
Building Effective Governments

Executive Summaries of the
Caribbean Country Studies

The Bahamas



BID

Banco Interamericano
de Desarrollo

Building Effective Governments

Executive Summaries of the Caribbean Country Studies

Editors of the Executive Summaries:

Juan Pablo Cuesta, Mauricio García Moreno, Jorge Kaufmann, Violeta Pallavicini, Mario Sanginés.

Consultants that Contributed to the Country Studies:

Julia Pomares (Argentina), Theofanis Cochinamogulos (Bahamas), Felicia Linch (Barbados y Belice), Marcos Holanda (Brasil), Marianela Armijo (Chile), María Victoria Whittingham (Colombia), Violeta Pallavicini (Costa Rica), Daniel Badillo (Ecuador), Carlos Madrid (El Salvador), Maynor Cabrera (Guatemala), Rafael Gómez (Guyana y Trinidad y Tobago), Lourdes Álvarez (Haití), Claudia Varela (Honduras), Curline Beckford (Jamaica), Rubén Espinosa (México), Nelson Villareal (Nicaragua), Rafael Reyes (Panamá), Milagros Lo Cane (Paraguay), César Calmet (Perú), María Victoria Abreu (República Dominicana), Roberto Salazar (Suriname) y Beatriz Guinovart (Uruguay).

Editor:

Leslie Hunter

Spanish to English translation:

Barbara Sipe

Graphic Design:

Manthra comunicación

Copyright © 2015 Inter-American Development Bank. This work is licensed under a Creative Commons IGO 3.0 Attribution-NonCommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO) license (<http://creativecommons.org/licenses/by-nc-nd/3.0/igo/legalcode>) and may be reproduced with attribution to the IDB and for any non-commercial purpose. No derivative work is allowed.

Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the UNCITRAL rules. The use of the IDB's name for any purpose other than for attribution, and the use of the IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this CC-IGO license.

Note that the link provided above includes additional terms and conditions of the license.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.



Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
www.iadb.org

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.

The Bahamas

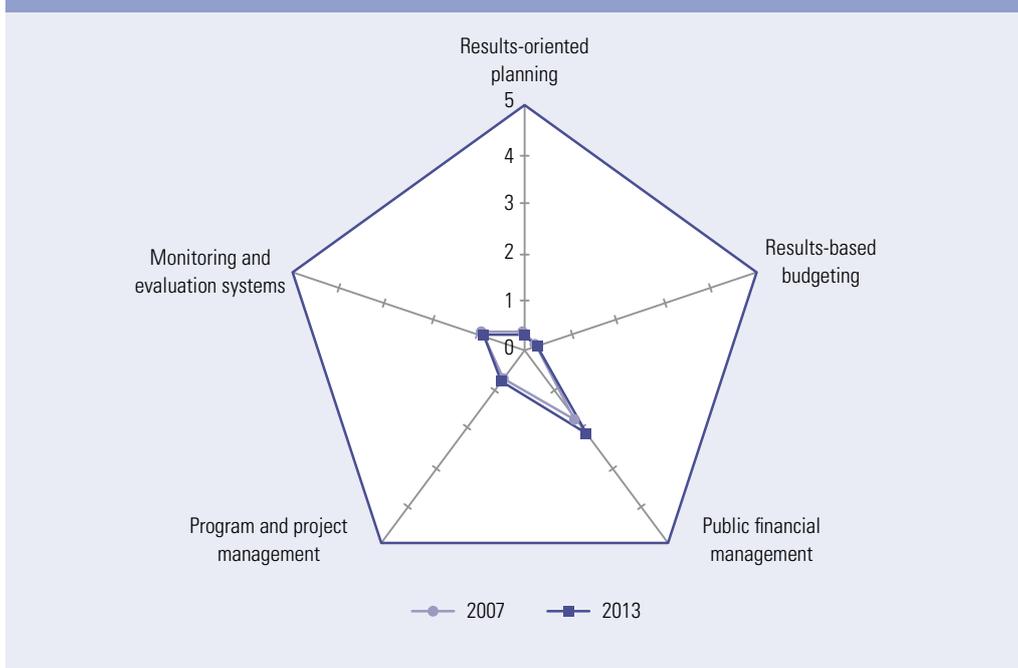
Summary of Changes between 2009 and 2013

The Bahamas made slight progress on its MfDR implementation efforts. Its strongest pillar was public financial management. However, compared to the situation in 2009, the other pillars did not show progress. At the time this study was being completed, in September 2014, the country was preparing a long-term plan but had not completed it. The education sector had a ten-year plan, and the health sector had a five-year plan. In the area of budgeting, no progress was seen in the construction of basic systems. The country did not have a public investment system. Sectoral management showed greater development in the education and health sectors. No progress was made on the construction of a management monitoring and evaluation system; however, by the time this study ended, work had begun on designing a system to monitor and evaluate progress on public sector priorities.

Scores for The Bahamas on Each MfDR Pillar for the 2009–2013 Period

Pillars	2009	2013
Results-oriented planning	0,2	0,2
Results-based budgeting	0,3	0,3
Public financial management	1,9	2,3
Program and project management	0,8	0,8
Monitoring and evaluation systems	0,8	0,8
Average	0,8	0,9

Scores for The Bahamas on Each MfDR Pillar for the 2009–2013 Period



Progress on MfDR Implementation in The Bahamas

Planning	A planning office was recently created in the Office of the Prime Minister.
Budgeting	No progress was seen.
Financial Management	A process got underway to adjust budget classifications to international standards. A legal framework was approved to create a purchasing office in the Ministry of Finance. Three internal auditing offices were created.
Program and Project Management	No progress was seen. However, in the framework of an IDB loan operation, work has begun on a system to monitor government priorities.
Monitoring and Evaluation Systems	No progress was seen.

Results-Oriented Planning

COMPONENTS	2009	2013
Results-oriented planning	0,2	0,2
Strategic planning capacity	0,6	0,6
Operational planning	0,0	0,0
Participatory nature of planning	0,0	0,0

The Bahamas did not have a long-term plan or a medium-term national plan. However, the education sector had a ten-year sectoral plan and the health sector a five-year plan. There was no legal framework to regulate planning in the public sector. However, a planning office was recently created in the Office of the Prime Minister. In addition, work was underway to design a National Development Plan, which would be part of the technical cooperation activities financed by the IDB and was scheduled for completion in the first half of 2015.

Results-Based Budgeting

COMPONENTS	2009	2013
Results-based budgeting	0,3	0,3
Program-based budget structuring	0,0	0,0
Medium-term budgeting perspective	1,1	1,4
Evaluation of spending effectiveness	0,0	0,0
Incentives for management effectiveness	0,0	0,0
Information dissemination	2,0	2,0

The Ministry of Finance is the institution responsible for managing the country's economy, and the Cabinet is in charge of prioritizing and monitoring public investment. The budget continued to be incremental. In addition, a macroeconomic forecast was being formulated with a three-year horizon, broken down into the major categories of income and expenses and updated annually. There was no law on fiscal responsibility or any other instrument

that set fiscal limits. With respect to the evaluation of spending effectiveness, the country did not have a legal framework to promote it; therefore, no system of performance indicators was designed, and there were no incentives for promoting management effectiveness. As for the dissemination of budget information, both the proposed budget and the budget approved by the Parliament were being published on the Internet. However, the audited budget implementation report was not.

Public Financial Management

COMPONENTS	2009	2013
Public financial management	1,9	2,3
Budgeting and financial management	1,8	2,3
Procurement system	1,0	1,5
External and internal auditing	2,9	3,1

There was progress on the deviation between the proposed budget and the implemented budget over the last three years. This figure decreased from over 15 percent in 2009 to 6.5 percent in 2013. Meanwhile, few changes occurred in the area of risk management, since the Central Bank continued to manage debt in keeping with the country's financial needs. For this reason, credit conditions and interest rates were analyzed. One example of progress was the fact that in 2013, as the outgrowth of technical cooperation funded by the IDB, fiscal risks were assessed in the areas of pensions, health, and public organizations, including an analysis of contingent liabilities. However, there were still no mechanisms to mitigate the effects of direct obligations or contingent liabilities.

All expenditures were included in the budget, so there was no extra-budgetary spending. The budget reports presented all of the information on income and expenditures for the donor-funded projects. The Ministry of Finance was starting the process of adapting the budget classifications to international standards. The Parliament continued to approve the budget within the established periods. The accounting system was in line with the standards of the Caribbean Organization of Supreme Audit Institutions, reflected all of the budget classification, and was based on cash flow. In addition, reports were being put together with all of the information on income-expenses and financial assets-liabilities, and these were subject to an external audit conducted by the Treasury Department within six months after the end of each fiscal period. There was still no integrated financial management system, so information on the budget, accounting, treasury, and public credit was kept independently. There was no public investment system and no electronic procurement system.

The country had no comprehensive legal framework to regulate the procurement system. However, in 2013, the Financial Administration and Audit (Amendment) Bill was introduced. It established the legal basis for the creation of a purchasing office in the Ministry of Finance, as well as a procurement directory and a tribunal. The Parliament had already approved this legal reform, and it was awaiting the signature of the Minister of Finance. The provisions of the 2010 Financial Administration and Audit Act (FAAA) were maintained, meaning that the Cabinet had to approve contracts exceeding B\$250,000. In addition, the FAAA gave the Minister of Finance the power to regulate and define procurement procedures, but there were no offices to handle claims regarding the awarding of contracts.

In 2009, internal auditing was centralized in the Internal Audit Department of the Ministry of Finance, whose function was to provide support to the Secretary of Finance as the Ministry's official auditor and in his role in regulating and controlling public spending. It also worked in close collaboration with the Auditor General, who was responsible

for auditing all of the ministries, departments, and agencies. In 2013, auditing offices were created in the Department of Public Works, the Department of Transportation, and the Ministry of Education. The standards for internal auditing were in line with those of the Institute of Internal Auditors. The auditing office had an annual program that covered 38 percent of the agencies or ministries, and every two years covered all central government institutions. The institution responsible for external auditing was the Office of the Auditor General, and there was two-way oversight between it and the Ministry of Finance because they audited each other. The standards for external auditing were in line with those of the International Organization of Supreme Audit Institutions (INTOSAI). Every year it conducted external audits of income-expenses and financial assets-liabilities in all of the ministries, which accounted for approximately 60 percent of total spending. Performance audits were also conducted on some funds administered by the Ministry of Housing and of Health and the police.

Program and Project Management

COMPONENTS	2009	2013
Program and project management	0,8	0,8
Ex ante evaluation and prioritization of investment projects	0,0	0,0
Medium-term sectoral vision	1,1	1,3
Sectoral management of goods and services	0,9	0,9
Sectoral information systems	1,0	1,0

Ex ante Evaluation and Prioritization of Investment Projects

The Bahamas had neither a public investment system nor an organization responsible for conducting ex ante evaluations of public investment projects. Therefore, each ministry was preparing a list of project options to be analyzed by the Ministry of Finance, which decided on budget allocations for those projects.

Sectoral Management

Education: The Ministry of Education, Science and Technology had an Education Plan for 2010–2020, which was formulated with the participation of representatives from the education community. There was no medium-term strategic plan. As for the management of services, the budget defined annual objectives, targets, and the offices responsible for achieving them. No performance contracts had been signed, and there were no incentives for achieving organizational results. No strategy for promoting the quality of services was developed, although a space was provided on the Ministry portal for the public to submit claims related to the services they received. No improvements had been made to the sectoral information systems, but the Ministry's planning office did compile data, which it used to put together statistical reports on education. The Ministry's report on management results was not being posted on the Internet.

Public Health: The Ministry had a National Health Services Strategic Plan 2010–2020, which defined objectives, strategies, actions, and some outcome indicators, but these were not tied to the objectives. The plan was prepared with the participation of representatives of civil society. There was no medium-term strategic plan. With regard to the management of services, the budget defined annual objectives, targets, and the offices responsible for achieving them. No performance contracts were being signed,

and there were no incentives to encourage the achievement of organizational results. There was no strategy to improve the quality of services; however, public hearings (town hall meetings) were sometimes organized to obtain feedback from the public on how to improve them. The two information systems that existed in 2009 were still functioning. These were the Integrated Public Healthcare Information Management System, which was for internal use and contained all of the clinical information on patients; and the National Health Information System, which gathered and processed sectoral statistics. The information in both systems was up to date and reliable. The Ministry's report on management results was not being published on the Internet.

Social Development: The Ministry of Social Services and Community Development did not have a sectoral plan. With regard to the management of services, not all of the Ministry's programs had targets. No performance contracts were being signed, and there were no incentives to encourage the achievement of organizational results. A strategy for promoting quality of services had not been formulated. There was no information system; each ministry division managed information related to its own activities. The Ministry's report on management results was not being published on the Internet.

Infrastructure: The Ministry of Public Works and Urban Development did not have a sectoral plan. As for the management of services, not all of the Ministry's programs had targets. Performance contracts were not being signed, and there were no incentives to encourage the achievement of organizational results. No strategy for promoting quality of services had been formulated. There was no information system, and the Ministry's report on management results was not being published on the Internet.

Monitoring and Evaluation Systems

COMPONENTS	2009	2013
Monitoring and evaluation systems	0,8	0,8
Monitoring of government management	0,5	0,5
Statistical information systems	2,9	2,9
Evaluation of government management	0,2	0,2

No progress was seen in the components comprising the monitoring and evaluation systems pillar. There was still no legal and institutional framework for performing these functions, although there was an office in the Cabinet Office that monitored some actions. Projects financed with external funds were monitored, however, in order to fulfill the requirements of the institution that provided them. There was no law requiring an evaluation of government management. At the time this study ended, the government was working on strengthening its capacity to monitor its priorities within the framework of an operation financed with an IDB loan and known as Performance Monitoring and Public Financial Management Reform.

The Department of Statistics, which was responsible for the system, was conducting annual labor force and household income surveys. This made it possible to produce basic information on the country's socioeconomic situation. Population censuses are conducted every ten years. Social statistics have a very low periodicity. The Household Spending Survey was published in 2013. Statistical information was not used as an input for planning. There was no law regulating the overall functioning of the statistical information system. The Central Bank had its own department that produced economic statistics. Improvement was expected in the aforementioned areas using an IDB loan that was to be approved in late November 2014.



BID

Banco Interamericano
de Desarrollo