to map out the demand for care. Because of the lack of reliable care and treatment data on Sint Maarten, the local demand for health care was mapped out with the help of a Dutch research agency specializing in health care.²² In order to determine the local demand for care, the firm used a reference population from Amsterdam Zuidoost with similar ethnic characteristics and income level as Sint Maarten. This reference population was adjusted for size (approximately 60,000 inhabitants) and distribution of age and gender.

50. **After considering the potential demand for health services, an analysis was carried out in consultation**

²² Performation - Healthcare Intelligence. <https://www.performation.com/healthcare-intelligence>



with **SMMC medical staff** on the type of care that should be offered by the new hospital. Consultations took into account the current range of specialists, as well as the potential benefits and efficiency gains of increasing the scope of services that the new hospital should offer. As a result of this analysis, it is expected that the new hospital will be able to handle 89 percent of the demand for care in Sint Maarten, Saba and St. Eustatius. The SMMC is also expected to be able to handle the treatment of a considerable proportion of patients who currently have to be sent abroad for medical care. The remaining estimated 11 percent of the demand for care will be referred overseas, as these cases are related to more complex or specific health conditions that require technologies, medical specialists or specific treatments that are offered in tertiary level hospitals serving areas with much larger populations.

51. **Rehabilitation of the existing hospital is a must even though it will be phased out once the new hospital is complete.** While the new hospital is built, the existing hospital (and only hospital providing care in the country) requires urgent intervention to allow for the continuity of services and improve the structural integrity and safety conditions of the facility. In addition, over the next 3 to 4 years, the existing hospital will need to be able to withstand extreme weather conditions. Short-term investments are needed to reduce the impact of such conditions on the hospital's capacity to provide services. Component 2 will also support critical investments to support the transition from the existing scope and model of care to implement evidence based clinical guidelines, implement quality control mechanisms and update the Emergency Disaster Preparedness and the Evacuation Plans. Finally, investments in both Component 1 and 2 related to the existing hospital will support SMMC's goal of reaching JCI²³ hospital accreditation status by the time the new hospital is completed and operational.

52. **The proposed project has the critical building blocks required for delivering results. These include:**
- (a) Strong support from Government, SMMC management and staff as well as the general population;
 - (b) High degree of technical rigor as the functional requirements of the new hospital: (i) address current and future population needs; (ii) focus on increasing quality and efficiency of medical services and reducing costly overseas referrals; (iii) prioritize technical soundness as they were developed by an independent firm with significant experience in the hospital sector and validated through second opinion assessments with independent consultants; and (iv) reflect inputs from consultations with hospital staff; and
 - (c) Results indicators to assess project performance that build on monitoring systems already in place.

Economic and Financial Analysis

53. **The project's development impact in terms of expected benefits and costs.** The main expected benefit of the project is the construction of a new hospital to replace the outdated existing facility to: (i) improve the preparedness and capacity of hospital services; (ii) expand the scope of hospital services; and (iii) adjust the service delivery model to improve quality and efficiency by introducing more ambulatory services, less invasive procedures, and reducing the need for costly overseas referrals.

54. **With the support of the Tripartite, SMMC identified the need to replace the existing hospital** due to its limited service delivery capacity as well as its inadequate ability to face hurricanes and other extreme weather

²³ Joint Commission International (JCI) works to improve patient safety and quality of health care in the international community by offering international accreditation and certification. In more than 100 countries, JCI partners with hospitals, clinics, and academic medical centers; health systems and agencies; government ministries; academia; and international advocates to promote rigorous standards of care and to provide solutions for achieving peak performance.



situations. The negative impact of hurricane Irma in September 2017 confirmed the existing hospital's lack of resiliency and weakened capacity to remain operational following an extreme weather event. SMMC was affected for months after Irma, hospital capacity is limited and medical services are provided in a risky environment and not up to safety standards (e.g. the fire detection and alarm system is not functioning; the existing generator is not capable of providing power to critical areas of the hospital; and plumbing and wiring issues abound). Given that the SMMC is the only hospital in the country, not having a fully operational hospital puts the health of the population at risk, increases overall costs of health services (health insurance and out of pocket) to finance overseas referrals, and has a potential detrimental impact on tourism (one may consider it too risky to visit an island with limited health services).

55. **Cost-effectiveness Analysis.** Given the unique context of Sint Maarten (only one hospital in the country serving a relatively small population and requiring Category 5 plus hurricane resistant construction), the economic rationale will be assessed by conducting a cost-effectiveness analysis. The analysis compares some specific services in the current service delivery model with the newly proposed service delivery approaches. This analysis suggests that project investments would not only lead to considerable cost savings, but also to improved quality of services and higher equity and ease of access to services to all residents. For example, people of modest means without insurance (i.e. self-employed) do not often have the capacity to cover high out-of-pocket expenses and the possibility of leaving the island to be treated overseas. The major sources of cost savings are in the expanded scope of locally provided health services, implementation of telemedicine, reduction of overseas referrals, transformation of inpatient services into outpatient services, and the use of evidence-based clinical protocols that should generate long-term savings and improve the quality of services provided.

- **Reducing overseas medical referrals.** In 2017, SZV spent US\$21.3 million in financing overseas referrals, up from US\$15.5 million in 2015. In addition, these referrals have increased out of pocket expenditures of insured patients plus significant expenditures caused by self-referrals that are not covered by insurance. SMMC's Business Plan estimates that the full implementation of the new hospital will reduce the need for referrals by about 50 percent.
- **Savings in outpatient costs compared to inpatient costs.** Studies show that less invasive procedures and ambulatory surgeries can cut costs of specific surgeries between 12 percent and 70 percent.²⁴ The design of the new hospital includes specific areas for ambulatory surgeries that will allow for an increase in the number of surgeries implemented at a lower unit cost and reduce the use of beds that will be reserved for more complicated cases.
- **Improving standards and quality.** The update and implementation of clinical guidelines based on the best medical evidence (and in line with international standards of care) and the hospital scope of services will guide which treatments are offered under which circumstances and are, therefore, ideal tools for improving quality and promoting cost-effective clinical practices. While the primary reason for implementing clinical guidelines is improving service quality and patient outcomes, several studies have shown that efforts to implement standardized clinical guidelines can reduce lengthy hospital stays, decrease unnecessary use of resources (e.g.

²⁴ Day Surgery: Making it Happen. Policy Brief, World Health Organization on behalf of the European Observatory on Health Systems and Policies. 2007



unjustified additional diagnostic testing or procedures), and increase patient satisfaction.^{25, 26, 27}

B. Fiduciary

Financial Management

56. **The Financial Management (FM) responsibilities of the project will be undertaken by the Sint Maarten Medical Center (SMMC).** An FM assessment was therefore conducted on the SMMC in accordance with OP/BP 10.00 and the Financial Management Practice Manual (issued by the Financial Management Sector Board (FMSB) on March 1, 2010). It was concluded that SMMC has adequate FM systems that should provide, with reasonable assurance, accurate and timely information on the status of funds as required by the World Bank.

Procurement

57. **SMMC will be responsible for carrying out the procurement of all the activities financed under the project.** A procurement capacity assessment of the implementing agency was carried out by the project team to review the organizational structure for implementing the project, and the staffing and procurement systems that are in place to determine risks and mitigation measures. Based on this assessment, it was determined that the procurement risk is rated as Substantial.

58. **The Recipient prepared a simplified version of the Project Procurement Strategy for Development (PPSD) and a Procurement Plan for the first 18 months of project implementation, dated August 1, 2018.**

59. **With respect to Component 1,** the design, construction, provision of equipment and maintenance of the new hospital will be carried out through a turn-key contract. The selection of the firm was conducted in 2015 and the contract was signed in September 2016. Once the design of the new hospital was complete and given the impact of hurricane Irma, the Tripartite agreed on the need to update the hospital design to increase the building's resilience and protection measures to endure Category 5 plus hurricanes. In 2018, the selection process and original turn-key contract was reviewed by WB procurement management during project preparation and was considered satisfactory. The contract will be amended (variation order) following WB procurement procedures.

60. **Activities under Component 2** including the supply of goods, works, non-consulting and consulting services will be totally or partially financed with project funds, and will comply with the World Bank's "Procurement Regulations for IPF Borrowers" (dated July 1, 2016, revised November 2017). Reinforcement of the roof has begun on the existing hospital and the procurement process conducted has been reviewed by the WB procurement team to determine its eligibility for retroactive financing. Payments made on the turn-key contract for the new hospital from May 1, 2018 and the Bank's no objection to the change order with the contractor will be eligible for retroactive financing.

²⁵ Hugh R. Waters, et al. The Business Case for Quality. *American Journal of Medical Quality*. August 19, 2011

²⁶ Judith H. Hibbard, Jean Stockard, Martin Tusler. Hospital Performance Reports: Impact on Quality, Market Share, And Reputation. *HEALTH AFFAIRS* VOL. 24, NO. 4: HEALTH SPENDING WORLDWIDE. July/August 2005

²⁷ Vonlanthen, René. The Impact of Complications on Costs of Major Surgical Procedures: A Cost Analysis of 1200 Patients. *Annals of Surgery*: December 2011 - Volume 254 - Issue 6 - p 907-913



C. Safeguards

61. **The Sint Maarten Hospital Resiliency and Preparedness Project is being designed under the Bank's Condensed Procedures contained within paragraph 12 of the IPF Policy on "Projects in Situations of Urgent Need of Assistance or Capacity Constraints,"** which allows for certain exceptions to the investment project financing policy requirements, including the deferral of safeguards requirements, if the Bank deems the recipient to be in urgent need of assistance because of a disaster or conflict. The passage of Hurricane Irma on September 6, 2017, which significantly destroyed public and private assets and livelihoods across all sectors of the country, satisfies the requirements for this project to be designed under paragraph 12. The provisions of paragraph 12 allow for the deferral of the preparation of the environmental and social safeguard instruments until after Bank approval. In accordance with the policy requirements, the Bank discusses and agrees with the client on a time-bound Safeguards Action Plan (SAP) that spells out the timeline, and process to prepare the relevant safeguard instruments, which must be completed, consulted, disclosed before any related works and activities are undertaken.

Environmental Safeguards

62. **The project is considered a Category "B" and OP/BP 4.01 is triggered, as it will finance construction of a new hospital and the rehabilitation of the existing damaged hospital.** These rehabilitation works are expected to be moderate, generating localized environmental impacts due to the project-financed activities. These impacts will include debris management, soil stabilization and erosion control, noise and traffic management and worker's health and safety.

- a. **OP/BP 4.01 – Environmental Assessment:** This policy is triggered and the proposed Category B classification is based on the proposed investments that involve reconstruction and construction of hospitals. The project will prepare an Environmental and Social Management Plan (ESMP) to be consulted and disclosed before the start of works as considered by the Safeguards Action Plan of the PAD. Given the lack of client experience with the WB safeguards, the ESMP should include provisions for training and capacity-building early-on to avoid delays related to screening and environmental and social management planning as necessary.
- b. **OP/BP 4.04 – Natural Habitats:** This policy is not triggered. Given the project's focus on rehabilitating existing infrastructure and building a new hospital on the same site, no impacts on natural habitats are expected and no significant conversion or degradation of critical natural habitats will occur.
- c. **OP 4.09 – Pest Management:** While the project does not expect to utilize or purchase pesticides, this policy will be triggered on a precautionary basis since existing or new structures may need rodent/pest control.
- d. **OP/BP 4.11 – Physical Cultural Resources:** This policy is not triggered as the potential for chance finds are considered quite low. The ESMP should include a procedure to manage any chance finds in line with the policy provisions and national legislation.
- e. **OP/BP 4.36 – Forests:** This policy is not triggered based on the project description provided.



Instruments

63. **An ESMP will be prepared for Component 1, the new hospital construction as detailed in Table 1 of the Safeguards Action Plan (Annex 3).** The ESMP will identify potential social and environmental risks and impacts; develop mechanisms to comply with the relevant Government of Sint Maarten and World Bank policy requirements; describe procedures to mitigate environmental and social impacts; describe the institutional and implementation arrangements, the monitoring mechanisms, and capacity-building needs for effective implementation of the ESMP. The ESMP shall be consulted on and disclosed by SMMC.

64. **As part of Component 2, SMMC will complete an Environmental and Social Safeguards Audit (ESS Audit) for the retroactive financing.** This ESS audit will verify that all construction activities have followed appropriate environmental and social considerations satisfactory to the Bank. The ESS Audit will be inclusive of all OP/BP 4.01 Safeguard Requirements. For the essential upgrades of Component 2, SMMC will develop an appropriate environmental and social safeguards due diligence checklist that will verify adherence to Sint Maarten building requirements and World Bank safeguards requirements.

Social Safeguards

65. **OP/BP 4.10 Indigenous Peoples.** Given the characteristics of Sint Maarten's population, OP/BP 4.10 Indigenous Peoples Policy is not triggered as there are no groups that meet the criteria in Sint Maarten.

66. **OP/BP 4.12 Involuntary Resettlement is not triggered.** The project activities do not trigger OP/BP 4.12 Involuntary Resettlement. The construction of the new hospital, financed by the project, will take place on public land free of occupants and not in use for any type of activities. It is part of the land of the existing hospital and its public ownership is not contested. The works needed to repair the damages on the existing hospital building will not require acquisition of land. The existing hospital has been built on public land and the damage repair construction works will not require expanding the existing hospital footprint. The damage repairs on the existing hospital building will not disrupt livelihood activities.

67. **Influx of Construction Workers.** The construction plan for the new hospital requires a relatively small work force (100-130 workers) across typical skilled and unskilled workers. As far as possible, unskilled workers who consist of the largest work force contingent will be locally contracted. Special skilled laborers and professionals are expected to be temporarily on the island for various stretches of time during construction, but there will be no worker camp, since these workers will live in accommodations around Phillipsburg and its outskirts. SMMC, contractors and the project supervisor will ensure provisions of the World Bank Guidance on Managing the Risks of Adverse Impacts on Communities from Temporary Project Induced Labor Influx are applied.

68. **Disadvantaged and Vulnerable Groups.** The ESMP will take into consideration the impacts on disadvantaged and vulnerable groups. This includes undocumented groups whose access to the benefits of the project may be limited due to their ethnicity.

69. **Consultation and Disclosure.** All safeguards instruments will be prepared by the SMMC. These instruments are aligned to project Components 1 and 2 as illustrated in Annex 3, Table 1. The ESS due diligence



checklist and the ESMP will be prepared by the SMMC, consulted upon and disclosed before the start of public works.

70. **Gender.** Access to maternal and infant health services appears to be well-managed, however due to the current limitations of the existing hospital, early discharges are not infrequent when beds are needed. The project will support the updating of clinical guidelines and quality control protocols that will provide better information on health conditions and quality of services by gender. Finally, recurrent patient satisfaction surveys (disaggregated by gender) will provide data on how the population perceives the hospital services provided.

71. **Implementation Arrangements.** The SMMC has staff responsible for addressing social and environment issues. These staff are assigned to the Facilities Management Department, the Hygiene Infection Committee and Medical Directors office. The areas of health care waste management (HCWM), rodent and pest management and construction oversight will be coordinated through the PMT.

Grievance Redress Mechanisms

72. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to the SMMC Complaints and Grievance Handling Mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

V. KEY RISKS

73. **The overall risk rating for this Project is Substantial as detailed below.**

74. **Political and Governance risk is rated Substantial.** While this risk is largely outside the project's control, the level is considered substantial, considering recent elections and final appointment of Ministers and Prime Minister. In addition, there are high expectations by the population on the speed of hurricane reconstruction efforts, which could lead to some disappointment. The project will apply the following mitigation measures: (a) design and implement a transparent communication plan to inform the public on project activities, and (b) a close monitoring of project progress.

75. **Macro-economic risk has been assessed as Substantial.** A significant contraction in economic activity due to the destruction of productive capital will make room for recovery as private and public reconstruction take place and tourism gradually resumes. Private and public external finance will be available to finance part of the reconstruction and recovery efforts, with a diligent and effective use of funds critical for a fast recovery of the economy of Sint Maarten.



76. **The risk for institutional capacity for implementation and sustainability is Substantial.** This is the first World Bank engagement in the country, so the counterparts have limited knowledge of Bank requirements, and the Bank needs to gain familiarity with local systems. In addition, critical project activities need to be implemented rapidly to improve the conditions in which health services are delivered at the existing hospital. The Bank will provide the necessary implementation support, including bringing in international expertise where relevant. Implementation support also includes adequate resources to support project implementation and capacity building.

77. **Fiduciary risk is Substantial,** largely due to lack of familiarity of the counterparts with Bank requirements. The Bank will be providing support to the FM and procurement teams in the SMMC which may reduce this risk as implementation gets underway.

78. **The project is expected to have substantial climate co-benefits** largely related to the incorporation of climate change resiliency measures, particularly as it relates to construction of the new hospital, rehabilitation of the existing hospital and improving HCWM. Health infrastructure investments supported by the project will take into account “climate smart” actions when applicable and to the extent possible: (i) assess potential for floods in supported areas and use permeable paving materials and other design elements to reduce storm water runoff; and (ii) support creation of green spaces to reduce heat island effects. The construction of a new hospital and the renovation of the existing facility will benefit, when possible, from energy-efficient heating, ventilation and air conditioning (HVAC) systems which reduce HVAC-related costs and enhance infection control, as well as other energy and cost saving investments such as insulated glass windows, light-emitting diode (LED) lights, and lighting control measures (e.g., dimming, occupancy sensors, daylighting). Reductions in dioxins, a greenhouse gas, are expected with the use of an autoclave instead of an incinerator to dispose of medical waste.²⁸ Additionally, the inclusion of an autoclave and grinder eliminates potential issues with HCWM from the outset and reduce the volume of medical waste to be managed and treated.

²⁸ WHO- Health – Care Waste <http://www.who.int/mediacentre/factsheets/fs253/en/>
<https://www.healthcare-waste.org/>



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: St Maarten

Sint Maarten Hospital Resiliency & Preparedness Project

Project Development Objectives(s)

Improve the preparedness and capacity of hospital services in Sint Maarten

Project Development Objective Indicators

Indicator Name	DLI	Baseline 2019	Intermediate Targets				End Target 2024
			1	2	3	4	
Improve capacity of hospital services							
Overseas medical referrals reduced (Percentage)		0.00	15.00	25.00	35.00	35.00	45.00
Improve preparedness of hospital services							
Emergency Disaster Preparedness Plan and Evacuation Plan implemented according to procedures (Percentage)		60.00	75.00	75.00	80.00	85.00	90.00
Technical audits to evaluate quality and preparedness of service delivery rated satisfactory (Percentage)		0.00	0.00	60.00	70.00	70.00	90.00



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline 2019	Intermediate Targets				End Target 2024
			1	2	3	4	
Building and launching of the new hospital							
Progress in construction of new hospital as per category 5 plus specifications (Percentage)		0.00	30.00	45.00	60.00	80.00	100.00
Emergency Disaster Preparedness Plan and Evacuation Plan updated (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Health personnel trained (Number)		0.00					300.00
Storage capacity to improve preparedness (Square Meter(m2))		82.00			92.00		208.00
Impact of extreme weather conditions on hospital services (admissions, referrals, surgeries) (Percentage)		60.00	60.00	50.00	50.00	40.00	20.00
Transition and Contingency Plan for Sint Maarten Medical Center							
Progress in essential upgrades to the existing hospital (Percentage)		0.00	35.00	80.00	100.00	100.00	100.00
Contingency Plan in place for continuous services during works and reallocation of services (Yes/No)		No	Yes	Yes	Yes	Yes	Yes
Increased patient satisfaction (Percentage)		60.00	60.00	70.00	75.00	80.00	85.00
Increased patient satisfaction - females		0.00	60.00	70.00	75.00	80.00	85.00



Indicator Name	DLI	Baseline 2019	Intermediate Targets				End Target 2024
			1	2	3	4	
(Percentage)							
Updated clinical guidelines for 20 prevalent health problems implemented and evaluated (Yes/No)		No	No	Yes	Yes	Yes	Yes

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Overseas medical referrals reduced	This indicator measures the percent decrease in the number of overseas medical referrals.	Annual	SZV and SMMC	SZV insurance records and SMMC referrals	SMMC
Emergency Disaster Preparedness Plan and Evacuation Plan implemented according to procedures	This indicator will measure how well the updated plans are implemented through the application of a scorecard which will grade the performance of each area of the plan.	Within 60 days of an extreme weather event	Performance evaluation report	Scorecard criteria developed and applied in SMMC performance evaluation	SMMC
Technical audits to evaluate quality and preparedness of service delivery rated satisfactory	Internal technical audits will determine whether clinical guidelines and quality control mechanisms have been implemented in the	Annual	Technical audit reports		SMMC



	selected cases and the percentage of these cases that are rated Satisfactory. Selected cases will be defined in the technical audit protocol to be developed during the first year of project implementation.				
--	---	--	--	--	--

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Progress in construction of new hospital as per category 5 plus specifications	This indicator will measure the percentage progress in construction of the new hospital as per Category 5 plus specifications.	Quarterly or semi-annual to be monitored during construction	SMMC through construction supervision firm reports (Royal Haskoning)	Construction supervision firm reports	SMMC
Emergency Disaster Preparedness Plan and Evacuation Plan updated	Lessons learned from Hurricane Irma will be incorporated and included in the updated plans.	90 days within an extreme weather event	Evaluation report		SMMC
Health personnel trained	This indicator will measure the number of SMMC health	Annual	Training reports	Training registers	SMMC



	personnel trained throughout project implementation.				
Storage capacity to improve preparedness	Greater storage capacity is needed to ensure the provision of services even when extreme weather does not allow for the delivery of supplies.	Annual	Structural plans of the renovated existing hospital and of the new hospital		SMMC
Impact of extreme weather conditions on hospital services (admissions, referrals, surgeries)	This indicator will measure the percent change of services provided 60 days before and 60 days after an extreme weather event to gauge the impact of the event on the hospital's capacity to remain operational. The specific services tracked will include the number of admissions, surgeries and referrals. "Extreme weather conditions" include Category 2 hurricanes and higher. In the possible case of multiple, back to back extreme weather events, the indicator would measure 60 days before the first event and 60 days after	Within 90 days of an extreme weather event	SMMC records and reports		SMMC



	the last event.				
Progress in essential upgrades to the existing hospital	This indicator will measure the percent progress of essential upgrades completed.	Quarterly or semi-annual to be monitored during construction	SMMC through construction supervision firm reports		SMMC
Contingency Plan in place for continuous services during works and reallocation of services	Updated contingency plan (fall back scenario in case of disasters) in place for continuous services during works and reallocation of services.	Every six months		Evaluation of plans in place	SMMC
Increased patient satisfaction	SMMC patient satisfaction surveys – already existing mechanism that will be enhanced, including disaggregation of results by gender	Annual	SMMC patient satisfaction surveys	Questionnaire provided to patients upon discharge from hospital &/or after outpatient services are delivered	SMMC
Increased patient satisfaction - females	SMMC patient satisfaction surveys – already existing mechanism that will be enhanced, including disaggregation of results by gender. Since results are currently not disaggregated by gender, the baseline is	Annual	SMMC patient satisfaction surveys		SMMC



	set at zero.				
Updated clinical guidelines for 20 prevalent health problems implemented and evaluated	This indicator will be measured as part of the technical audit.	Annual	Technical audits		SMMC



ANNEX 1. Implementation Arrangements and Support Plan

Strategy and Approach for Implementation Support

1. The strategy for implementation support draws on the risk profile of the project and aims to enhance SMMC's delivery of the proposed interventions. The Task Team Leader (TTL) of the project would be based at World Bank headquarters (WB HQ). The team supporting the TTL, would be a mix of personnel based at WB HQ and Country Offices in the region. The team will undertake supervision missions 3 to 4 times a year, with flexibility in the frequency of missions especially for the first semester given the possible retroactively-financed activities. Regular supervision by the Bank will be conducted to follow-up on project component progress and provide tailored support to SMMC to effectively implement the project. WB support will focus on the following areas:

(a) Strategic: Implementation support missions will meet with the SMMC to: (i) review project activities, (ii) re-confirm strategic alignment of project activities to the PDO; and (iii) ensure the necessary coordination among respective stakeholders.

(b) Technical: The World Bank project team will consist of technical specialists who will review and supervise the execution of project components, ensure the activities keep in-line with the PDO, and advise on adjustments to the design and procurement plan when necessary. The support will also focus on contract management and improving proficiency and efficiency in implementation according to Bank guidelines.

(c) Safeguards: WB environmental and social specialists (HQ-based) will support the SMMC to apply the World Bank's operational policies, procedures and good practice. These specialists will provide expert knowledge to appropriate staff and contractors to ensure the Bank safeguards are incorporated into the project and across all components and activities. These specialists will also conduct regular supervision on implementation of the safeguard instruments.

(d) Procurement and Fiduciary: The Bank's regional, HQ-based FM and procurement specialists will play a key role during the first phase of the project as it is the first time the SMMC has been working with the Bank, and they are using the retroactive financing modality. In general, the FM and Procurement specialists will provide timely, targeted training to the SMMC through periodic supervision missions during implementation. These specialists will help: (i) develop SMMC's knowledge and understanding of Bank rules and procedures; (ii) introduce the SMMC to Bank Procurement Guidelines and prepare them to apply them; (iii) help strengthen SMMC's capacity to manage the flow of funds and accounting procedures, in line with FM guidelines; and (iv) support the SMMC in building its overall FM and procurement capacity to improve and facilitate project management (in the context of this project, and in general). Supervision of the project's FM arrangements will be conducted semi-annually and, as needed, in response to SMMC's needs. Procurement supervision will also be carried out semi-annually, preferably jointly with the regularly-scheduled Bank supervision missions.

(e) Client relations: The TTL will: (i) coordinate Bank supervision to ensure consistent project implementation, as specified in the legal documents (i.e. Grant Agreements, Project Operations Manual); and (ii) meet regularly with SMMC to gauge project progress in achieving the PDO and address implementation roadblocks as they may arise.



ANNEX 2. Fiduciary Issues

A. Procurement

- 1. The design, construction, provision of equipment and maintenance of the new hospital will be carried out through a turn-key contract.** The selection was conducted in 2015 and the contract was signed in September 2016. Given the impact of the 2017 hurricane season on Sint Maarten the Tripartite agreed to update the recently completed hospital design to increase the building's resilience and include additional protection measures to ensure that the hospital could withstand Category 5 plus hurricanes.
- 2. In 2018, the selection process and original turn-key contract for the new hospital was reviewed by WB procurement management and considered satisfactory.** The contract will be amended (variation order) following WB procurement procedures. Activities under Component 2 including the supply of goods, works, non-consulting and consulting services will be totally or partially financed with project funds, and will have to comply with the World Bank's "Procurement Regulations for IPF Borrowers" (July 1, 2016, revised November 2017).
- 3. Procurement for the supply of goods, works, non-consulting services and consulting services financed by the project will have to comply with the World Bank's Procurement Regulations for IPF Borrowers, July 1, 2016, revised November 2017.** World Bank-financed Open International and National Competitive Procurement shall be done using Standard Procurement Documents acceptable and previously agreed with the Bank.
- 4. The Sint Maarten Medical Center (SMMC) will be responsible for the procurement of all activities financed under the project.** A procurement capacity assessment of the implementing agency will be carried out to review the organizational structure for implementing the project, staffing and procurement systems that are in place, in order to determine the risk and mitigation measures. The result will determine an action plan to address capacity issues and ensure a proper procurement management. Roles and responsibilities will be defined in the POM. Based on preliminary information, the procurement risk is rated as Substantial.
- 5. A simplified version of the Project Procurement Strategy for Development (PPSD) will be developed by the Recipient with close support from Bank staff, establishing the best procurement arrangements that will ensure the delivery of value for money while efficiently achieving the agreed PDOs.** The PPSD provides adequate supporting market analysis for the selection methods detailed in the Procurement Plan. A summary of the PPSD, will be included in this PAD recommending the procurement approach for higher risk/value contracts. As of the preliminary information, mandatory Procurement Prior Review Thresholds detailed in Annex I of the Bank's Procurement Procedure are observed.
- 6. Procurement Plan.** The project is expected to finance civil works, goods, consultancy services and non-consultancy services. The detail of activities that are expected to be carried out during the first 18 months and procurement arrangements for each of them will be detailed in the Procurement Plan. In accordance with paragraph 5.9 of the Procurement Regulations, the Bank's Systematic Tracking and Exchanges in Procurement (STEP) system will be used to prepare, clear and update Procurement Plans and conduct all procurement transactions for the Project. The Procurement Plan was prepared by the Recipient in accordance with the results provided by the PPSD and was agreed with the Bank as part of the negotiations.



7. **Frequency of Procurement Supervision.** In addition to prior review supervision to be carried out by the World Bank office, the capacity assessment of the implementing agencies recommends annual supervision missions to visit the field to carry out post review of 1:10 procurement actions.

B. Financial Management

8. **Risk Assessment.** The FM responsibilities of this project will be undertaken by the SMMC. Given that the SMMC is inexperienced with implementing World Bank supported projects, as well as applying World Bank financial management procedures, the overall financial management risk of this project is Substantial.

9. **Staffing.** The overall financial management responsibility of the project will be undertaken by the Finance Unit within SMMC. The Chief Financial Officer will have the overall responsibility for the financial management aspects of the project. Three additional individuals will also be assigned to the project. One Accounting Assistant will execute the daily accounting functions for the project; a second Financial Controller will be in charge of project reporting; and one Accounts Payable Officer will be also supporting the project team. The Bank's FM Specialist will provide hands-on training on the World Bank's policies and guidelines to the FM staff.

10. **Budgeting.** A budget for the life of the project will be prepared by the SMMC, which the annual budget will be derived from. This budget will be periodically reviewed and updated as needed to reflect the progress of implementation. Quarterly variance analysis (actual versus budgeted expenditures) should also be prepared and be provided as part of the quarterly progress reports.

11. **Accounting and Internal Controls.** The project transactions will be accounted for using the SMMC current accounting software (Evident), and will be backed up weekly. The basis of accounting will be the accrual, although for Bank reporting purposes the modified cash basis will be used. The chart of accounts will be designed by sources of finance, projects components, sub-components, activities and disbursement categories. The daily operations of the project will be guided by an operations manual which will incorporate the financial management procedures. The manual will be updated throughout the life of the project as needed to reflect the current procedures and processes.

12. **SMMC has an Internal Audit Unit reporting to the Board of Directions.** Although this unit has recently been set up and there are not internal audit reports available yet, it is expected that project activities will be included within the scope of the internal audit, and thus, should be incorporated in the next internal audit plans.

13. **Flow of Funds Arrangements.** The following disbursement methods will be available: Advance, Reimbursement and Direct Payment; with Advance being the primary method of disbursement. Advances will be provided to the DA maintained by SMMC at the Windward Island Bank (WIB). Funds will then be periodically transferred from the DA to the local currency operating account to finance the respective project activities. The operating account will also be maintained at the Windward Island Bank (WIB).

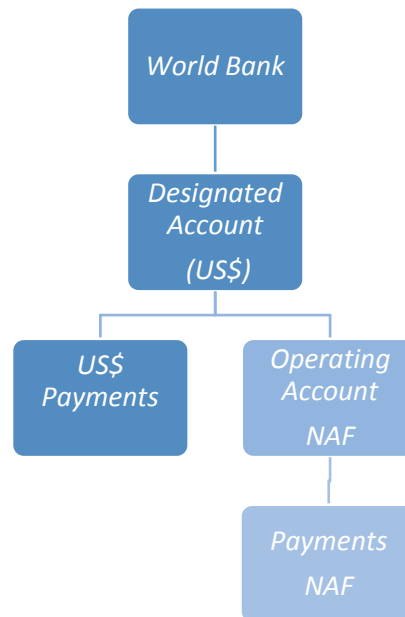
14. **Disbursement conditions.** Given that the ratification of SMMC's private funds that will co-finance the development of the new hospital is expected after the World Bank's approval of this project, a disbursement



condition will be placed on a portion of Component 1 funds. The structure of the disbursements will therefore be as follows: (a) Category 1 will include Component 1 up to US\$1.5 million without conditions (Part 1a in the Grant Agreement), Component 2 and Component 3; (b) Category 2 will include works for the retroactive financing for the roof reinforcement in Component 2; (c) Category 3 will include the remaining works under Component 2; and (d) Category 4 will include the remaining US\$15.5 million from Component 1 (Part 1b in the Grant Agreement) with a condition that requires that the private funds mobilized by the foundation have been ratified.

15. **Advances are based on six-months cash forecast, and subsequently, quarterly Interim Financial Reports (IFRs) will be used for the documentation of expenditures.** The minimum application size for Direct Payments and Reimbursements can be found in the Disbursement Letter. The overall disbursement arrangements will follow standard disbursement policies and procedures established in the Disbursement Guidelines for Investment Project Financing dated February 2017, and in the Disbursement Letter of the project.

Figure 3. Funds Flow



16. **Reporting.** Unaudited Interim Financial Reports (IFRs) are required quarterly and should be submitted to the Bank within 45 days of each calendar quarter. Annual project specific consolidated audits are required, which will be in line with the hospital’s financial year end (Dec 31st). The report will cover both sources of finance from the trust fund as well as counterpart funding, which be due to the Bank within six months of the financial year end. The audit will be executed by and external auditor deemed acceptable to the Bank; and in accordance with an audit terms of reference reviewed and cleared by Bank.



ANNEX 3. Safeguards Action Plan (SAP)

1. The Sint Maarten Emergency Recovery Program is being prepared and implemented according to Paragraph 12 of the World Bank’s IPF on “Projects in Situations of Urgent Need of Assistance or Capacity Constraints,” which allows for certain exceptions to the investment project financing policy requirements, including deferral of safeguards requirements, if the Bank deems the recipient to be in urgent need of assistance because of a disaster or conflict. The exception allowing for deferral of environmental and social requirements was granted for this project and the Bank has prepared, in accordance with its policies, an SAP, a project-level safeguards planning document that provides a time-bound plan setting forth the sequential steps, and coordination of project activities including the preparation of the relevant safeguards instruments by the SMMC to ensure compliance with the safeguards requirements. The SAP is guided by the objectives of: (i) ensuring a roadmap for safeguards compliance during project implementation, and (ii) providing clear guidance to SMMC on the types of actions and instruments required to facilitate speedy implementation of emergency services.

2. **The project will result in overall environmental benefits as it will allow for an improved HCWM and access to broader hospital services year-round.** The improved practices will enhance recyclability, and reduce environmental and health safety risks as part of a broader environmental rehabilitation effort on the island. The main activities that will require use of safeguards instruments to maximize the benefits and reduce impacts include Components 1 and 2.

3. **The project activities do not trigger OP/BP 4.12 Involuntary Population Resettlement.** The construction of the new hospital, financed by the project, will take place on public land, free of occupants and not in use for any type of activities. It is part of the land of the existing hospital and its public ownership is not contested. Also, the works needed to repair the damages on the existing hospital building will not require acquisition of land. The existing hospital has been built on public land and the damage repair construction works will not require expanding the existing hospital footprint. In addition, the damage repairs on the existing hospital building will not disrupt livelihood activities.

4. **Influx of Construction Workers.** The construction plan for the new hospital requires a relatively small work force (100-130 workers) across typical skilled and unskilled workers. As far as possible, unskilled workers who consist of the largest work force contingent will be locally contracted. Special skilled laborers and professionals are expected to be temporarily on the island for various stretches of time during construction, but there will be no worker camp, since these workers will live in accommodations around Phillipsburg and its outskirts. SMMC, contractors and the project supervisor will ensure provisions of the World Bank Guidance on Managing the Risks of Adverse Impacts on Communities from Temporary Project Induced Labor Influx is applied.

Environmental Impacts

- Impacts associated with the activities of construction and rehabilitation of small civil works that are commonly known are: (i) increased level of dust, noise, vibration; (ii) pollution risks related to removal and disposal of debris/demolition materials which could potentially lead to water/air pollution; (iii) health and safety risks due to the construction/rehabilitation activities including exposure to hazardous materials.
- There are also positive impacts with the concept of “build back better” and disaster risk reduction through the



adoption of new and resilient engineering technologies for constructing hospitals that are resilient to adverse weather effects.

- “Building back better” can lower maintenance costs and new construction can integrate disaster resistant design to last longer, and requires less repair after disasters strike. The designs will incorporate risk reduction aspects and will integrate vulnerability reduction measures in their design.
- The new hospital will increase patient capacity with a corresponding increased volume of health care waste. This will be mitigated with a HCWMP which considers health care waste from the point of origin to final disposition.

Social Impacts

- Positive benefits to beneficiaries, including poor, women, included access to health services year-round, including during adverse weather events.
- Inadequate consultations with vulnerable groups including women and/or marginalized groups leading to their low participation in project activities;

5. Project financed activities include the design, build and maintain turnkey contract for the construction of a new hospital (Component 1). Risk reduction measures will be incorporated to ensure that the hospital will be resilient to future disasters. In addition, the new hospital will serve as a shelter for hospital staff and patients during climate and weather-related hazards, such as hurricanes, floods, or other disasters. Hospital design, including sizing, will follow international best practices and relevant codes. The hospital will be built to withstand and continue functioning during natural disasters such as hurricanes, and will thus utilize available guidance in this area, such as the Smart Hospital Toolkit²⁹ developed by PAHO.

6. **Environmental Category:** This project is rated Category B in terms of risk as the impacts are overall positive and the impacts have common and easily implemented mitigation measures.

Safeguard Policies Triggered

7. **The project is considered a Category “B” and OP/BP 4.01 is triggered for Component 1 and Component 2 as they will finance construction of the new hospital and rehabilitation of the existing damaged hospital.** These rehabilitation works are expected to be moderate generating localized environmental impacts due to the project-financed activities. These impacts will include debris management, soil stabilization and erosion control, noise and traffic management and worker’s health and safety that can be identified, mitigated, and managed by following the Government Requirements and the General World Bank Group Environmental, Health, and Safety (WB EHS) Guidelines and the Specific Industry WB EHS Guidelines for Health Care Facilities.

8. **Technical standards for the construction of hospitals and management of hazardous waste will be integrated into the contracts for these services.** A comprehensive set of mitigation measures will also be included in the contractors’ bidding documents, to ensure that potential impacts are mitigated throughout the implementation and to avoid negative impacts on surrounding community and the environment.

²⁹ Smart Hospitals Toolkit 2017: http://www.paho.org/disasters/index.php?option=com_content&view=article&id=1742%3Asmart-hospitals-toolkit&catid=1026%3Ageneral-information&Itemid=1248&lang=en



9. **For civil works under the project, the following are commonly known impacts associated with the activities of construction and rehabilitation of small civil works:** (i) increased level of dust, noise, and vibration; (ii) pollution risks related to the removal and disposal of debris/demolition materials which could potentially lead to water/air pollution; (iii) health and safety risks due to construction/rehabilitation activities. These impacts and their mitigation measures will be included in environmental management plans for the activities.

10. **OP/BP 4.04 – Natural Habitats:** This policy is not triggered. Given the project’s focus on rehabilitating existing infrastructure and building a new hospital on the same site, no impacts on natural habitats are expected and no significant conversion or degradation of critical natural habitats will occur therefore the Natural Habitats Policy OP/BP 4.04 and the Policy on Forests OP/BP 4.36 are not triggered. However, should there be any associated investments (for example in access roads, water, electricity, sewerage utilities infrastructure) that could have environmental impacts on Natural Habitats the appropriate mitigation measures will be included in the ESMP.

11. **OP 4.09 – Pest Management:** While the project does not expect to utilize or purchase pesticides, this policy is triggered on a precautionary basis since existing or new structures may use pesticides in small quantities for termite treatments of foundations and ceilings, or for vector control during the operations of the hospital and public buildings. The instrument to manage the policy will be integrated pest management plans under OP/BP 4.01.

12. **OP/BP 4.11 – Physical Cultural Resources:** This policy is not triggered as the potential for chance finds are considered quite low. The ESMP will include a procedure to manage any chance finds in line with the policy provisions and national legislation.

13. **OP/BP 4.36 – Forests:** This policy is not triggered because the project does not consider any changes to forest management or any works in forest areas in the zones designated for new construction. Given the project’s focus on rehabilitating existing infrastructure and building a new hospital on an adjacent site no impacts on natural habitats are expected and no significant conversion or degradation of critical natural habitats will occur therefore the Policy on Forests OP/BP 4.36 has not been triggered.

Safeguards Instruments, Mitigation Process, and Implementation Schedule

14. **An ESMP will be prepared for Component 1, the new hospital construction as detailed in Table 1.** The ESMP will identify potential social and environmental risks and impacts; develop mechanisms to comply with the relevant Government of Sint Maarten and World Bank policy requirements; describe procedures to mitigate environmental and social impacts; describe the institutional and implementation arrangements, the monitoring mechanisms, and capacity-building needs for effective implementation of the ESMP. The ESMP will be submitted to and reviewed by the Bank for approval, and will be consulted on in-country and disclosed by SMMC. Completion and disclosure of the ESMP is also a disbursement condition for civil works under Component 1.

15. **As part of Component 2, SMMC will complete an Environmental and Social Safeguards Audit (ESS Audit) for the retroactive financing.** This audit will verify that all construction activities have followed



appropriate environmental and social considerations satisfactory to the Bank.

16. **The Environmental and Social Safeguards Due Diligence Checklist** will be used to confirm that civil works under Component 2 followed appropriate environmental and social considerations satisfactory to the Bank.

17. **Complaints and Grievance Handling Mechanism (CGHM):** The Project Management Team (PMT) will prepare the procedures and communicate the CGHM telephone numbers and procedures to the public prior to the start of works and throughout implementation. The PMT will ensure there is a designated staff accessible in person or through a complaints hotline to receive complaints. The staff will receive the complaints confidentially, record them and forward them for action to the relevant party. Further description of the complaints and grievance handling mechanism and how it will operate will be outlined in the POM and the ESMP.

18. **Consultation and Disclosure:** All safeguards instruments will be prepared by the SMMC. These instruments are aligned to project Components 1 and 2 as illustrated in Table 1. The ESS Due Diligence checklist and the ESMP will be prepared by the SMMC, consulted upon and disclosed before the start of public works.

Table 1 - Safeguards Action Plan³⁰

Action	Component 1	Component 2		Due Date
	New Hospital Construction	Retroactive Financing	Essential Upgrades	
1. Conduct Environmental and Social Safeguards (ESS) Audit		✓		Disbursement condition for Component 2 (<i>retroactively financed activities only</i>)
2. Consult and Adopt Environmental and Social Safeguards due diligence checklist			✓	14 days after effectiveness
3. Complete Complaints and Grievance Handling Mechanism	✓	✓	✓	30 days after project effectiveness
4. Environmental and Social Management Plan (ESMP)	✓			
<ul style="list-style-type: none"> Send draft ESMP to Bank for review Post draft ESMP on SMMC website and conduct public consultations 				<ul style="list-style-type: none"> 14 days after SMMC approves final designs and permits approved

³⁰ All actions to be completed by the SMMC Project Management Team (PMT).



				<ul style="list-style-type: none">• Bank sends comments within 14 days
<ul style="list-style-type: none">• Submit revised draft ESMP for Bank approval				<ul style="list-style-type: none">• Within 14 days of consultations
5. Disclose final ESMP on SMMC website and issue public notices	✓			<ul style="list-style-type: none">• Within 7 days after Bank approval of ESMP



ANNEX 4. Team Member List

Bank Staff			
Name	Role	Specialization	Unit
Carolyn J. Shelton	Team Leader (ADM Responsible)	Senior Operations Officer	GHN04
Marcelo Bortman	Team Member	Lead Health Specialist	GHN04
Lisa Lui	Counsel	Lead Counsel	LEGLE
Carlos Lago	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	GGOPL
David I	Team Member	Senior Financial Management Specialist	GGOLF
Gibwa A. Kajubi	Social Safeguards Specialist	Senior Social Development Specialist	GSU04
Gunars H. Platais	Environmental Safeguards Specialist	Senior Environmental Economist	GEN04
Shonell Jodian Robinson	Financial Management Specialist	Financial Management	GGOLF
Jose C. Janeiro	Senior Finance Officer	Disbursements	WFACS
Jo Goorman	Finance Analyst	Disbursements	WFAST
Jocelyn Haye	Team Member	Program Assistant	GHN04
Maria Elizabeth Grandio	Team Member	Procurement Analyst	GGOPL
Natalia Cecilia Bavio	Consultant	Financial Management	GGOLF
Ken Green	Consultant	Environmental Safeguards	GHN04
Yasmin Tayyab	Consultant	Social Safeguards	GSU07



ANNEX 5. Map

