

Headline: Appraising our projects II

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I have written before that infrastructure projects with high environmental components not only require careful scrutiny and appraisal, but they must now be justified in many respects and explained to interested parties by those with the expertise and not our politicians. I have also recommended that this approach be applied to projects such as airport development, the new prison, the cross-country road and the solid waste landfills among others.

The Cross-Country Road (CCR) has recently come under the scrutiny of the opposition and the population at large. In my opinion, some very important questions and concerns have arisen and I feel impelled to comment on these and a few other matters.

One of the grave concerns surrounds the environmental impact of the project, and it was comforting therefore to hear Minister Julian Francis promise the nation that this study would in fact be done and appropriate mitigation measures put in place. This Environmental Impact Assessment (EIA) normally forms part of the technical feasibility of the project and so it is also expected that a full technical feasibility will be done.

The justification for the project also appears to be in doubt. I have not seen the present project document, but the previous government's proposal to relieve the traffic congestion in Kingstown with a cross-country road will certainly take some explaining.

Unless, of course, the proposed route was much further south and through our main watersheds.

Another justification for the project by both government and opposition is the enhancement of the tourism product. While there is always need for improving our product, the question must be asked, at what cost? This is where the economic

feasibility and more specifically, the cost-benefit analysis arise.

The real difficulty in doing a cost-benefit analysis has to do with the uncertainty surrounding the actual cost of the project. This of course will depend on the geology, topography, geotechnical investigations and the design of the main structures and mitigation measures.

The opposition has also managed to juxtapose this CCR project with airport development and I wish to question the value of doing this. Recognizing the E T Joshua extension as a non-starter, mainland airport development, whether at Kitchen or Argyle, is likely to cost in the region of EC\$200 million. Why then should we be recommending that the EC\$70 million from Taiwan be used for airport development instead? What precisely would this be used for?

A more appropriate comparison would have been to go back to 1992 when we were able to commit to a debt of EC\$240 million for the Ottley Hall Marina at a time when airport development at Argyle or Kitchen would have cost in the region of EC\$150 million. That was indeed an abysmal choice of project given the state of our infrastructural development. Very few of us cried then! The reality now is that the present opposition has to take full responsibility.

The present government also has an even greater responsibility. The failed Ottley Hall project is certainly no license for this ULP government to go off on a frolic of their own. As a consequence of the Ottley Hall project, this government and indeed successive governments will now have to exercise greater prudence in their project selection and funding options.

They must know that they will also come under immense scrutiny. The point about the project opening up new lands for development is an interesting one on the surface but, I suspect, a frightening one for Daniel Cummings and the CWSA. It is no secret that the Planning Division has its hands full trying to control development and squatting in the developed southern third of the island. Do we reasonably expect better results from this unit in the remote interior of the island?

This means that this CCR project must, by its very nature, also have an administrative and institutional component. If the project is going to form part of the tourism product then the entire road has to be maintained and policed constantly. Link roads will also have to be developed and maintained.

The question of changing the funding source is not a profitable vein for the opposition to exploit. This choice is not an exact science and has to do with government's priorities and the availability and disposition of lenders. It is difficult enough for those with the knowledge within the Ministry of Finance to decide on sources and mix of funds, far more for those on the outside who do not have access

to all the information on all the variables.

The issue for Vincentians is not the CCR's position or rank in the ULP's manifesto, but rather its priority and overall importance in contributing to the achievement of stated objectives. The project's benefits must first be ascertained and placed within the hierarchy of national objectives. These must then be clearly communicated to all.

The real challenge of course, comes when the true cost of the project is determined. At that time, Minister Francis and the government would want to be in a position to exercise all options, including pulling out of the project if the costs significantly exceed the stated benefits. The quantification of these benefits also needs to be transparent and realistic.

There is no doubt about the exciting scenery and the breath-taking view of the interior of the island. This project therefore has value; however, the cost of implementation and our debt servicing capacity are crucial issues. The saving grace for Minister Francis and the government is that no marks will be lost if and when the option to pull out of the project is exercised. I am convinced that after Ottley Hall, Vincentians now have a new found respect for fiscal prudence and good governance.