

## TC Document

### I. Basic Information for TC

▪ Country/Region:	Regional / CCB
▪ TC Name:	Streamlining the Issuance of Construction Permits in Antigua and Barbuda
▪ TC Number:	RG-T3267
▪ Team Leader/Members:	Hennessey Michael (IFD/CTI) Team Leader; Stevenson, Claudia (IFD/CTI) Alternate Team Leader; Pereira, Stefano (IFD/CTI); Grant, Kayla Sheree (IFD/CTI); Pilgrim, Valerie (IFD/CTI), Gonzalez, Yohana (IFD/CTI), Jimenez, Javier (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Date of TC Abstract authorization:	May 15, 2018
▪ Beneficiary:	Antigua and Barbuda <sup>1</sup>
▪ Executing Agency:	Inter-American Development Bank
▪ Donors providing funding:	Compete Caribbean Partnership Facility - CCP
▪ IDB Funding Requested:	180,000.00
▪ Local counterpart funding, if any:	73,150.00
▪ Disbursement period:	36 months
▪ Required start date:	June 29 <sup>th</sup> ,2018
▪ Types of consultants:	Consultants, firms
▪ Prepared by Unit:	Competitiveness, Technology and Innovation Division (IFD/CTI)
▪ Unit of Disbursement Responsibility:	Institutions for Development Sector (IFD/IFD)
▪ TC Included in Country Strategy (y/n):	N/A
▪ TC included in CPD (y/n):	N/A
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

### II. Objectives and Justification of the TC

- 2.1 The objective of this Technical Cooperation (TC) is to implement a digitized system which will facilitate a reduction in the number of procedures, time and cost involved in obtaining construction permits in Antigua and Barbuda.
- 2.2 Antigua and Barbuda is a small, highly vulnerable open economy but is also one of the largest economies and most prosperous countries of the member countries of the Organisation of Eastern Caribbean States (OECS). The economy mostly relies on remittances, tourism, financial and educational services and foreign direct investment flows. After contracting in 2013, the economy grew by more than 4% per year during the period 2014-2016. In 2017, growth slowed down to 2.7%<sup>2</sup> , in part due to the impact of natural disasters in the form of Hurricane Irma and Maria, both occurring in the same year.
- 2.3 The country has traditionally depended on tourism to spur growth and development, and the sector dominates Antigua and Barbuda's economy, accounting for nearly 60% of GDP and 40% of investment. Investment in new and existing tourist facilities, mainly driven by foreign direct investment, has fueled the real estate and construction industry

<sup>1</sup> In accordance with GN-2851, paragraph 2.9, Antigua & Barbuda is an eligible beneficiary country under the Compete Caribbean Partnership Facility

<sup>2</sup> IMF World Economic Outlook (WEO) Database, October 2017.

in the country. In recent years, the major economic sectors have expanded to include the health and wellness sector, as well as medical education and medical-tourism services. The economy of Antigua and Barbuda is, therefore, dominated by the services sector which accounts for over 75% of GDP. Manufacturing and agriculture together account for only 3% (2017). Antigua and Barbuda is heavily dependent on regional and international markets.<sup>3</sup>

- 2.4 Antigua and Barbuda is ranked 107th out of 190 countries for the aggregate ranking in the World Bank's Ease of Doing Business index for 2018. Over the last 5 years, Antigua and Barbuda's ranking in the World Bank's Ease of Doing Business Index has declined from position 71 in 2014 to position 107 in 2018.
- 2.5 As a result of foreign investment flows, including through the country's Citizenship by Investment Programme, the construction activity is part of the backbone of the economy of Antigua and Barbuda.<sup>4</sup> For the indicator "*Dealing with Construction Permits*<sup>5</sup>," Antigua and Barbuda is ranked 99, doing better than the regional average (Latin America and the Caribbean), but worse than all the OECS countries, except for Grenada. In Antigua and Barbuda, a country competing globally for foreign investors, obtaining a construction permit is estimated to require 19 procedures and 135 days compared to best practices of 7 procedures and 27.5 days respectively. Countries considered to be engaging in best practices have reengineered their business processes and employed electronic permitting systems –that link all permitting agencies– to reduce the number of procedures and time required to obtain a construction permit. Depending on the nature of the project, obtaining a construction permit might involve up to 6 different government agencies –Central Board of Health, Environment Department, Fisheries Department, and the Antigua Port Authority– and may take more than 130 days to be completed.<sup>6</sup>
- 2.6 This TC will support the institutional strengthening of the Development Control Authority (DCA)<sup>7</sup> of Antigua and Barbuda and other agencies with a role in issuing construction permits. More specifically, the TC will support the introduction of an Electronic Permitting System and One-Stop Shop for the submission and processing of all the construction permit applications, connecting all the different agencies involved in the process. Some of the benefits of this initiative include: (i) reduction in the time it takes to review applications and issue construction permits; (ii) increase in compliance with the Building Code and Building Guidelines; and (iii) reduction in the use of paper by 90% compared to the current process. Additionally, it is expected that streamlining the application process will assist in the mobilization of post-hurricane

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<sup>3</sup> Central Intelligence Agency. "World Fact Book."

<sup>4</sup> Caribbean Development Bank's Antigua and Barbuda Country Economic Review 2017 notes that "In the private sector, construction works included enhancements to the hotel stock and work continued on several Citizen by Investment Programme-funded projects. .... Domestically, the economy will benefit mainly from increased activity in the construction sector – both public and private. In the public sector, capital works will include a road rehabilitation project, renovations of Government buildings, and the Government housing project. Private sector construction activity will be focused on a few Citizen by Investment Programme-funded real estate developments, enhancements to the hotel stock, and residential construction".

<sup>5</sup> This indicator captures procedures, time and cost to building infrastructure including licenses and permits, inspections and obtaining utility connections

<sup>6</sup> This takes into account all the necessary approvals to build a project, connect it to basic utilities and register the property.

<sup>7</sup> DCA commenced operation on 8th August 1974. It is a statutory corporation governed by the Antigua and Barbuda Physical Planning Act of 2003 and is mandated to implement physical and land use planning and development functions in Antigua and Barbuda. <http://agriculture.gov.ag/index.php/dca/>

reconstruction efforts. A re-engineered process should support an increase in the business start-up rate for local and foreign investments; and more rapid expansion of existing businesses, particularly where expansion requires construction of additional space. These should ultimately contribute to an acceleration in economic growth.<sup>8</sup> Given that increased construction is linked to an expansion in the tourism sector,<sup>9</sup> the streamlining of *Dealing with Construction Permits* should positively impact employment opportunities for women and women-owned MSMEs, particularly in the tourism sector.

- 2.8 This TC is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (AB-3008) as it is strategically aligned with the development challenges of productivity and innovation through the adoption of e-governance technology, and specifically addresses the special needs of small and vulnerable countries in fostering development through the private sector. It is also aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3).

### III. Description of activities/components and budget

- 3.1 **Component 1: Business Re-engineering and System Design, Testing and Installation (US\$207,150).** This component will finance engaging the services of a consulting firm specializing in electronic permitting system to implement the following: (i) mapping and assessing the efficiency of current business processes across all agencies having responsibility for *Dealing with Construction Permits*; (ii) liaising with key stakeholders to sensitize them on electronic permitting systems, develop a joint vision for the reengineered process, secure their participation in and ownership of the process, and to understand their perspectives, needs and expectations; (iii) developing options for reengineering and digitizing the business processes, including specifications and other details of hardware and software requirements for each option; (iv) reviewing the legislative and regulatory framework and advising on any amendments required to support the establishment of the Electronic Permitting System and One-Stop Shop; (v) developing a detailed work plan and budget for designing, installing, rolling out (including change management, system testing, user and systems maintenance training), and the initial maintenance (for 1 year) of the Electronic Permitting System and One-Stop Shop; (vi) system design/customization of the electronic permitting software, testing, and installation; and (vii) executing change management activities, training staff of the approval agencies, end-users, and information technology professionals who will be responsible for maintaining the system. The Government of Antigua and Barbuda will acquire the hardware relevant to establishing the Electronic Permitting System and One-Stop Shop.<sup>10</sup> The consulting firm may, however, acquire any hardware deemed necessary to achieve the objectives

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<sup>8</sup> A study that examined the impact of streamlining *Dealing with Construction Permits*, *Paying Taxes* and *Starting a Business* suggests that (a) reducing administrative burdens does seem to have an impact on growth; (b) the impact of reducing the amount of procedures and time needed to complete them was greater for *Paying Taxes* and *Starting a Business*.

<sup>9</sup> Ref: Administrative Simplification and Economic Growth: A Cross Country Empirical Study by Kevin Poel, Professor Dr. Wim Marneffe; Samantha Bielen; Bas van Aarle; and Professor Dr. Lode Vereeck; *Journal of Business Administration Research* Vol. 3, No. 1; 2014

<sup>10</sup> Caribbean Development Bank's Country Gender Assessment Antigua and Barbuda (Vol 1): "... women comprise the majority of workers in the hotel and restaurant and services sectors of tourism, Micro, small and medium enterprises are noted as critical to the generation of economic activity and long term stability, particularly within the tourism sector. Women are considered to dominate this often informal sector".

of this TC component subject to the value of the hardware being less than ten percent (10%) of the consulting services contract value under this component. This component also includes a provision to finance the any required revisions to the legislative or regulatory framework.

- 3.2 **Component 2: Project Communications (US\$28,000).** This component will finance the hiring of consultant to design and implement a communications strategy that will manage all the different communications needs of the project. The consultant will be responsible for: (i) communicating information aimed at educating potential users on electronic permitting systems and providing clarifications and feedback to address stakeholder concerns; (ii) keeping stakeholders informed of the progress of the project; (iii) managing the launch campaign of the Electronic Permitting System and One-Stop Shop; (iv) packaging user training materials and other relevant content to update the DCA website; and (v) communicating early results and providing timely explanations for any early/teething problems. The component will also finance communication expenses associated with the executing the communications strategy.
- 3.3 **Coordination and Monitoring and Evaluation (US\$18,000).** The DCA will allocate a Project Manager and an IT Officer who will be the main counterparts to the firm engaged under Component 1. The project will also engage a monitoring and evaluation consultant who will compile and analyze pre- and post-project data, disaggregated by gender and other relevant characteristics, on the business processes. The data compiled will include the time and cost associated with obtaining a construction permit (overall and at each stage of the process), user experiences, and client satisfaction levels. The consultant will also prepare progress reports and a project completion report. Compete will provide a template for status reports to the resource responsible for this activity that will include pertinent information needed to update Convergence, including progress on components, risk assessment, sustainability and innovation and stories from the field.
- 3.4 The total cost of the TC is US\$253,150 of which US\$180,000 will be financed by the Compete Caribbean Partnership Facility (CCP), and US\$129,507.00 will be financed in cash by the Development Control Authority (DCA) as local counterpart.

**Indicative Budget (in US\$)**

Activity/Component	Description	IDB/CCP	Counterpart Funding/DCA (Cash)	Total Funding
<b>Component 1:</b> Business Re-engineering and System Design and Installation	Fees and Expenses, Electronic Permitting System Consulting Firm	100,000.00	0	<b>100,000.00</b>
	Hardware Acquisition (by consulting firm)	10,000.00	122,507	
	User Training Workshops & Other Change Management Events - Meals and Refreshments and Training Materials	,000.00	2,000.00	<b>6,000.00</b>
	Staff Training Workshops & Other Change Management Events- Meals and Refreshments and Training Materials	0	5,000.00	<b>5,000.00</b>

Activity/Component	Description	IDB/CCP	Counterpart Funding/DCA (Cash)	Total Funding
	Provision for Fees and Expenses for Drafting Revised Legislation/Regulations	20,000.00	0	20,000.00
<b>Sub-total Component 1</b>		<b>134,000.00</b>	<b>129,507.00</b>	<b>263,507.00</b>
<b>Component 2:</b> Project Communications	Fees and Expenses, Communications Consultant	18,000.00	0	18,000.00
	Communications Expenses (including launch of One Stop Shop)	10,000.00	0	10,000.00
<b>Sub-total Component 2</b>		<b>28,000.00</b>	0	<b>28,000.00</b>
Coordination and Monitoring and Evaluation (M&E)	Fees and Expenses, Monitoring and Evaluation Consultant	15,000.00	0	15,000.00
	Data collection Expenses	3,000.00	0	3,000.00
<b>Sub-total M&amp;E</b>		<b>18,000.00</b>	0	<b>18,000.00</b>
<b>TOTAL</b>		<b>180,000.00</b>	<b>129,507.00</b>	<b>309,507.00</b>

#### IV. Executing agency and execution structure

- 4.1 The Compete Caribbean Partnership Facility (CCP), approved under GN-2851, was jointly designed with donors to be a Bank Executed Program, through the CCPF's Facility Coordination Unit (FCU) established in COF Barbados. The Bank has demonstrated its ability to coordinate and motivate action across diverse stakeholders at both the national and regional levels. The execution of this TC will be carried out by the Bank through the Competitiveness, Technology and Innovation Division (IFD/CTI) in coordination with the FCU. Project output indicators will be monitored following the Monitoring and Evaluation (M&E) framework of the CCPF. The project will be executed in coordination with the Development Control Authority.
- 4.2 The execution and disbursement period will be 36 months. The activities to be executed are included in the Procurement Plan (Annex IV) and will be contracted in accordance with Bank policies as follows: (i) Regulation AM-650 for Individual consultants; (ii) Document GN-2765-1 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (iii) the procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policy (GN-2303-20). The Bank and the Caribbean Development Bank (CDB) have entered into a financial agency agreement for the implementation of projects in the OECS.

#### V. Major issues

- 5.1 The most significant risks to achieving the planned objective are: (i) coordinating inputs and obtaining full collaboration of all the agencies involved in issuing construction permits; (ii) the cost and time to undertake any unforeseen amendments to the legislative framework; and (iii) local capacity to maintain the system once installed. A Project Steering Committee, consisting of a senior member of staff of each agency

involved in the permitting process, and a Compete Caribbean representative, will be established to assist with coordination and to provide oversight. The Committee will be chaired by the Chairman of the DCA Board and will meet quarterly to review progress and resolve implementation challenges. The TC makes financial provision to cover any unforeseen legislative drafting; and the consulting firm engaged under Component 1 is required to train local IT professionals to maintain the system, through an initial training workshop and through transfer of skills over the one-year period that the firm will be responsible for maintenance.

- 5.2 Sustainability. During the one-year period that the consulting firm is providing services under Component 1, it will transfer the knowledge and expertise to the DCA and other relevant stakeholders on sustaining and maintaining the online platform as the default method for issuing construction permits.

## **VI. Exceptions to Bank policy**

- 6.1 No exception of the Bank Policy is required for this TC.

## **VII. Environmental and Social Strategy**

- 7.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as “C” (See [Safeguards Policy Filter Report](#) and [Screening Form](#)).

### **Required Annexes**

- Anexo I: [Request from the client](#)
- Anexo II: [Results Matrix](#)
- Anexo III: [Terms of Reference](#)
- Anexo IV: [Procurement Plan](#)

STREAMLINING THE ISSUANCE OF CONSTRUCTION PERMITS IN ANTIGUA AND BARBUDA

RG-T3267

CERTIFICATION

I hereby certify that this operation was approved for financing under **Compete Caribbean Partnership Facility (CCP)** through a communication dated May 15, 2018 and signed by Goro Mutsuura (ORP/GCM). Also, I certify that resources from said fund are available for up to **US\$180,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, represent a risk that will not be absorbed by the Fund.

CERTIFIED BY:

*Original Signed*

0/28/2018

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Sonia M. Rivera

Date

Division Chief

Grants and Co-Financing Management Unit

ORP/GCM

APPROVED BY:

*Original Signed*

06/28/2018

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Carlos Gonzalo Rivas

Date

Division Chief

Competitiveness, Technology and Innovation

Division

IFD/CTI