Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 05-Oct-2020 | Report No: PIDA28647

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
St Maarten	P172611	Sint Maarten Digital Government Transformation Project	

Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
LATIN AMERICA AND CARIBBEAN	14-Sep-2020	05-Nov-2020	Governance

Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	National Recovery Program Bureau	National Recovery Program Bureau (NRPB)	

Proposed Development Objective(s)

To enhance the access, efficiency, and resilience of selected administrative public services for citizens and businesses.

Components

Strengthening the legal, regulatory and institutional environment
Building digital platforms to enable service delivery
User-centered public services
Contingent Emergency Response

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.
Yes

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	12.00
Total Financing	12.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	12.00
Free-standing Single Purpose Trust Fund	12.00

Environmental and Social Risk Classification

Low

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1.   **Sint Maarten, located in the Eastern Caribbean, became a constituent country of the Kingdom of the Netherlands in 2010.** Sint Maarten occupies the southern half of an island shared with the French overseas collectivity of Saint Martin. With an area of 34km² and a population of over 40,000, Sint Maarten is the most densely populated country in the Caribbean with an annual population growth of 2.96 percent between 2015 to 2017. Sint Maarten is high-income with an estimated GDP per capita of US$ 24,526 in 2019.[1] In the absence of a national poverty line for Sint Maarten, a United Nations Development Programme (UNDP) benchmark for poverty based on minimum wage[2] indicates that 27 percent of households (approximately 3,762 households) are poor and live on revenues at or below the minimum wage (approximately US$ 850 per month in 2017). Women head nearly 40 percent of households.

2.   **Sint Maarten is vulnerable to natural disasters due to its location within the hurricane belt**. Sint Maarten is still recovering from the devasting impact caused by hurricanes Irma and Maria in 2017, which caused an estimated US$ 2.7 billion in damages and losses (approximately 260 percent of the island's GDP)[3]. High winds, rainfall and flooding are the principal risk factors, but the country is also vulnerable to earthquakes. Climate change models predict an increase in the frequency and intensity of extreme weather events.[4] Urbanization and the location of most public and private infrastructure on or near the coast and above ground, increase vulnerability to natural disasters.

3.   **Sint Maarten's reliance on tourism as the main driver of economic growth further exacerbates its vulnerability**. In 2016, tourism accounted for 45 percent of Sint Maarten's GDP and 73 percent of its foreign exchange. Sint Maarten is a significant port for cruise tourism in the Caribbean, with 1.7 million cruise passengers

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[1] IMF Article IV 2019 Consultation – press release and staff report – as of April 2020.

[2] Developed by UNDP in 2015.

[3] IMF, *Kingdom of the Netherlands – Curaçao and Sint Maarten, Staff Report for the 2018 Article IV Consultation Discussions,* December 21, 2018.

[4] Dutch Caribbean Nature Alliance, *Climate change impacts within the Dutch Caribbean,* News, November 8, 2016

per year. The airport, which suffered major damages in 2017, is an important hub for regional travel with a large network of connecting flights across the Caribbean. With the travel restrictions arising from the COVID-19 pandemic, the economy is expected to face a substantial contraction in 2020.

4.   **In April 2018,** the Government of Netherlands established a Single Donor Trust Fund (SDTF), managed by the World Bank, to support a sustainable recovery from the 2017 hurricanes. The SDTF finances activities for recovery, reconstruction and resilience. The SDTF complements the Government of Sint Maarten's National Recovery and Resilience Plan (NRRP). Given the pressing needs to digitize Government operations, e-Government was identified as a top priority to improve the efficiency of public service delivery, revenue collection, and general Government operations. The Steering Committee approved financing for the Digital Government Transformation project on April 24, 2019.

5.   **The COVID-19 pandemic has underscored the urgency of digitalizing Government services in Sint Maarten and intensified citizen's demand for online delivery of key public administrative services.** As a result of social distancing requirements, the Public Service Centers (PSCs) limited their operating hours and service delivery was significantly curtailed during the pandemic. All non-essential public workers were required to work from home, though remote access proved challenging as most civil servants rely on personal devices to connect. But with limited capacity to continue to process services virtually, public service delivery was effectively halted. Despite these challenges, Sint Maarten was the first country in the Caribbean to pass a law virtually in Parliament. Through transformation of digital infrastructure and upskilling of human capital within the government, Sint Maarten could fast-track its economic recovery and realize sustained economic gains in the longer term.

Sectoral and Institutional Context

6.   **Despite advances in developing a one-stop-shop model for public service delivery, Sint Maarten faces significant hurdles in digitizing public service delivery.** The PSC department was established in 2010 qwith the objective of creating a one-stop-shop for Government services. However, its full potential remains unrealized and many reforms remain to be . Four key challenges hinder progress: i) the lack of a legal, regulatory, and policy environment to support a transition to digital services with respect to the foundational elements of digital identity, payments, privacy, and security; ii) Sint Maarten does not have the foundational digital platforms associated with integrated service delivery; iii)the civil service continues to rely on manual and lengthy business processes and iv) citizens and business face challenges in accessing quality internet at reasonable prices.

7.   **The legal, regulatory, and policy basis to support digital transformation is underdeveloped.** The country's data protection and privacy law aligned with EU standards has not been operationalized and Sint Maarten still lacks key legal, regulatory or policy frameworks for identity, payments, data sharing, security, and electronic signature. This legal vacuum creates uncertainties in the market and hesitation for new players to enter. The Central Bank of Curacao and Sint Maarten is currently drafting a new Payment Systems Law to address these challenges.

8.   **Government has been subject to several serious cyberattacks and ransomware issues.** The Government of Sint Maarten (GOSM) suffered ransomware virus attacks in 2016, 2017, and 2018, taking weeks to recover and leading to the permanent loss of critical data. The country's vulnerability stems from: lack of policies or guidelines on data storage and on how to handle cyberattacks; lack of a cybersecurity unit or similar institutional arrangement to manage and maintain security of all digital assets and platforms; and critical data stored in insecure ways/ accessible by hackers. Cyberattacks can have substantial monetary and reputational costs, undermining the confidence of citizens.

9. **Foundational digital platforms are needed including for identity management, electronic payments, recognition and validation of electronic records, and open access to non-confidential data to enable workflow and exchange of information across public sector institutions that would significantly increase the efficiency of public services to citizens and businesses online and through the PSC.** These should replace the multiple identity systems currently used for Government registries, improving data exchange across registries and reducing the significant time Government officials spend processing manual transactions.

10. **The speed of administrative public services can be improved reducing time-consuming, in-person transactions.** Opening a new business, for example, takes roughly 100 days. The civil registry department, tasked with registering births and marriages and issuing passports and driver's licenses, is the most frequently used service and require an in-person visit, often multiple visits. A "whole-of-Government" approach is needed to resolve process issues, with departments working together to reduce unnecessary steps and track workflow on-line.

11. **Business continuity has proved a particular challenge in the wake of emergency events.** During the 2017 hurricanes, damage to the PSC in Simpson Bay and the Receiver's Office meant that critical services were not available leading to long lines outside of the main PSC of people requesting the documentation needed to receive emergency relief and replace official documents lost during the storms. This hampered recovery efforts. In the wake of the COVID-19 pandemic, the PSCs and all non-essential Government offices and services were closed.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
To enhance the access, efficiency, and resilience of selected administrative public services for citizens and businesses.

Key Results

- Increase in Code of Conduct[5] service transactions processed digitally (disaggregated by sex/vulnerable group)
- Increase in economic license[6] applications processed within a six week period
- Increase in registries[7] connected with the interoperability platform
- Increase in the time per year that the six selected public services are available to the public

D. Project Description

12. **Component 1: Strengthening the legal, regulatory and institutional environment (Estimated cost: US$ 4.4 million)**. This component will strengthen the legal, regulatory and institutional environment and human capacity within the Government to manage digital transformation and will lay the groundwork for the platforms

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[5] The Certificate of Good Conduct is a document that indicates a citizen or resident's good standing with the law in Sint Maarten. This service can be availed of at Public Service Centers. In 2019, 5,516 applications were filed with an average transaction time of 152 minutes or approximately 2.5 hours at the Public Service Center. Government processing time for each certificate is 2 weeks and a Certificate of Good Conduct is required for most other government transactions and employment.

[6] Economic Licenses are a high-demand service in Sint Maarten. The process is necessary for all businesses but is an arduous process that can span multiple months. Business Licenses, an important subset of economic licenses, were analyzed by the General Audit Chamber and found that only 16% of applications were resolved in 6 weeks or less.

[7] List of registries: Civil Registry, Address Registry, Cadastre (GIS/Land) Tax Registry, License Registry.

and digital services to be delivered under components 2 and 3.

13.   *Sub-component 1.1: Institutional, legal and regulatory reforms.* This sub-component will finance: institutional design and arrangements for managing digital Government transformation; design of a dashboard to track progress on digital reforms; design and implementation of a Government-wide Enterprise Architecture (EA) and associated outputs for cross-cutting platforms to enable digital service delivery; review development and implementation of policies, laws, and regulations to enable digital Government services and support the development of the digital economy, including cybersecurity, cybercrimes, ICT procurement, data protection and privacy, digital payments and digital identity; and support for the institutions responsible for implementation and oversight of the enabling legal and regulatory environment.

14.   *Sub-component 1.2: Change management and project management.* This sub-component will finance: project management and technical advisory services to assist the National Recovery Program Bureau (NRPB) and the Digital Leadership Team (DLT) in the Ministry of General Affairs manage project implementation and change management aspects of digital transformation; support for project coordination, institutional strengthening to respond to citizen feedback, monitoring and reporting, fiduciary and safeguards tasks, and the project audit; design and implementation of external communications and outreach programs; and design and implementation of a digital literacy program for civil servants.

15.   **Component 2: Building digital platforms to enable service delivery (Estimated cost: US$ 5 million)** This component will establish the technical foundations for citizen-oriented services to be delivered under Component 3 and increase resilience by reducing the vulnerability of selected services to cyberattacks and natural and disasters.

16.   *Sub-component 2.1: Cross-cutting digital service platforms.* This sub-component will finance: design and implementation of Digital Identity (Single Sign-On Platform) for public services with appropriate security features and credential choice for users and development of Standard Operating Procedures for identity recovery for adults and minors; integration of selected services in the online government portal with an Electronic Payment Platform that supports a range of payment options; design and implementation of an Interoperability Platform that links key registries[8]; and design and implementation of an Electronic Signatures Platform for G2G, C2G and B2G transactions.

17.   *Sub-component 2.2: System resilience and Records Management.* This sub-component will finance: upgrades to system resilience including procurement and implementation of cloud services; technical assessment of key registries (i.e. data governance, software, hardware, data formats, duplication, etc.); hardware, software, and business process reengineering that will ensure harmonization of registries across Government; and hardware solutions and additional human resource capacity to register and digitally archive Government documents.

18.   *Sub-component 2.3: Just-in-time digital services*. This sub-component will finance "just-in-time" digital services and platforms that have not been planned, but that would be required to support emerging needs during implementation.

19.   **Component 3: User-centered public services (Estimated cost: US$ 2.6 million).** This component will enhance public service delivery in Sint Maarten by transforming and scaling-up the existing Public Service Centers (PSCs) in Philipsburg and Simpson Bay to include additional public services offered through multiple channels.

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[8] Key registries include: Civil Registry; CRIB (Tax ID); Social Registry (in development); Business Registry; Land Registry (cadaster); License Registry; and Address Registry

20.   ***Sub-component 3.1: Modernization of one-stop shops.*** This sub-component will finance: the assessment and implementation of recommendations to expand the scope and enhance customer orientation of the PSCs; software, hardware and office furniture; and development of procedures for continuity of operations.

21.   ***Sub-component 3.2: User-centric e-services***. This sub-component will finance: re-design, development, and deployment of e-services identified as a priority by stakeholders through an Online Government Portal;[9] design and implementation of an Online Government Portal, which will serve as a single point of entry for information and transactions related to all public services; kiosk machines for conducting services online; design and implementation of a multi-channel customer service feedback mechanism; and design and implementation of user-friendly mobile applications.

22.   **Component 4: Contingent Emergency Response Component (Estimated cost: US$ 0).** This sub-component can be triggered following a natural disaster or emergency. Zero funds are allocated. Once the requirements for activation are met, uncommitted funds from the project can be reallocated immediately to this component and made available for crisis or emergency response to support the continuity of core public sector functions. Details of how the CERC will operate, the list of negative activities that will not be financed, and the environmental and social screening criteria to be applied should the component be triggered during implementation will be included in the Project Operations Manual. The scope of the CERC will be clarified such that it is limited in time and budget and poses no risk to the achievement of the results of the primary operation.

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

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

23.   **The National Recovery Program Bureau (NRPB) will be the implementing agency for the project.** NRPB will be responsible for reporting and monitoring and evaluation, financial management, contracts management, safeguards oversight, and procurement. The NRPB will work in close coordination with the Ministry of General Affairs (MGA).

24.   **The Ministry of General Affairs will create a Digital Leadership Team (DLT), that will be the primary technical counterpart for the project.** The DLT will be led by a project manager and will report to the Secretary-General (SG) of the MGA. It will work closely and collaboratively with the NRPB to implement the project. While the NRPB will handle all fiduciary tasks including signing and managing all contracts, the DLT will be responsible

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[9] Priority services include: Certificate of Good Conduct (Public Service Center); Change of Address (Civil Registry); Registration of Death, Divorce or Marriage (Civil Registry); Building Permit Application (Department of Permits); Economic Licenses (Business, Director, Branch Licenses at Department of Economic Licenses); and Request for Vaccination Records (Collective Prevention Services).

for coordination of the technical work under the project across whole of Government. The DLT will be responsible for coordinating the Digital Transformation Agenda and will convene inter-ministry technical committees for specific cross-cutting activities. The NRPB will work with the DLT for reporting to the World Bank.

25.   **NRPB will contract a management firm to support the DLT and NRPB in the overall implementation of the project.** The management firm will help build ICT technical and digital skills, lead change management and knowledge management, and perform day-to-day technical implementation, contract supervision and project management activities in collaboration with NRPB and the DLT. The management firm will support NRPB on tasks related to the technical aspects of ICT procurement (development of terms of references, specifications, bidding documents) and provide quality control of deliverables, collect information and prepare monitoring and evaluation (M&E) reports.

26.   **A high-level Project Oversight Committee (POC) will oversee the project at the strategic level.** The POC will comprise three Ministers and three Secretary Generals, with the Prime Minister or a designated representative as chair. The POC will provide strategic oversight steer the digital transformation agenda, and address project implementation issues. The POC will be supported by the DLT, that will serve as a secretariat to the POC. The POC will meet with the Council of Ministers as needed on strategic decisions.

27.   **World Bank-executed technical assistance will support, anchor, deepen, and sustain the reform processes.** A separate Bank-Executed Trust Fund (BETF) of US$3 million over the lifetime of the project will support the digital transformation agenda, particularly additional activities related to component 1.

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APPROVAL

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