
Building Effective Governments

Executive Summaries of the
Caribbean Country Studies

Barbados



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Introduction

Improving public services, using resources efficiently, and managing state institutions effectively have been an ongoing concern of Latin American and Caribbean (LAC) governments since early in this century. Today, the authorities are paying close attention to the results obtained by their administrations. Citizens are demanding not only universality, but also quality in the services provided by the State.

To assess countries' institutional capacity to manage their public sectors efficiently, the Inter-American Development Bank (IDB) designed the PRODEV Evaluation Tool (PET). This instrument uses a managing for development results (MfDR) approach to analyze five pillars of the public policy management cycle: (i) planning, (ii) budgeting, (iii) public financial management, (iv) program and project management, and (v) monitoring and evaluation.

Each pillar has components that measure the maturity of institutional systems and their capacity to orient administrations toward obtaining results. These components, in turn, include indicators that measure specific aspects of management systems, which are subdivided into the minimum requirements that make up the basic unit of information gathering. The PET has 16 components, 37 indicators, and 142 minimum requirements; all of these are scored on a 0 to 5 scale, in which 5 is optimal. The ministries of Education, Health, Social Development, and Infrastructure carried out the analysis of sectoral management in the fourth pillar. However, for various reasons, in some countries, it was not possible to analyze all of these sectors.

This methodology was used to assess the situation in 24 LAC countries by comparing data obtained in 2007 to those obtained in 2013.¹ The cutoff date of the information for the first round was not uniform across countries, as the instrument was applied between 2007 and 2009. By contrast, the cutoff date of the reports for the second round was the same in all cases: December 31, 2012.

The information gathered was analyzed in the book entitled *Building Effective Governments: Achievements and Challenges for Results-Based Public Administration in Latin America and the Caribbean*. The present document is the executive summary of the "National Progress Report (2007–2013) on Institutional Capacity to Implement Managing for Development Results," which was prepared in each of the 24 countries covered in the study. The book, the annexes, and other information related to the study are available at: www.iadb.org/gobiernosefectivos.

The editors wish to thank the authorities and public officials of the institutions that participated in this study for their collaboration and input. Without their contributions, this study could not have been carried out. Finally, with respect to the data reported in the figures, numbers expressed in hundredths were rounded up to decimals.

¹ The countries included in this study are: Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Mexico, Panama, Paraguay, Peru, Surinam, Trinidad and Tobago, and Uruguay.

Barbados

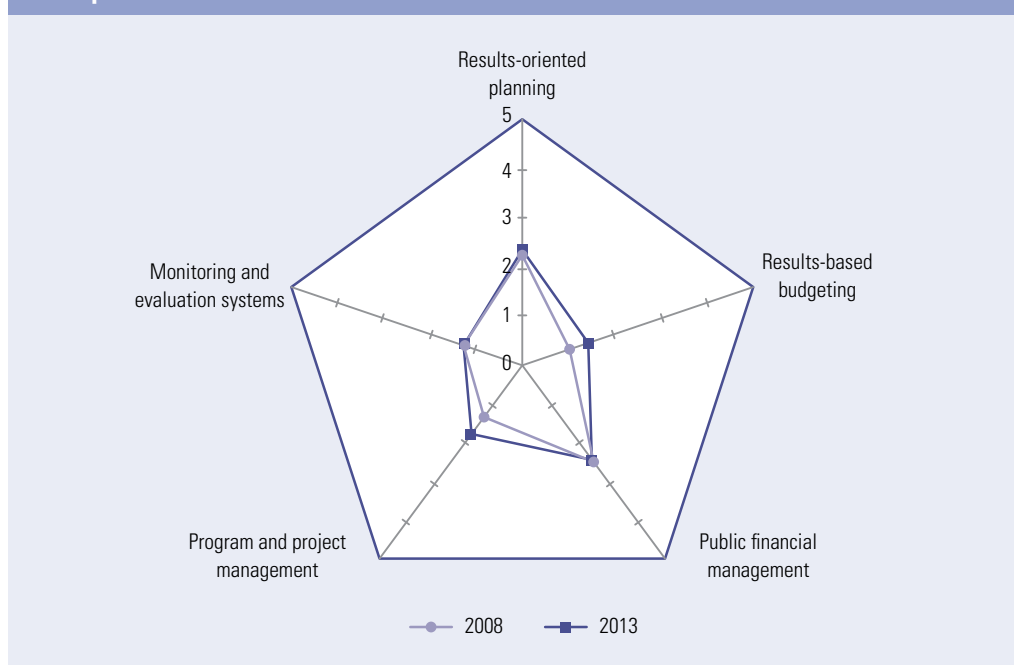
Summary of Changes between 2008 y 2013

Barbados showed slight progress on MfDR implementation. The strongest pillar continued to be public financial management, but no progress was seen over 2008. Results-oriented planning saw slight improvement, followed by the program and project management pillar. The weakest pillars were monitoring and evaluation systems and results-based budgeting, although the latter saw more significant progress than the other pillars.

Scores for Barbados on Each MfDR Pillar for the 2008–2013 Period

PILLARS	2008	2013
Results-oriented planning	2,1	2,3
Results-based budgeting	1,0	1,5
Public financial management	2,5	2,5
Program and project management	1,4	1,8
Monitoring and evaluation systems	1,2	1,2
Average	1,7	1,8

Development of the MfDR Pillars in Barbados



Progress on MfDR Implementation in Barbados	
Planning	Medium-term sectoral plans were prepared. The Medium-Term Development Strategy (MTDS) 2010–2014 was posted on the Internet. A program-based structure was included in the MTDS.
Budgeting	The alignment of budget programs with MTDS objectives improved. The medium-term fiscal framework was tied to the MTDS. The expense budget was published on the Internet.
Financial Management	The average deviation of implemented spending in relation to budgeted spending improved over the last three years of the study period. All expenditures were included in the budget, so there was no extra-budgetary spending. Work was underway on reforming the procurement system in order to endow it with a legal framework, an organization responsible for its administration, and a way to handle claims and disputes.
Program and Project Management	The relationship to MTDS objectives was used as one of the investment project evaluation criteria. The education sector had a medium-term plan.
Monitoring and Evaluation Systems	No progress was seen in this area.

Results-oriented Planning

COMPONENTS	2008	2013
Results-oriented planning	2,1	2,3
Strategic planning capacity	2,3	3,1
Operational planning	2,1	2,4
Participatory nature of planning	1,8	0,6

The National Strategic Plan 2006–2025, formulated in 2006, sought to give the country a long-term vision. However, the new government did not continue that vision. Instead, it prepared the Growth and Development Strategy 2013–2020, which had still not been ratified by Congress. In 2013, there was only a medium-term plan, which became the Medium-Term Development Strategy (MTDS) 2010–2014. Nevertheless, the indicators presented in the plan could be improved in order to better measure progress toward achieving targets. One example of progress over 2008 was that in 2013, the country had medium-term sectoral plans in the education sector. The organization responsible for planning was the Ministry of Finance and Economic Affairs, specifically the Research and Planning Unit, which was part of the Division of Economic Affairs. Another example of progress was publication of the MTDS 2010–2014 on the Internet. Barbados did not have a legal framework to regulate the planning process.

The application of operational planning in the action programs included in the MTDS was weak. It was necessary to improve the definition of program outputs, the offices responsible for implementation, the annual targets, and budget estimates, since financing for programs was assured during each ministry's budget formulation process.

There was a decline in the capacity for participatory planning, since the MTDS was not presented to Congress and civil society did not participate in its formulation. This can be explained by the fact that the country did not have a law to promote participation in the planning process.

Results-based Budgeting

COMPONENTS	2008	2013
Results-based budgeting	1,0	1,5
Program-based budget structuring	2,5	3,0
Medium-term budgeting perspective	1,1	1,8
Evaluation of spending effectiveness	0,7	0,8
Incentives for management effectiveness	0,0	0,5
Information dissemination	0,5	2,5

Barbados' budget classification was based on programs, although no progress was made toward linking it to the policy strategies included in the MTDS. Progress was made, however, toward having the budget specify which MTDS objectives were associated with which programs. In general, implementation of results-based budgeting was underway.

Even though there was a medium-term fiscal framework, it was not explicitly aligned with the MTDS and did not include the main economic, administrative, functional, or programmatic categories. The country still did not have a fiscal responsibility law, but limits were applied to debt and fiscal deficits.

With respect to the evaluation of spending effectiveness, in 2007, the Financial Management and Audit Act (FMAA) was enacted. Section 36 of the FMAA established that those responsible for implementing budget programs must submit an annual report on implementation indicating the results obtained from public spending. However, in 2013, there were no performance indicators. Although the country had no mechanisms to promote efficiency and effectiveness in public management, discussions were underway regarding the introduction of a performance assessment. Finally, significant progress could be seen in the dissemination of budget information, thanks to the fact that Congress was posting the expense budget on its Internet portal and the Office of the Auditor General was publishing a report on budget implementation at the end of each fiscal period.

Public Financial Management

COMPONENTS	2008	2013
Public financial management	2,5	2,5
Budgeting and financial management	2,8	3,3
Procurement system	0,9	1,5
External and internal auditing	3,9	2,8

In the area of budgeting and financial management, progress could be seen in the average deviation between the approved and implemented budgets. It went from 3.4 percent for the 2005–2007 period to 1.59 percent for the 2009–2011 period. The Central Bank performed fiscal risk analyses on sovereign debt and, as of 2007, with the approval of the FMAA, the Auditor General was required to review the calculations of pensions and other risks related to direct obligations. However, there were no instruments to mitigate the risks of direct obligations or those associated with contingent liabilities. Budget transparency had improved. In 2013, there was no unreported extra-budgetary spending

in the fiscal reports, whereas in 2008, these expenditures had accounted for 5 percent of the total. This improvement was due to the application of the FMAA. In addition, the practice of including all income from international cooperation in the fiscal reports had continued. The budget was organized on the basis of administrative, economic, and functional classifications, but it was not in line with international standards. The program classification was under development. Finally, the Congress continued to approve the budget prior to the beginning of the corresponding fiscal year.

The 2008 evaluation showed that the accounting system was already in line with the International Public Sector Accounting Standards and reflected budget classifications. By 2012, the transition from a cash flow system to an accrued expense system had been completed. Consolidated statements were being prepared in the country for income-expenses and assets-liabilities, and the Office of the Auditor General audited these externally. There was an integrated financial management system that had budgeting, treasury, accounting, and human resource management modules. However, it was not linked to the procurement or the public investment systems.

The FMAA reformed the public procurement system and, in 2013, new legislation was being formulated to regulate it in keeping with international standards. For the time being, the central government's purchasing office, which was part of the Ministry of Finance and Economic Affairs, remained responsible for public procurement, but the proposed reforms sought to create an organization responsible for regulating and establishing guidelines in this area. That office would not participate directly in the purchasing process. There was no system that made it possible to collect and consolidate data related to public procurement. Even though there was no legally established procedure for handling claims, as part of the reform process underway there was a proposal to create an independent organization to be in charge of such an effort. In addition, there was a mechanism for submitting claims to the Minister of Finance in situations in which registered suppliers were excluded from bidding invitations. Finally, the country did not have an electronic procurement system.

The FMAA 2007 established the legal framework for conducting internal audits, which was in line with international standards. Since 2008, six new public organizations had established an internal auditing office. External audits were conducted in keeping with the provisions of Section 113(2) of the Political Constitution and Section 38 of the FMAA. The legal framework was consistent with the standards of INTOSAI, and the responsible entity was the Office of the Auditor General, which had limited capacity to audit all government offices. In 2012, only a small percentage of programmable spending had been audited. The external auditing reports were submitted to the Parliament within four months after the auditing period.

Program and Project Management

COMPONENTS	2008	2013
Program and project management	1,4	1,8
Ex ante evaluation and prioritization of investment projects	1,2	1,3
Medium-term sectoral vision	3,0	3,4
Sectoral management of goods and services	1,1	1,6
Sectoral information systems	0,9	0,9

Ex ante Evaluation and Prioritization of Investment Projects

In both 2008 and 2013, the office responsible for ex ante evaluation was the Office of Public Investment of the Ministry of Finance and Economic Affairs. The country still had no legal framework to regulate the actions of the entity responsible for this function, nor did it have methodologies to do so. Some progress was seen because one of the criteria for approving investment projects was their relevance to the objectives established in the MTDS. However, no progress had been made in disseminating information on the findings of project evaluations.

Sectoral Management

Education: The Ministry of Education and Human Resource Development had a medium-term sectoral plan for the 2011–2016 period. The strategies were based on the application of a logical framework approach, and each pillar had strategic objectives, activities, and outcome indicators. However, formulation of the plan did not have civil society participation. With regard to the production of goods and services, progress could already be seen in the budget programs that accompanied the plan and detailed the objectives, activities, performance indicators, and costs. The budget program targets were only annual. No performance contracts were being signed, and there were no performance-based incentives for the achievement of organizational results. The strategy for upgrading the quality of services had improved: four areas in the Ministry defined standards for quality and compliance monitoring. Information on quality of services was not gathered from the users of those services, even though the process of creating citizens councils as participatory bodies to provide feedback to the government on priority issues for the public agenda began in 2008. For example, in July 2012, these citizens' councils were consulted on improvements in adult education. No changes were seen in sectoral information systems, which were only publishing educational statistics that were not up to date.

Public Health: Although the Ministry of Health did not have a medium-term plan, the MTDS 2010–2014 included a section devoted to this sector, in which strategies were defined for the development of health care systems and institutional services. A public investment program for the sector was also presented. There had been progress on service delivery, since the budget programs that accompanied the plan detailed objectives, activities, performance indicators, and costs. The targets of the budget programs were only annual. No performance contracts were being signed to promote the achievement of results, nor were there incentives to encourage the achievement of organizational results. There was no institutionalized strategy for quality, even though progress had been made in applying consumer satisfaction surveys, and the space created in the citizens' councils was expected to be used to consult the public on health issues. No improvements were seen in information systems.

Social Development: Even though the then Ministry of Social Care, Constituency Empowerment and Urban Development did not have a medium-term plan, a social development and poverty reduction strategy was included in the MTDS 2010–2014. However, it did not have national objectives or indicators for measuring progress on actions. With regard to service delivery, progress was seen, since the budget programs that accompanied the plan detailed the objectives, activities, performance indicators, and costs of each program. The targets of the budget programs were only annual. No performance contracts geared to promoting the achievement of results were being signed, and there were no incentives to encourage the achievement of organizational

results. There was no institutionalized strategy for quality, even though citizens' councils were consulted regarding major social reform issues. There were no information systems, but the first steps were being taken to create them.

Monitoring and Evaluation Systems

COMPONENTS	2008	2013
Monitoring and evaluation systems	1,2	1,2
Monitoring of government management	0,8	0,8
Statistical information systems	2,4	2,2
Evaluation of government management	1,0	0,9

No progress was made on the monitoring of government management, which continued to center on monitoring of budget implementation. No office had been created to be responsible for this task, and there was no policy evaluation system or legal framework calling for the development of this function.

No changes were seen in the statistical information system. Even though there was a Barbados Statistical Service, which was part of the Division of Economic Affairs of the Ministry of Finance and Economic Affairs, it was not the only organization that was compiling statistical information: other agencies and ministries were also collecting data on specific areas and according to their own methodologies. The information produced on social issues was not very reliable because it became available with a certain lag and the methodology used was not published. However, the BSS was implementing a program to improve national services, known as the Statistics System Modernization Project, whose aims were to design and develop improvement solutions and to provide recommendations in key areas.

