

PROJECT STATUS REPORT

JANUARY 2011 - JUNE 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Improving Health, Safety & Environmental Standards among SMEs in Energy Sector

Project Number: TT-M1001 - Operation Number: ATN/ME-9560-TT

Purpose: To develop and promote the widespread use of internationally acceptable industry wide HSE standards and improve HSE performance amongst SMEs

Country Administrator
TRINIDAD AND TOBAGO

Beneficiary Country
TRINIDAD AND TOBAGO

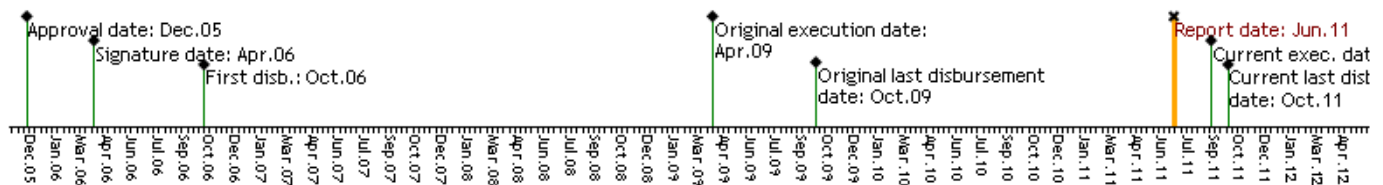
Group
SME - Small and Medium Enterprise
Development

Subgroup
BDEV - Business Development

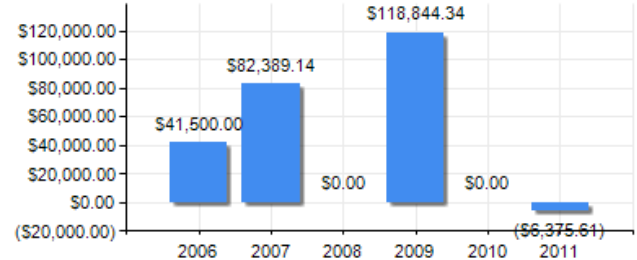
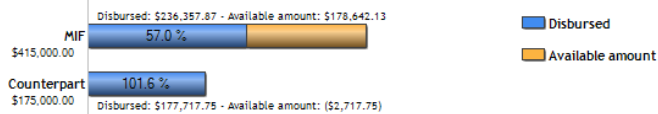
Executing Agency: South Trinidad Chamber of Industry and Commerce

Design Team Leader: Shepherd, Daniel
Supervision Team Leader: Dookiesingh, Vashtie

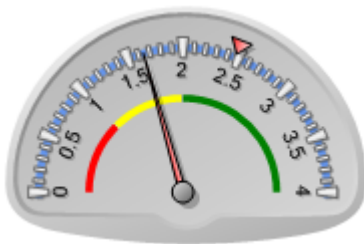
TIMELINE



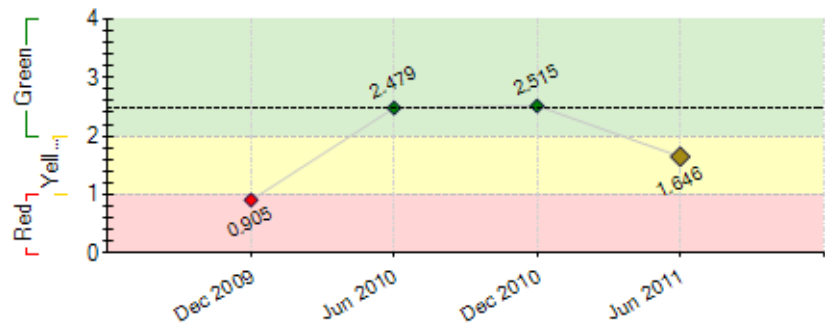
FUNDS



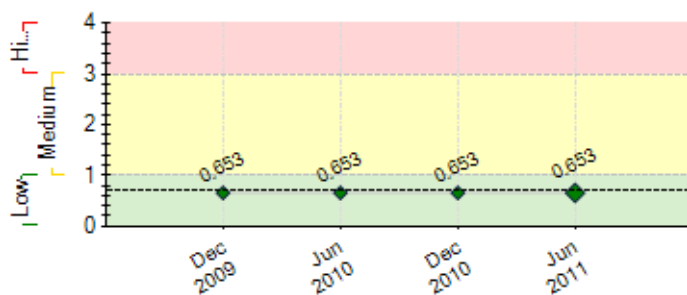
PERFORMANCE SCORE



Current score: Unsatisfactory: 1.646
MIF Average: 2.476



EXTERNAL RISKS



INSTITUTIONAL CAPACITY

Risk
Financial Management: ---
Procurement: ---
Technical Capacity: ---

SECTION 2: PERFORMANCE

Summary of project performance since inception

The PIU is on track to achieve its target for component III of the project. 19 companies have been certified to date, 6 audit reports are under review for certification and 10 audits are currently being conducted. The target is to have 24 companies certified. To ensure that this is accomplished, the PIU has contracted a consultant to expedite the review of audit reports.

Components I & II are complete. Component IV remains ongoing, but the PIU has surpassed all targets and continues to be invited to contractor meetings hosted by operating companies, to provide updates on the project.

22 operating companies signed the STOW Charter agreeing to make the HSE requirements mandatory for prequalification and have begun setting deadlines for mandatory certification.

The project still faces the challenge of contractors starting off with very low levels of compliance to the HSE requirements, making the time for implementation longer than was initially expected. Added to this, some companies have limited in house HSE resources to expedite implementation.

The PIU has hosted workshops to assist companies and so far 105 participants from 60 companies have benefitted from them.

The PIU has also asked Assessors to provide information on other challenges that contractors face. The PIU will use the information to develop strategies to assist contractors in the coming months since the STOW Board has set 31/12/2011 as the global deadline for certification of contractors.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

This project is critical to increasing the participation of local SMEs in Trinidad and Tobago's energy sector which is dominated by multinational operators in both upstream (exploration and production) and downstream (processing) operations. Prior to implementation of this project each multinational had company specific HSE requirements to which smaller local contractors were required to adhere to be eligible for transacting business with a multinational. Each set of requirements was different making it difficult for SMEs to contract with more than one or at most 2 players due to time, cost and capacity constraints in demonstrating adherence to the different HSE requirements. This project by introducing a common HSE framework is expected to simplify the contracting with several multinationals by local SMEs. Progress in implementing the project was slower in the earlier stages given the timelines and complexity required to secure support and buy in from key stakeholders specifically large multinational operators who have agreed to adopt the common HSE prequalification criteria for contracting local service companies as well as difficulties encountered by the local contractors in achieving certification in the new system, (due in part to these SMEs underestimation of the rigour required). However progress to date indicates that the targets can be achieved within the next 3-6 months and that the project will be sustained and mainstreamed beyond the period of MIF investment. To fully achieve project objectives an additional general extension of 6 months will be sought by the Executing Agency.

Summary of project performance in the last six months

During the review period 13 more companies were certified to the STOW HSE standards. There are now 19 certified companies. The PIU contracted the services of a consultant to expedite the review of audit reports to ensure that we surpass the target of having 24 companies certified. We expect to have more than 16 more companies certified in the next period.

The PIU concentrated its efforts on working with the operating companies to get contractors to advance their implementation of the requirements. We presented at IPSL, BHP Billiton's contractor meetings. The PIU also worked with Atlantic to host their contractor meeting which took an exhibition type format with STOW as the focus. Contractors were given booths and each had to demonstrate compliance to an element of STOW.

The PIU had a STOW booth at the Energy Chamber's annual Energy Conference and disseminated material to over 1000 persons.

Also the PIU got 5 more operating companies to sign the STOW Charter. A total of 22 operating companies have now signed the Charter.

The PIU held another Assessor training course and the Board authorized 7 additional persons as Independent Assessors to supplement the current pool of Assessors. During the period, the PIU also hosted 2 workshops to assist contractors with the implementation of STOW.

The PIU intends to focus on the operating companies and getting them to assist their contractors over the next period.

Comments from the Supervision Team Leader

Partially Agree with the Executing Agency comments

The Project Implementation Unit (PIU) has focused its efforts over the past 6 months on increasing the number of local SMEs achieving the certification / HSE Prequalification criteria required to be contracted by large multi national oil and gas operators. The PIU also has focused on continuing awareness building within the energy sector as well as working with multinational operators to ensure that the project operations are mainstreamed and sustained beyond the period of MIF investment.

SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: To develop and promote the widespread use of internationally acceptable industry wide HSE standards and improve HSE performance amongst SMEs	P.11 Total number of SMEs certified in the uniform "Minimum HSE Prequalification Standards" that are accepted/prequalified by major upstream and downstream operators	0	8	40		40	19	
			Apr 2009	Oct 2010		Oct 2010	Jul 2011	
Component 1: Development of uniform health, safety and environmental (HSE) standards Weight: 24%	C1.11 A framework of uniform HSE minimum standards is developed documented and adopted by key upstream and downstream operators as a basis for prequalifying service providers and sub contractors	0				1	0	Finished
		Dec 2007				Oct 2009	Oct 2009	

Classification: High Satisfactory

Component 2: Development of local capacity for training and certification

Weight: 20%

Classification: Satisfactory

C2.11	HSE professionals trained to implement and/or audit the minimum HSE prequalification requirements developed and adopted by upstream and downstream operators under component 1	0				60	0	Finished
						Oct 2009	Oct 2009	
C2.12	Service providers certified by industry and actively providing services for implementation of HSE standards and/or certification in companies.	0				18	0	Finished
						Oct 2010	Oct 2010	

Component 3: Implementation of HSE Standards among SMEs

Weight: 33%

Classification: Satisfactory

C3.11	Total number of Small and Medium Enterprises (SMEs) achieving certification under the "Minimum HSE Prequalification Requirements" system designed and adopted under Component 1	0	20	40		40	6	Delayed
			Oct 2008	Oct 2010		Oct 2010	Jan 2011	

Component 4: Promotion of HSE Standards and dissemination of results

Weight: 23%

Classification: High Satisfactory

C4.11	Persons exposed to information on the project and the benefit derived via the design, adoption and monitoring of uniform HSE standards	0				350	2000	On Course
		Apr 2006				Oct 2010	Oct 2010	

Milestones		Planned	Due Date	Achieved	Date achieved	Status
M0	Previous Conditions	4	Oct 2006	4	Oct 2006	Achieved
M1	GAP analysis to review the current HSE related standards used in the sector	1	Oct 2008	0	Oct 2008	Achieved
M2	Definition of uniform HSE standards for the sector	1	Oct 2009	0	Apr 2010	Achieved
M3	Adoption and Publication of HSE Standards	1	Oct 2009	0	Oct 2009	Achieved
M4	Definition of system for tier certification to the uniform HSE standards and monitoring	1	Apr 2010	0	Apr 2010	Achieved
M5	[*] Training and certification of HSE professionals for implementation of the uniform HSE standards and audit of SMEs wishing to certify to the uniform HSE standards	30	Apr 2010	31	Apr 2009	Achieved
M6	[*] Implementation of HSE standards by 40 SMEs	40	Oct 2010	19	Jun 2011	Not Achieved

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

[X] Purchase difficulties

[X] Others, which?: The certification of SMEs to the new standards has proved more time consuming than anticipated originally

SECTION 4: RISKS

MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE

	Level	Mitigation action	Responsible
1. SMEs current HSE Management Systems too low to achieve compliance to HSE requirements in project timeframe	Medium	Ensure that selected SMEs are at least compliant with Trinidad & Tobago OSHA.	Project Coordinator
2. Stakeholders in the energy sector do not sustain interest in implementation of uniform HSE standards	Medium	---	---
3. The domestic legal framework does not support implementation of HSE standards and energy sector executives do not endorse the standards as defined	Low	---	---

PROJECT RISK LEVEL: Low **TOTAL NUMBER OF RISKS:** 3 **IN EFFECT RISKS:** 3 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0

SECTION 5: SUSTAINABILITY

Likelihood of project sustainability after project completion: HP - Highly Probable

CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY

[None reported in this period]

Actions related to sustainability which will be or have been implemented:

The PIU has been able to get 5 more operating companies to sign the STOW Charter agreeing to make conformance to the STOW HSE requirements mandatory for prequalification for work in the energy sector.

The signatories have all been engaging their contractors on STOW and continue to invite the PIU to contractor meetings to assist contractors with implementing STOW.

A global deadline has been set and agreed by the operating companies, for 31/12/2011 for contractors to achieve STOW certification

SECTION 6: PRACTICAL LESSONS

[No Lessons learned records to Display]