

CARIB/INT 80/6  
15 September 1980

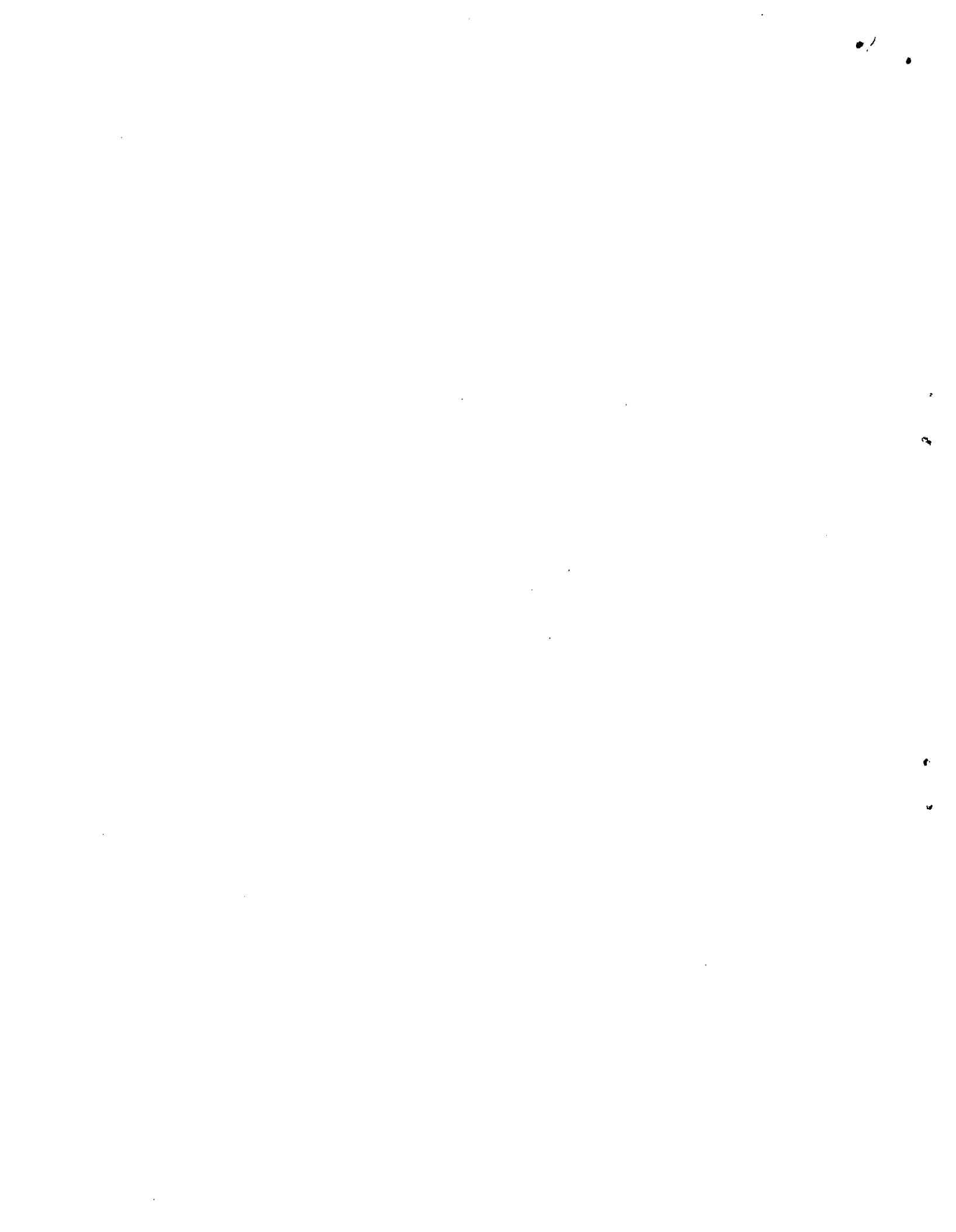
ECONOMIC COMMISSION FOR LATIN AMERICA  
Office for the Caribbean

STATUS OF TRANSPORT SECTOR PROJECTS

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for

Third Meeting  
The Caribbean Group for Co-operation in Economic Development  
(23-27 June 1980 - Washington, D.C.)



## STATUS OF TRANSPORT SECTOR PROJECTS

### Introduction

The first meeting of the Caribbean Group in June 1978 considered the Caribbean Regional Transport Review (Report No. 2004a-CRB) which assessed ongoing and proposed transport developments in the Caribbean region, identified major transport needs, gaps in pre-investment work and made proposals for regional and country projects of development assistance for the maritime and aviation sectors.

The Technical Assistance Steering Committee, chaired by UNDP, was requested by the Caribbean Group to review the proposals made in the Transport Review and to prepare projects for financing by the Caribbean Group. To this end, the Technical Assistance Steering Committee organized technical meetings of specialists on transportation; the second of which was held in Barbados in August 1978 and was attended by representatives from UNDP, CDB, CARICOM, IDB, CDCC, UNCTAD, ICAO, BDD and IBRD. The Meeting discussed the conclusions and regional project proposals on maritime and aviation set out in the Review. The IMCO/UNCTAD/CDCC Proposal on Shipping (E/CEPAL/CDCC/35) and other reports and documentation relevant to the transport sector in the Caribbean region were also examined. It was generally agreed that a prerequisite for future investment in maritime facilities was rationalization of the intra-regional distribution system. There was broad consensus on the need for strengthening regional co-operation and harmonization of development policy in both maritime and air transport. In order to exploit the full potential of the infrastructure provided over the last decade by donors, there was also a need for a relatively modest investment in transport equipment.

As a result of this in-depth examination and considering the broad policy recommendations of the Review, the Meeting agreed on the need for a number of regional projects in transportation. In establishing immediate priorities, due consideration was given to assistance already being provided by donors, such as assistance to the West Indies Shipping Corporation.

Seven proposals were submitted to the Caribbean Group for preparatory assistance and projects. These were:

1. Caribbean Regional Shipping/Small Vessels and Schooners
2. Shipping Statistics for the Caribbean
3. Port Authority Legislation
4. Caribbean Airport Maintenance and Operations Study
5. LIAT Fleet Requirements and Routing Structure
6. Caribbean Container Distribution and Load Centre Port Study
7. Establishment of a Caribbean Air Transportation Council

#### Summary of Current Status

Two of these projects, Nos. 2 and 3, have now been completed. A project document for No. 3 is now being prepared by UNCTAD; three are currently underway, Nos. 1, 4 and 5; and two remain to be started. EDF has suggested that funding for No. 6 might be available while the other project (No. 7) awaits further consideration by governments.

Detailed notes of each of these projects are given below:

1. Regional Co-operation in the Development of Shipping, including Support for Small Vessels and Schooners

A comprehensive project in the maritime sector, executed by UNCTAD/IMCO, and located in St. Lucia is about to commence. It will last for three years at a cost of US\$846,000 and is being funded by UNDP.

The project will constitute a maritime centre of activity which will provide a focal point for analysis, decision-making and upgrading of shipping in the Caribbean. The initial thrust of the work programme will cover the upgrading of the small vessel fleet in the Eastern Caribbean, the development of the maritime sector, the provision of Information Systems and Maritime Safety.

Initially, this project will concentrate on the small vessel fleet in the Eastern Caribbean. In 1978 a study by CARICOM showed that the fleet consisted of more than 150 vessels which carried 60 percent of the intra-CARICOM trade. This amounted to about 230,000 tons and an annual freight revenue of about EC\$6 million.

The effectiveness of the fleet could be significantly improved by a tighter control of cargo loading patterns and sailings, with faster port turn-around. Currently there is some overtonnaging which prevents a fully effective commercial operation.

General standards of safety are unsatisfactory. Officers and ratings are not always qualified and owners appear to have little regard for maritime safety. Ships are often seriously overloaded and some sail with decks awash. The majority of the ships and their equipment are neither maintained in a serviceable condition nor regularly inspected. This results in a high loss rate for both vessels and crew.

As a result hull and cargo insurance is unobtainable for a substantial part of the fleet and even for vessels in best repair, rates are as high as 14 percent of the ship's value compared to a more normal 4 percent.

The work will provide a set of guidelines on the appropriate function, size and technical standards of the fleet, its route and tariff structure and its role as part of the shipping network for the area. These will include the definition of a group insurance scheme, financing for repairs and improvements, regulations governing safety, maintenance and quality of service, training of officials to enforce the standards adopted, recommendations for ship repair facilities, recommendations for appropriate navigational aids and the possible establishment of a vessel owners association.

The team will be comprised of four experts, three UN Volunteers and a number of consultants together with regional and national counterparts.

In promoting the co-ordination of maritime activities in the Caribbean for the purpose of enhancing the efficiency of such operations and improving the levels of services, advisory assistance on managerial and operational aspects will be provided, on request, to governmental and intergovernmental shipping enterprises.

During the course of the project, the requirements for any further activities will be defined. Priorities for longer term activity may include greater emphasis on the protection of shippers' interests, the development of merchant marines (both liner and bulk trades), and the development of maritime administrations to cover not only safety but the whole range of governmental maritime responsibilities.

## 2. Shipping Traffic Data Survey

It has long been recognized that the lack of adequate information on the volume of freight moving through the ports of the Caribbean severely hampered planning for both port facilities and shipping services. When CGCED was formed UNDP agreed to provide funds for this purpose and the work was carried out by the ECLA Office for the Caribbean. The survey commenced in January 1979 and has recently been completed. A paper describing the methodology used, the problems encountered and sample tabulations is now being prepared and will be distributed shortly.

In an exercise such as this, difficulties can be anticipated and this work proved to be no exception. However, most of the difficulties were of an administrative nature and the survey method (extracting data from ship clearance documents) proved to be basically sound. Some manifests were found to be incomplete, details requested for the commodity description were probably over-elaborate with 275 classifications, and it was not possible to obtain the desired level of detail for the types of containers used in the area.

It had been hoped to complete a full year's census, but this was only achieved in Suriname, Trinidad and Tobago, Barbados, Grenada, St. Vincent, St. Lucia, Dominica, Antigua, St. Kitts-Nevis-Anguilla, Montserrat and Belize. About 80 percent of the data was obtained in Jamaica and 50 percent obtained in Guyana and Haiti. For the Bahamas, Nassau was covered 100 percent and summaries were obtained for Freeport and the other island ports.

In all, 86,437 lines of entry were obtained and 0.25 percent were rejected for various reasons mainly because of incomplete data.

This work will now be continued by the joint UNCTAD/IMCO project located in St. Lucia. A maritime statistics expert together with three UN Volunteers will continue the work to produce annual statistics on shipping. The team will also assist participating governments in developing national capability in this field. At the end of the exercise, recommendations will be made to the participating governments on the desirability on establishing a method of producing this type of statistics on a permanent basis including methods of financing.

3. Port Authority Legislation, Functions and Management Structure for the CARICOM LDC's

A study has recently been completed by a joint UNCTAD/IMCO team funded by CDB. The mission found three common problems:

- i) A shortage of the technical skills necessary to operate and develop the new facilities efficiently especially in relation to new types of shipping.
- ii) General limitations in the administrative structures that have been established, which restrict most management's freedom of action and prejudice the efficient use and development of existing facilities.
- iii) A general lack of management skills, for instance, with respect to delegation and to staff development and labour relations.

This resulted in higher than necessary operating costs including significant cargo losses through damage and theft. These costs are borne by consumers and producers and not directly by the port or the government. These excess costs may be so high as to nullify the benefits anticipated by transferring from lighterage operations to alongside quay operations.

There is a need for advice on technical and management aspects of port operations. There is also a longer term need for training whereby officials can acquire the skills which it has not been possible for them to assimilate through experience. Since the administrative structures are a direct government responsibility, the advice and training need to be extended beyond port management to Boards of Directors and government officials.

The number of experts, the time frame and the total cost of the proposed project remain to be worked out. A project document will be produced shortly. Preliminary estimates suggest that the total cost of the project will be in the region of US\$600,000.

#### 4. Caribbean Airport Maintenance and Operations Study

The objective of the study is to determine what is needed in terms of improvement in maintenance and operations and equipment required to bring 35 Caribbean airports to the standard needed for safe and efficient handling of the current and expected future traffic levels.

While the study is still being undertaken a preliminary report has already indicated problem areas.

From a maintenance viewpoint, two aspects stand out clearly. First, airport pavements in nearly all cases need some attention. Inspections are not undertaken on a regular basis and consequently there is a steady deterioration. Second, buildings and facilities are not inspected regularly. As a result, buildings deteriorate especially when they are occupied by personnel who are only detached from other units for airport duty. An evaluation of the amount required to correct this position will be given subsequently.

Similarly, a serious situation has been identified concerning Fire and Rescue Services. Standards of Fire and Rescue Services are generally well below recognized safety levels at most airports. All airport authorities appear to be aware that their facilities are below standard. Some have been continuously trying to remedy this situation;



others appear to be doing nothing due to financial constraints. In nearly all cases Fire and Rescue equipment had been supplied by aid programmes.

The general situation can be summarized as follows:

1. Lack of knowledge and understanding of firefighting and rescue requirements.
2. Inadequate equipment.
3. Almost total lack of spares and lack of stores.
4. Inadequate maintenance of equipment.
5. Inadequate emergency organisation.
6. Lack of training.
7. Almost total lack of funding to maintain efficiency.

The estimated cost for providing the necessary firefighting and rescue equipment and training personnel in its use and maintenance is US\$17.5 million.

It has been suggested that economics in bulk purchasing might be non-existent because:

1. there are only a few manufacturers and a single large order would mean long delivery dates; and
2. purchase of new equipment from a single supplier would make new equipment incompatible with existing equipment.

While the case of firefighting and rescue requires urgent and serious attention if the region is to be equipped to handle emergencies effectively, it must be recognized that this is only one part of the problem. The final report due in September 1980 will give full details of the total requirements.

##### 5. LIAT Fleet Requirements and Routing Structure

EDF is funding a seven month consultancy through CDB to define the aircraft replacement programme and service improvements that will permit the Company to attain viability. Operational costs and revenue that would

be produced with both the existing and alternate route structures will be examined. It is anticipated that the study will be completed by September 1980.

6. Caribbean Container Distribution and Load Centre Port Study

This proposal is being considered by the CARICOM Secretariat for inclusion in the list of projects submitted to the EEC for financing.

Meanwhile the results of the Shipping Statistics exercise were intended to be used as an input for this study. The details required on the types of containers in use in the Caribbean were not found in the source documents for the statistics exercise. The team in St. Lucia will have to resolve this difficulty before meaningful data can be made available.

7. Establishment of a Caribbean Air Transportation Council

This proposal was submitted to the CARICOM Secretariat for consideration by the CARICOM Standing Committee of Ministers of Transport. No decision was taken.

In a related move the matter was due to be considered by a meeting of CDCC Ministers of Transport. For a number of reasons, it proved impossible to hold this meeting up to this time although it is planned to convene such a meeting before the end of 1980.

Following these ministerial deliberations, a project proposal for civil aviation will be prepared and may be submitted to a later meeting of the Caribbean Group.

In other related work, support has been given to the region in Maritime Training.

### Maritime Training

Governments in the English-speaking Caribbean are concerned about the absence of facilities within the region for training sea-going personnel, particularly in the regional trade, and the CARICOM Secretariat has given the highest priority to the establishment of Maritime Training facilities.

Subsequently under a bilateral agreement with Norway, Jamaica has established a maritime training facility and would wish to co-operate with other governments in the region to solve their maritime training needs.

Preparatory assistance financed by UNDP is being provided by IMCO to provide updated information on the maritime training needs and technical advice on ways and means to meet those needs under a regional approach. In particular the following data will be provided:

1. Detailed cost (capital and recurrent) of establishing and maintaining a school for ratings and a school for officers at the potential locations.
2. Estimates of the minimum and maximum number of students which would permit the staff and facilities of the two institutions to be efficiently utilized and to provide cost estimates for each level of operations for each institution.
3. Estimates of the total number of students to be sponsored by each participating member government for the next ten years and for the following five years.
4. To provide syllabi of courses to be undertaken of each institution based on current international standards.
5. To provide costings on training the same categories of seamen and officers outside the region.

The main outputs will consist of a realistic and integrated approach to Maritime Training which will be presented to the next meeting of the CARICOM Standing Committee of Ministers of Transport due to be held this year for approval.

Continuing Work 1980-1981

There are no new projects being submitted for funding in this sector for the Third Meeting of the Caribbean Group. However, several of the projects listed here will require financing by 1981. It would be appropriate to identify donor agencies at this time that might be willing to provide financing in this sector.

Work will be continuing in project 1 - Regional Co-operation in the Development of Shipping, including Support for Small Vessels and Schooners until 1983, and it is anticipated that as the project progresses areas requiring additional project funding will be identified.

A project document for Port Authority Legislation, Functions and Management Structure for the CARICOM LDC's is being prepared by UNCTAD and will be available shortly for consideration by governments and donors.

The Caribbean Airport Maintenance and Operations Study is due to be completed in September 1980. It appears that this report will indicate the need for considerable financial assistance. Fire and rescue equipment needs alone are about US\$17.5 million and further assistance will be required for both runway and apron extension and maintenance and building and equipment maintenance. This indicates the need to mobilize substantial loans and grants from perhaps a consortium of donors. Detailed plans for repayments and future purchases will need to be developed. These may include the establishment of self-accounting Airport Authorities in participating countries.

In view of the serious risk of accidents due to these deficiencies particularly in Fire and Rescue Services, UNDP in consultation with ICAO, CDB and IDB will organize a meeting with the governments and donor agencies to review this report later in 1980.

The LIAT Fleet Requirements and Routing Structure Study will also be available later in 1980. The costs associated with the achievement of economic viability of LIAT will then be known.

The Caribbean Container Distribution and Load Centre Port Study may commence in 1980 if the project is submitted to and funds are obtained from EDF.

Establishment of a Caribbean Air Transport Council will not be initiated until this matter has been considered further. If the planned meeting of CDCC Ministers of Transport is held, this and a number of other projects connected with the development of civil aviation may be proposed for consideration by the Fourth Caribbean Group Meeting.

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