Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 28-Apr-2020 | Report No: PIDA28639
# BASIC INFORMATION

## A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Caribbean</td>
<td>P171528</td>
<td>Caribbean Digital Transformation Project</td>
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<tr>
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<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tr>
<td>LATIN AMERICA AND CARIBBEAN</td>
<td>01-Apr-2020</td>
<td>22-Jun-2020</td>
<td>Digital Development</td>
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<th>Financing Instrument</th>
<th>Borrower(s)</th>
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<th>Implementing Agency</th>
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## Proposed Development Objective(s)

To increase access to digital services, technologies and skills by governments, businesses and individuals in the participating Eastern Caribbean countries.

## Components

- Digital Enabling Environment
- Digital Government Infrastructure, Platforms and Services
- Digital Skills and Technology Adoption
- Project Management

## PROJECT FINANCING DATA (US$, Millions)
B. Introduction and Context

Regional Context

1. Leveraging digital technologies and development of the digital economy offers a unique opportunity for Eastern Caribbean countries to accelerate economic growth and job creation, enhance public service delivery and build resilience. By working together to create a more deeply integrated and dynamic digital economy and a digitally empowered citizenry, businesses and institutions, Eastern Caribbean countries can chart a new path. Together they have the opportunity to build a future in which seamless and efficient public services are available at the touch of a screen from even the remotest island, where individuals are equipped with the technology and soft skills to find meaningful employment in a knowledge and services driven regional and global economy, and where businesses and entrepreneurs are pushing the frontiers of innovation, creating new jobs, and accelerating the region’s economic growth. They can improve preparedness and resilience to natural disasters and external shocks, ensure that critical government communications systems and public services are operational/restored quickly in case of such events, financial aid can be targeted and disbursed immediately to affected parties digitally, and that both resilience planning and rebuilding efforts can be informed by data-driven analytics.
2. **Rapid digital transformation is re-shaping the global economy, permeating virtually every sector and aspect of daily life, changing the way we learn, work, trade, socialize, and access public and private services and information.** While there are limitations in terms of measuring the size of the digital economy (estimates range between 4.5% to 15.5% of GDP globally), it is clear that the importance is growing, with the digital economy quickly outpacing the growth of the overall economy. However, countries in the Eastern Caribbean are capturing only a fraction of this innovation and growth potential and need to strategically and proactively invest in the foundational elements of their digital economy to ensure that their businesses and citizens can keep pace and thrive in an increasingly digital world.

3. **Development of a dynamic, inclusive and safe digital economy across the Eastern Caribbean region will require a comprehensive, ecosystem approach, simultaneously building up several interlinked foundations**:
   
   a) **Digital Infrastructure:** building the networks and regulatory environment to ensure that every individual, business and government has access to high speed, low cost and reliable broadband in order to access the internet, digital services and participate in the digital economy;
   
   b) **Digital Platforms:** building the enabling platforms and components (infrastructure, software, applications and institutions) critical to more efficient public services delivery;
   
   c) **Digital Financial Services (DFS):** ensuring that every individual, business and government has the ability to carry out financial transactions digitally;
   
   d) **Digital Skills:** ensuring that every individual is digitally literate and able to access digital services and commerce, building a sufficient pool of advanced digital talent to support growth of new ‘digital’ businesses and to drive digitization of traditional industries, and equipping all workers with the skills and lifelong learning opportunities to thrive in the economy of the future;
   
   e) **Digital Entrepreneurship and Innovation:** building an ecosystem that supports technology driven innovation, business creation and investment – bringing the digital economy to life with new digitally enabled business models, services, content and jobs.

4. **These foundations must be reinforced by an environment of trust, inclusion, and resilience.** This includes robust cybersecurity, data protection and privacy, ensuring continuity of operations for critical infrastructure and information systems and efforts to ensure that no one is locked out or left behind in an increasingly digitized economy and society.

5. While the project countries have made some strides in developing their digital foundations, most

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1. UNCTAD, Digital Economy Report, 2019
2. This framework has been developed by the World Bank Group and validated by client countries including in the Africa region under the Digital Economy for Africa (DE4A) Initiative, in the Middle East and North Africa (MENA) region via the MENA tech initiative. It is also informed by Digital Economy Assessments carried out at national and regional level in Africa, South Asian, MENA, and Eastern Europe and Central Asia. It aims to expand the capacity of people, businesses and institutions to use digital technologies, and manage risks related to technology adoption and digital economic transformation.
notably in upgrading digital infrastructure, more remains to be done. Broadband services must become more affordable, reliable and accessible to all geographic areas and demographic groups. Utilization and acceptance of digital payments and digitized financial services will need to be supported through a legal and regulatory environment that encourages innovation. Governments will need to invest in institutions, infrastructure and capacity to deliver user friendly public services online. Citizens and businesses will need to be empowered with the skills needed to access digital services and to be prepared for the jobs of the future. Trust in online transactions will need to be built through improved cybersecurity awareness and a robust data protection and privacy regime. Critical networks, information and services will need to be resilient to disruptions from natural disasters or pandemics.

C. Proposed Development Objective(s)

6. The Project Development Objective (PDO) is to increase access to digital services, technologies and skills by governments, businesses and individuals in the participating Eastern Caribbean countries.

Key Results

7. To monitor progress toward the PDO, the following set of indicators will be tracked identified:

- Internet penetration (%)
- Adults with access to an e-money account (of which % women)
- Users of digital public services reporting satisfaction with the efficiency of the transaction (%)
- Number of individuals utilizing digital skills to improve workplace productivity or secure new employment opportunities (of which % women)
- Number of firms adopting digital technologies and platforms for business purposes (of which % women-owned)

D. Project Description

8. The project will help build the foundations of digital government and a digital economy and support digital market integration as a driver of economic growth, job creation and improved service delivery across the region. It will support the region’s needs in both the immediate and long-term response to COVID-19 by boosting access to broadband to support remote working and digitally enabled continuity of operations for government and businesses, remote learning for students, telemedicine and virtual communications. To support the improved management of digital risks, the project will bolster cybersecurity policy, capacity, and planning tools in the region. It will support the resilience and diversification of the economy through adoption of digital payments, technologies and business models to improve productivity of traditional industries and enable entrepreneurs and job seekers to connect to new markets, customers and employment opportunities virtually. Finally, it will enable delivery of public services and social protection payments digitally. A description of project components are as follows:

Component 1: Digital Enabling Environment

9. This component will support the development of a positive enabling environment for the region’s digital economy that drives competition, investment and innovation while promoting trust and security of online transactions.
• **Subcomponent 1.1: Telecommunications: Legal and Regulatory Environment, Institutions and Capacity.** This sub-component aims to support greater telecoms sector competition, affordability and service quality across the region as well as enhancing resilience and emergency response capabilities for critical communications infrastructure. It will support modernization of the legal, regulatory and institutional frameworks governing the sector and the capacity to implement them at regional and national level.

• **Subcomponent 1.2: Digital Financial Services (DFS): Legal and Regulatory Environment, Institutions and Capacity.** This sub-component supports the modernization of the policy, legal and regulatory frameworks and underlaying payment infrastructure currently holding back innovators within the Eastern Caribbean Currency Union (ECCU) from rolling out new non-bank digital payment products and services and preventing merchants, governments and individuals from more routinely utilizing digital forms of payment.

• **Subcomponent 1.3: Cybersecurity, Data Protection and Privacy: Legal and Regulatory Environment, Institutions and Capacity.** This sub-component aims to build trust in online transactions and strengthen the security and resilience of digital infrastructure and systems. It will promote cybersecurity awareness and capacity building as well as create an enabling environment and institutions needed to protect the public and private sector from cyber vulnerabilities.

**Component 2: Digital Government Infrastructure, Platforms and Services**

10. **This component will support public sector modernization, resilience and delivery of digital public services to individuals and businesses.** It will aim to ensure that all participating countries have put in place the core infrastructure, platforms, institutions and human capacity needed to efficiently and effectively manage internal government operations, and to build on these core enablers to make public services widely accessible online from anywhere within the country, region or across the globe. It will also prepare the region’s governments for deeper interconnectivity and interoperability of data and information systems across borders to smooth administration of regional trade, immigration and other services between countries. Finally, it will aim to ensure continuity of government operations and services, enable real-time data driven decision making and ability to rapidly target and deliver payments and social services to citizens and businesses in the event of natural disasters.

• **Subcomponent 2.1: Cross-Cutting Enablers of Digital Government Operations and Services.** This subcomponent will support the development of key enablers of digital government services and operations such as digital government strategies and enterprise architecture, cloud infrastructure, digital authentication, signature and payment platforms, centralized digital services portals among others. It will enable line ministries to roll-out new digital services much more quickly and easily and generate significant cost savings, improve security, sustainability and end-user experience compared with the current, highly fragmented practices whereby most entities roll out their digital infrastructure and platforms in silos.

• **Subcomponent 2.2: Government Productivity Platforms and Citizen-Centric Digital Services.** This sub-component supports development of priority government productivity platforms and citizen-centric digital public services. It will build upon the core enabling infrastructure and platforms developed under sub-component 2.1. Key services will include civil registration (birth, death, marriage), vehicle registration, passport application, customs, immigration, tax, health, health, among others. Each country has identified a distinct set of priority services.
Component 3: Digital Skills and Technology Adoption

11. This component aims to better equip individuals and businesses across the region for the jobs and economy of the future and to spur innovation and productivity growth. It adopts a regional approach, aiming to capture economies of scale in specialized digital skills development programs and to create a pool of advanced digital talent to better position the region to attract investment by digital firms. It aims to tackle both supply and demand side constraints, supporting greater technology adoption and utilization of digitally enabled business models to drive demand for newly skilled employees and well as making connections with global employment opportunities through online working platforms.

• Subcomponent 3.1: Workforce-Ready Digital Skills. 37. This sub-component aims to support training to employment opportunities in digitally enabled professions based on a series of identified skills (technical and soft skills) in demand both regionally and globally. It will include support for skill-to-jobs pipeline programs at both the regional (specialized/advanced skills) and national level (practical skills).

• Subcomponent 3.2: Technology Adoption. This sub-component seeks to increase adoption of digital technologies, platforms and digitally enabled business models by small and medium enterprises (SMEs) across the region. It aims to boost the productivity and competitiveness of traditional industries, initiate a cultural shift towards modernization and innovation in the private sector and to overcome the current lack of demand for digitally skilled professionals and IT services in the regional market. It will include managerial training and business advisory services and incentives for technology adoption by SMEs.

Component 4: Project Implementation Support

12. This component will support national and regional level Project Implementation Units (PIUs) with management and implementation of the project and associated activities.

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<th>Triggered?</th>
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<tr>
<td>Projects in Disputed Areas OP 7.60</td>
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Summary of Assessment of Environmental and Social Risks and Impacts

13. The project is expected to have moderate environmental risks and impacts. The most relevant activities are related to the potential construction of datacenters, minor rehabilitation and retrofitting activities in existing buildings and the procurement of information systems equipment. Potential environmental and social impacts during construction are anticipated to be site-specific, manageable, and temporary. The project is not expected to pose negative impacts on sensitive natural habitats, biodiversity areas, or living natural resources, as infrastructure works will not take place near these areas.
14. **The social risk of the project is expected to be moderate.** Efforts will be made to promote digital inclusion and access to services and opportunities among the most vulnerable and disadvantaged groups. The exact locations of infrastructure work and the type of civil works are unknown at this stage. Civil works are expected to involve minor (if any) land acquisition or restrictions on land use or have negative impacts on tangible or intangible cultural heritage.

15. **The Borrower has prepared, consulted, and disclosed a draft regional-level Environmental and Social Management Framework (ESMF) in line with the Bank’s Environmental and Social Standards and the World Bank Group Environment, Health, and Safety (EHS) Guidelines.** The ESMF provides guidance on environmental and social screening and classification of subprojects and procedures for the development of national-level ESMPs to be prepared based on the specific characteristics of the project for each participant country. Given the characteristics of the project activities to be financed, the ESMF also includes a draft generic E-waste Management Plan (EWMP), and a generic Chance Finds Procedure for construction activities.

16. **The Borrower has also prepared and disclosed:** (i) a Stakeholder Engagement Plan that maps stakeholders and describes the timing and methods of engagement throughout the life-cycle of the project and describing the project’s Grievance Redress Mechanism (GRM); (ii) a Labor Management Procedures (LMP) with its labor specific GRM that identifies the different types of project workers that are likely to be involved in the project and set out the way in which they will be managed in accordance with the requirements of national law and ESS2; (iii) a Resettlement Policy Framework; and (iv) an Indigenous Peoples Planning Framework (IPPF).

17. **Each participant country has prepared an Environmental and Social Commitment Plan (ESCP).** The ESCP covers all measures and actions needed to ensure compliance with the ESF and the Project’s environmental and social instruments as well as implementation details, monitoring and reporting activities. An ESCP has also been developed covering the regional level activities which includes all necessary measures to be taken for the completion of the regional level environmental and social instruments.

18. **The following instruments have been disclosed on the Borrower’s websites and the World Bank Website:** (i) the regional-level ESMF, (ii) SEP; (iii) LMP; (iv) RPF; (v) IPPF; and, (vi) the country and regional level ESCPs. The national level ESMPs will be prepared and disclosed on the Borrower's and Bank's websites, prior to launching the bidding process for the respective civil works.

**E. Implementation**

**Institutional and Implementation Arrangements**

19. **The OECS Commission will be the recipient of a regional IDA grant (US $8 million) and will host a regional project implementation unit (PIU) that will have overall responsibility for regional project coordination, fiduciary and implementation of activities financed through the grant, in partnership with other regional and national level stakeholders.** The structure aims to ensure inclusion and participation of relevant regional institutions as well as national counterparts for effective coordination and adoption of regional strategy, legislation, regulation, policy and standards as well as implementation of collaborative projects and cross-country learning. A regional steering committee will provide oversight and set strategic priorities for regionally implemented project activities. It will be composed of representatives from the OECS.
Commission, ECCB, ECTEL, IMPACS and representatives from the lead implementing ministry of participating countries. At the national level, dedicated PIUs will be established and housed in the primary line ministries responsible for the project. Project steering committees with representation from key ministries will be established to ensure cross-government coordination and timely implementation.

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APPROVAL

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<th>Role</th>
<th>Name</th>
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<tr>
<td>Environmental and Social Standards Advisor:</td>
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<td>Practice Manager/Manager:</td>
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<td>Country Director:</td>
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