

Report No. 41995-LAC

Organization of Eastern Caribbean States Policy Note on Project Fiduciary Management

November, 2007

Caribbean Country Management Unit
Operations Services Department
Latin America and Caribbean Region



Document of the World Bank

Abbreviations and Acronyms

ACCA	Association of Certified Chartered Accountants
AGD	Accountant General Department
CAROSAI	Caribbean Organization of Supreme Audit Institutions
CARTAC	Caribbean Regional Technical Assistance Center
CDB	Caribbean Development Bank
CFAA	Country Financial Accountability Assessment
CIDA	Canadian International Development Agency
CPA	Certified Public Accountant
CPAR	Country Procurement Assessment Report
CPPR	Country Portfolio Performance Report
DFID	UK Department for International Development
DOA	Director of Audit
ECCB	Eastern Caribbean Central Bank
ECEMP	Eastern Caribbean Economic Management Project
EU	European Union
INTOSAI	International Organization of Supreme Audit Institutions
OECS	Organization of the Eastern Caribbean States
PCU	Project Coordination Unit
PIU	Project Implementation Unit
PSIP	Public Sector Investment Program
PPS	Pharmaceutical Procurement Services Unit
UNDP	United Nations Development Program
WB	World Bank

World Bank	
Vice-President	Pamela Cox
Country Director	Caroline Anstey
Sector Director	Stefan Koeberle
Sector Managers	Roberto Tarallo and Enzo de Laurentiis
Task Manager	Ahmadou Moustapha Ndiaye

Table of Contents

ACKNOWLEDGEMENTS	IV
EXECUTIVE SUMMARY	V
I. BACKGROUND	1
OBJECTIVE	1
<i>Link with OECS Country Assistance Strategy</i>	<i>1</i>
OECS REGIONAL CONTEXT	2
<i>Human Resource Constraints</i>	<i>2</i>
<i>Institutional Context</i>	<i>2</i>
<i>Performance of WB Project Portfolio</i>	<i>3</i>
<i>Small States Approach</i>	<i>3</i>
<i>Public Financial Management Performance</i>	<i>3</i>
OVERVIEW OF CAPITAL INVESTMENT	4
II. SUMMARY OF FINDINGS	4
INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS	4
PROJECT MANAGEMENT	6
<i>Links with Development Strategy</i>	<i>6</i>
<i>Project Design</i>	<i>7</i>
PROCUREMENT	7
<i>Donor Procedures</i>	<i>7</i>
<i>Country Procedures</i>	<i>8</i>
<i>Regional Pooled Procurement</i>	<i>9</i>
FINANCIAL MANAGEMENT	9
<i>Disbursement and Flow of Funds Arrangements</i>	<i>9</i>
<i>Accounting and Reporting</i>	<i>10</i>
<i>Project Auditing</i>	<i>11</i>
REGIONAL APPROACH	11
III. POLICY RECOMMENDATIONS	12
GUIDING PRINCIPLES FOR REFORM	12
INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS	13
PROJECT MANAGEMENT	14
<i>Links with Development Strategy</i>	<i>14</i>
<i>Project Design</i>	<i>14</i>
PROCUREMENT	15
FINANCIAL MANAGEMENT	16
<i>Disbursement and Flow of Funds Arrangements</i>	<i>16</i>
<i>Accounting and Reporting</i>	<i>17</i>
<i>Project Auditing</i>	<i>17</i>
REGIONAL APPROACH	18
ANNEX 2: LIST OF PEOPLE MET	22
ANNEX 3: BIBLIOGRAPHY	26

ACKNOWLEDGEMENTS

The OECS Policy Note on Project Fiduciary Management team would like to thank the authorities of the OECS member states for their valuable support and readiness to make themselves available throughout the preparation of this report.

The preparation of the Policy Note benefited from consultations with donors in the OECS, including the Caribbean Development Bank, the Canadian International Development Agency (CIDA), the Department for International Development of the United Kingdom (DFID), and the European Union.

The team also wishes to acknowledge the valuable contributions of Messrs/Mesdames Caroline Anstey, (Country Director for the OECS), Enzo De Laurentiis (Regional Procurement Manager), Roberto Tarallo (Regional Financial Management Manager, (WB), Snezana Mitrovic (Lead Procurement Specialist) and Jamil Sopher (Consultant) for direction and quality assurance.

Peer review was provided by Messrs/Mesdames Olga Jonas (Economic Adviser), Victor Ordonez (Senior Financial Management Specialist), and Mary Mulusa (Senior Public Health Specialist)

The Policy Note was prepared by Messrs/Mesdames Evelyn Villatoro, Svetlana Klimenko, Patricia Macgowan, Ahmadou Moustapha Ndiaye (Team Leader), and Hagop Angaladian.

EXECUTIVE SUMMARY

Context of Policy Note

1. Due to their small size (total population about 570,000) and their tropical island geography, the six independent countries of the Organization of Eastern Caribbean States (OECS) face special development challenges, including limited institutional capacity, high per capita costs of basic social and infrastructure services, and vulnerability to natural disasters and other external shocks. These challenges affect the way the World Bank (WB) and other donors work with these countries. Very importantly, they make capacity issues much more significant than in larger countries, given the limited pool of government staff that can be relied on to implement multiple donor-funded projects.
2. This Policy Note makes specific recommendations aimed at increasing the efficiency of capital investment project implementation by (i) contributing to a more effective use of limited institutional and human resource capacity, (ii) lowering transaction costs, and (iii) optimizing the use of public funds, while (iv) maintaining a robust control framework.
3. Development in the OECS takes place mainly through the implementation of capital projects, most of which are financed by external donors, so it is critical that these projects be prepared and implemented efficiently to achieve their objectives and support sustainable development. The review of the six independent states in the OECS indicates that they are all engaged to some extent in the reform of their public financial management, including procurement. In spite of many similarities, the OECS countries are at varying stages in implementing these reforms and improving performance, making it difficult to generalize some findings. However, this note identifies common trends and disparities, and it is intended to be useful as a tool to help focus future reforms.

Issues of Project Implementation

4. While this note identifies specific issues related to financial management and procurement, it also acknowledges that these are only a subset of broader capital project implementation issues. The policy recommendations of this note will help address cross-cutting issues as well as specific matters related to financial management and procurement. Nonetheless, more will need to be done to address investment implementation more broadly.
5. This review focused on the implications of differing donor practices for financing capital projects in a generally weak institutional and implementation environment for capital projects¹. The environment of the OECS countries is characterized by limited human resources capacity in terms of staff numbers and skills, fragmentation of project implementation related to the different donors, and a lack of standard national frameworks for implementing and monitoring projects. Recognizing this, most countries are trying to rationalize arrangements for project implementation. Dominica has recently made a clear choice to mainstream implementation of an upcoming technical assistance project within the Ministry of Finance, but the other countries follow a split approach, (i) using consolidated project coordination units (PCUs) for fiduciary aspects (or technical and fiduciary aspects at the sector level), and (ii) mainstreaming other implementation activities through existing government structures. Although valuable and worth pursuing, these ongoing reforms do not

¹ Antigua & Barbuda has a more limited donor presence than the other countries, and is less affected by the issues discussed in this Policy Note.

yet provide the full economies of scale that are possible when a consolidated PCU is organized to manage a series of projects using a uniform project implementation framework.

6. One cross-cutting issue is the absence in some countries of a clearly defined development strategy. In addition, in most countries the weak linkage between the countries' investment decisions and their Public Sector Investment Programs (PSIPs) is also an issue. A marked deterioration in this linkage over the past ten or so years reflects the weakening of the planning capacity and suggests that there is a political as well as a systemic dimension to this issue. The current disconnect affects the quality of planning and preparation of programs/projects, and ultimately culminates in poor implementation. The quality of implementation is also affected by a lack of adequate project management skills and by project designs that often do not take account of capacity limitations.

Procurement Issues

7. Most donor-financed projects are subject to national procurement procedures in addition to the donors' required procedures. Outdated legal frameworks for procurement in each country, with thresholds that are too low because they have not been updated, and restrictive and non-transparent procurement methods, often contribute to project implementation delays. Deficiencies also include a lack of procurement planning, inappropriate criteria for evaluating bids and bidder qualifications, and limited capacity for contract administration. Payments to suppliers and contractors are often substantially delayed. Most of these issues point to limited procurement capacity.
8. Almost all countries are in the process of drafting new Procurement Acts, providing an opportunity to enact legislation that meets international standards as well as complying with commitments under trade agreements. Nonetheless, it appears that these new Acts as currently drafted may not fully achieve this objective. While some level of harmonization has been achieved between the procurement processes of the WB and the Caribbean Development Bank (CDB), the potential benefits will remain limited as long as harmonization does not involve the major donor to these countries, the European Union (EU).
9. The relatively successful experience of regional pooled procurement for drugs (OECS PPS) could provide a model to achieve economies of scale in other types of purchasing while making more efficient use of limited procurement capacity in small states. However, in this instance, the success of pooled procurement under the PPS is dependent on the level of performance of the Central Medical Stores in each country, strengthening the argument for complementarity between the entities at the national and regional levels. The strong performance of the PPS is not only a factor of economies of scale but also a result of the introduction of generic drugs. Furthermore, while pooled procurement is a logical approach, it may not be appropriate for all goods and commodities—and there may not be political commitment to replicate it in other project sectors, where favored local suppliers could suffer.

Financial Management Issues

10. Disbursement of funds by donors is generally done through separate bank accounts, which contributes to the proliferation of accounts and creates delays in the preparation of Governments' final budget accounts as well as gaps in the comprehensiveness of final accounts. The OECS countries often also face challenges in meeting their counterpart funding obligations because of their tight fiscal situations. Some donors are trying to alleviate this burden by requiring only in-kind contributions or back-loading the counterpart funding to avoid delaying implementation startup.
11. Project accounting and reporting in all OECS countries are mainly undertaken outside the government accounting system and require setting up dedicated reporting for individual

projects or implementing entities. Regional and country efforts to set up automated accounting systems that could accommodate project accounting have failed to prevent the use of parallel systems for projects. In addition to duplication of work in a context of scarce human resource capacity, the use of parallel systems also contributes to inadequate recording of donor-funded capital expenditures in government budget accounts.

12. The overall limited capacity in staff numbers and skills within the offices of the Directors of Audit (DOAs) prevent the DOAs from being involved in project audits, except in St. Lucia. Most audit offices do not have a single staff member with professional qualifications.
13. There have been many initiatives to address some of these issues through regional approaches, the best-known example being the pooled procurement of pharmaceutical drugs (OECS PPS). There have also been capacity-building activities for audit through the Caribbean Association of Supreme Audit Institutions (CAROSAI), and a broad move to draft new finance and procurement acts with funding from a donor agency. However, for a variety of reasons, it could be difficult to generalize this regional approach at an operational level for common financial management, procurement, and audit reforms.

Principles for Reform

14. Addressing the challenging issues identified will require breaking the vicious cycle whereby limited local capacity cannot implement needed reforms and is therefore bypassed in favor of outside help that fails to build local institutions. Reforms will need to be carefully planned, take account of specific OECS circumstances and follow the three key guiding principles of **simplification, harmonization, and improved efficiency of the public sector**. The key policy recommendations are summarized in the table on the following pages, and fully developed in Chapter III of the Policy Note. They follow a two-pronged approach: dealing first with donor policies and procedures, and then with adjustments needed at the country level to enable realization of the benefits of donor-based reforms.
15. Harmonization and simplification of donor policies and procedures should be pursued and expanded to include the whole donor community in the OECS. These efforts should reflect the context of the OECS countries so that tailored procedures allowing for greater flexibility in procurement processes can be agreed upon. Going one step further, donors could align their requirements with the countries' systems by: (i) providing support to develop standard reporting formats and strengthen the countries' accounting systems to generate these reports, (ii) agreeing on common audit terms of reference and using the DOA offices to audit projects, (iii) agreeing to pool resources following the model of sector-wide approaches or multi-donor trust funds, (iv) providing technical assistance to develop regional standard bidding documents. Given that these countries have automated accounting and financial management systems that are not being used to their full potential for projects, some minor effort could adapt these systems to provide the timely information that governments and the donors need. Thus, the possibility of harmonizing donor reporting requirements around existing systems is within reach. Finally, the use of more flexible approaches to counterpart funding requirements (such as in-kind, variable percentage up to 100 percent, back-loading) would also contribute to faster project implementation.
16. All these measures also require some efforts at the level of the countries. The currently favored approach of bringing together the proliferated PIUs into one consolidated PCU focusing on donors' procedural requirements has, for the most part, been an effective means of addressing these governments' capacity issues. This approach can still be effective for the short or medium term. However, for the longer term, it might be more beneficial to focus the effort on consolidation of all project management functions within the parent ministries' mainstream operations, once those ministries show the institutional capabilities to absorb the

additional responsibilities. The sector ministries would then handle both technical and fiduciary functions, rather than assigning fiduciary functions to a consolidated PIU and leaving technical functions in the ministries. Rationalization of implementation arrangements should be accompanied by the articulation of detailed arrangements, including clear definition of roles and responsibilities, standard processes, procedures, workflow, and coordination mechanisms that would apply to ongoing as well as new projects. Equally important is the need to define clear incentive schemes for staff working on projects. This will entail integrating project staff in the public sector salary structure and formal annual appraisals, providing for promotion opportunities.

17. The countries and the donors should also work together on better aligning the programming cycle of donor assistance with the countries' own schedule for preparing a development strategy. Better alignment would ensure better coordination of development assistance with the countries' priorities, and better complementarities among donors, and reduce the efforts needed to conduct parallel planning exercises. These efforts should be accompanied by closer linkages between the countries' development strategy and their PSIPs, based on in-depth sector analysis that covers (i) institutional arrangements tailored to the availability of resources, and (ii) documented, established and enforced procedures for project approval and program management, including approval to commit and borrow funds. Furthermore, frontloading project design aspects would contribute to faster implementation and help circumvent the implementation capacity constraints. Definition of mechanisms to supervise the PSIP at a high level, such as setting up a Cabinet-level committee to monitor closely investment selection, preparation and implementation in line with the national development strategy, would be a key success factor. This policy could entail implementation difficulties, since several of the countries may need to address political dimensions to this issue.

Implementing the reform

18. The following list presents the actions and their components, which are detailed in the relevant sections of the report. A summary of these recommendations is also presented in the matrix given in Annex 1, including the prioritized actions, the implementation timeframe, as well as expected outcome and possible sources of funding. While some actions require collaboration at the regional level, most will be implemented at the country level. Following the issuance of this note, the implementation of the recommendations should be supported by all donors through in-country and regional consultations to define the steps to be taken at each level. Considering each country's needs, as detailed in the country reports, this process will yield a detailed and time bound action plan in which the roles and responsibilities are clearly defined. The main recommendations of this note include:

Standard national frameworks, defining operational model(s) and procedures for preparation, implementation and monitoring of capital projects should be adopted and embedded in the existing government regulations.

For the short to medium term, incorporating the proliferated PIUs into one consolidated PCU should be continued in countries where the process has already started (para. 49).

- Integration of operational and fiduciary functions in the consolidated PCUs should be considered.
- Detailed arrangements, including definitions of roles and responsibilities, processes, procedures, workflow, and coordination mechanisms should be developed.

For the long term and in countries where one consolidated PCU has not been established yet, it might be more beneficial to consolidate all project management functions within the parent ministries' mainstream operations, once those ministries show the institutional capabilities to absorb the additional responsibilities (para. 49).

- Financial management functions would need to be transferred to the ministry accounting units;
- Detailed arrangements, including definitions of roles and responsibilities, standard processes, procedures, workflow, and coordination mechanisms would need to be developed and applied to ongoing as well as new projects;
- Clear incentive schemes would need to be defined for staff working in the civil service structure to work on project implementation;
- Procurement and financial management candidates within ministries would need to be identified and trained;
- Project management capacity would need to be developed on a large scale.

The international development partners should adjust their work programs and procedures to support these countries' efforts to link investment decisions to well-articulated development strategies (para. 50).

- Align the donors' programming cycle for their assistance with the countries' own schedules for preparing their development strategies;
- Ensure proper linkages between the countries' selection of investments, their development strategies and their PSIPs;
- Each country should establish a Cabinet-level committee to monitor whether the selection, preparation and implementation of capital projects are in line with that country's national development strategy. This committee should be equipped with clear procedures to ensure that they function effectively.

Project designs need to be tailored to take account of the staffing and financial constraints and the geographical challenges that these island nations face (para. 51).

- Ensure that designs are complete and that the projects are ready for implementation by frontloading functions such as site selection, architectural/engineering design, and preparation of bidding documents and terms of reference for consultancies into the project preparation phase;
- Ensure that project costs, procurement planning, and counterpart funding requirements adequately reflect these countries' dependence on imports and their limited transportation infrastructure;
- For turn-key contracts, combine preliminary design contract with bid document preparation and ensure that a single party is clearly responsible for each given task;
- Develop prototype regional building designs for schools, which incorporate seismic/hurricane requirements;
- Prepare annual operational plans to serve as the basis for a procurement plan.

Harmonization of procurement policy and procedures should be pursued and expanded to include all donors active in the OECS countries (para. 52).

- Assist with the review of draft Procurement Acts to ensure that they reflect and comply with international standards;

- Update unit prices to enable better use of shopping procedures when warranted.
- Identify contracts for which limited competition is expected and define appropriate procurement methods in the financing agreements and procurement plans;
- Use the new Procurement Acts to address deficiencies in the existing laws. To the degree possible, the new acts should also provide an opportunity to harmonize the country procurement processes among all the OECS countries;
- Have the Central Tender Boards disseminate to procuring entities, their requirements and criteria for contract review and approval.
- Raise the low national thresholds for procurement reviews to lower the number of contract awards requiring high-level review.
- Procurement training should be provided to government staff as well as local contractors and service providers.

Reduce the additional burden caused by the proliferation of bank accounts and counterpart funding requirements (para. 56).

- Pool donor funding in support of common sector or country level programs;
- Align donors' expenditure classification requirements with the countries' own classification systems.
- Tailor counterpart funding requirements to take account of current country fiscal constraints;
- Use country accounting and information systems for reporting to all the donors about project expenditures. The information provided should be based on a chart to be agreed among the governments and the donors;

Use the countries' own accounting and reporting systems to derive the reports provided to donors (para. 58).

- Design a standard project reporting format, in consultation with the development partners, and implement non-substantive adaptations of the countries' own automated accounting and information systems to support this format;
- Develop a Government Accounting Manual covering capital projects and defining clear procedures for recording and reporting project revenues and expenditures

The DOAs should aim to be responsible for the audit of all donor-funded projects; and they can achieve this objective gradually on a country-by-country basis (para. 59).

- DOA should be tasked either to conduct the audit of donor-funded projects directly or to hire private sector auditors who will work under their supervision;
- Donors should agree on terms of reference for project audits and on the acceptability of DOA in each country to perform project audits;
- When using private auditors, the DOAs should be responsible for clearing the terms of reference for project audits and for the selection of the private auditors. The DOAs should receive copies of the audit reports, review them, follow up on their findings, and incorporate the results in their reports to Parliament on the use of project resources;
- The OECS countries should work together to develop a regional approach for upgrading the skills of existing audit staff;

To the extent that it is politically feasible, the OECS countries should consider regional approaches for implementing their financial management and procurement functions (para. 60).

- In the short term, the countries should pool their resources for training and building the capacity of a critical mass of staff skilled in financial management and procurement;
- In the medium term, the countries should follow the experience of other regional organizations to promote harmonization of policies and procedures in the area of public financial management and procurement.

I. BACKGROUND

OBJECTIVE

1. The objective of this Policy Note is to increase the efficiency of capital investment project implementation in the OECS countries by (i) contributing to a more efficient use of limited institutional and human resource capacity, (ii) lowering transaction costs, and (iii) optimizing the use of public funds, while (iv) maintaining a robust control framework. The OECS economies are highly dependent on donor assistance for funding investment projects. Donor requirements that countries follow their different processes for investment project implementation place an undue burden on limited country capacity.
1. This note identifies opportunities for sequential mainstreaming of fiduciary functions (financial management and procurement) and for a gradual approach to using mechanisms and processes already in place for project management, indicating the necessary policy decisions for the donors and the six governments. In particular, it identifies opportunities for simplifying and harmonizing World Bank (WB) and other donors' fiduciary policies and procedures to take account of the OECS countries' capacity limitations.
2. The specific areas of policy that were considered include:
 - Adapting the countries' and the WB and other donors' project design and project management processes to simplify and streamline them and make them more user-friendly,
 - Supporting reasonable capacity-building efforts in key areas of financial management and procurement.
3. The consolidated report presents the overarching issues and recommendations for all six OECS countries covered in the study. The country reports provide more specific information. Both the consolidated and the country reports follow the same approach covering:
 - Key issues related to financial management and procurement that affect design and implementation of capital projects,
 - Overarching principles for solutions in the context of the OECS,
 - Recommendations for the WB and other donors, and adjustments needed at the country level to enable the benefits of donor reform to be realized.

Link with OECS Country Assistance Strategy

4. The WB 2006-2009 CAS for the OECS proposes a new way of doing business to help these small states meet the challenges facing them at this critical stage of their development. Its guiding principles are: (a) supporting regional integration and coordination efforts; (b) partnering and harmonizing in both lending and analytical work with other development partners; and (c) active pursuit of simplification and capacity-building initiatives tailored to small states.
5. This Policy Note supports all three guiding principles:
 - It aims at developing adequate solutions to address issues identified at both the regional and national levels.
 - It involved other donors active in the region, who were closely associated with the work.

- It recognizes capacity constraints as a key impediment to progress and proposes solutions that aim to simplify donor and country processes, and thereby enhance the productivity of the limited number of appropriately qualified government officials.

OECS REGIONAL CONTEXT

6. The OECS comprises six independent member states: Antigua & Barbuda, the Commonwealth of Dominica, Grenada, the Federation of St. Christopher (Kitts) & Nevis, St. Lucia, and St. Vincent & the Grenadines (all members of the WB Group), and three British dependencies: Montserrat, Anguilla and the British Virgin Islands. In this note, “OECS” generally refers to the six independent countries.

Human Resource Constraints

7. A main defining characteristic of the OECS countries is their small populations, which range from 47,000 in St. Kitts and Nevis to 161,000 in St. Lucia. With a total population of about 570,000, the six independent countries of the OECS face special development challenges due to their small size and tropical island geography, including limited institutional capacity, high per capita costs of basic social and infrastructure services, and vulnerability to natural disasters and other external shocks.

Table 1 – Populations of the six independent OECS countries.

Country	Population (in thousands)
Antigua & Barbuda	70
Dominica	70
Grenada	106
St. Kitts & Nevis	47
St. Lucia	161
St. Vincent & The Grenadines	120
Total	570

8. Their smallness affects the way the WB and other donors work with these countries, and it makes capacity issues much more important than in larger countries. Each country’s public sector must rely on very few professionals with appropriate skills and training to manage their government and implement capital projects. Donors and the international development community therefore need to complement policy work and country-based capacity-building efforts with improved aid coordination, increased aid effectiveness, more efficient aid delivery, and streamlined procedures, all aimed at optimizing the productivity of the existing cadre of government officials.

Institutional Context

9. In spite of their small size, all six countries have a relatively permanent public service that provides continuity, institutional memory and stability at the administrative level. Still, the OECS countries are faced with challenges related to their organizational structures, and a need to enhance efficiency and cost-effectiveness of public service delivery. Since the number of persons qualified to run the business of the State is limited, decision making is perforce concentrated in the hands of a few high-ranking officials who perform multiple duties. Some aspects of capacity constraints and diseconomies of scale can be addressed through regional integration and cooperation. However, three important hurdles remain: (i) the countries’ perceived need to protect their sovereignty, (ii) the lack of popular appreciation

for the benefits of integration, and (iii) the wide gap between political support for worthy principles and concrete backing for reform. The administrative burden posed by the lack of coordination and duplication of donor procedures, and the resulting duplication of effort, further lower the productivity of government officials and slow project implementation, hampering development effectiveness.

Performance of WB Project Portfolio

10. The WB's OECS active project portfolio consists of 16 projects covering disaster risk management, emergency recovery, education, HIV/AIDS, Telecommunications, water sector reform, and the environment (Global Environment Fund) as well as recently launched projects supporting public sector reform. Portfolio implementation is affected by many systemic and project-specific issues, including limited institutional capacity, as evidenced by poor implementation of financial management and procurement procedures. The larger countries are performing comparatively better than the smaller ones, where capacity constraints are possibly more severe. Country Portfolio Performance Reviews (CPPR) undertaken in November 2003 and in mid-2007 highlighted ongoing problems in the fiduciary areas of procurement and financial management and in implementation capacity.
11. One recurrent issue is that current WB procedures, tailored for larger countries, are cumbersome for small states, underscoring the need for simplified procedures. While some efforts, such as consolidating Project Implementation Units (PIUs), are being implemented, financial management and procurement in WB-financed projects are affected by the same capacity constraints that affect other aspects of public sector management: a limited number of qualified staff, high turnover among project FM and procurement staff, slow disbursement, and complex project design.

Small States Approach

12. This note supports the WB's general approach for small states, presented in a 2005 WB review of the Small States Agenda.² The WB approach has three important priorities:
 - improving aid coordination, simplification, and harmonization in order to reduce the burden of donor procedures on the inherently limited capacity of small states;
 - helping small states build resilience and improve competitiveness, so as to transform their economies and overcome the disadvantages of isolation from world markets;
 - strengthening engagement with regional organizations by focusing on results and implementation.

Given its focus, scope and methodology, the analysis underlying this Policy Note contributes more specifically to the first and third of these priorities, as detailed in the scope section below.

Public Financial Management Performance

13. Public financial management performance, including procurement, in the OECS has been the subject of a number of WB reports. The Country Financial Accountability Assessment (CFAA) and the Country Procurement Assessment Report (CPAR) reviewed key aspects of public expenditure systems and processes and several areas of government procurement

² "Toward An Outward-oriented Development Strategy for Small States: Issues, Opportunities, and Resilience Building – A review of the Small States Agenda Proposed in the Commonwealth/World Bank Joint Task Force Report of April 2002," Lino Briguglio, Bishnodat Persaud, and Richard Stern, August 8, 2005.

practices in the six OECS countries.³ The major strengths and weaknesses identified in these earlier reports, along with an assessment of recent initiatives to address these issues, have informed the policy decisions proposed in this note. Considering the findings of the OECS Institutional and Organizational Capacity Review, these policy recommendations take account of the shortage of available, qualified specialists in financial management and procurement. They also identify the gaps and prioritize remedial actions needed to meet project implementation requirements through the use of existing mechanisms and processes.

14. One relatively promising recent initiative is pooled procurement for selected goods and services, which addresses problems of diseconomies of scale. Pooled procurement in pharmaceuticals and medical supplies through the OECS Pharmaceutical Procurement Services Unit (PPS) has increased buyer leverage due to bulk purchasing and has provided fairly efficient and reliable supplies. This note reviews the lessons learned from this experience, the conditions for its sustainability and its replicability in other sectors. It has also taken into account reforms supported by the work led by Canadian International Development Agency (CIDA) under the Eastern Caribbean Economic Management Program (ECEMP) to introduce automated accounting systems for public expenditure management.

OVERVIEW OF CAPITAL INVESTMENT

15. Capital budgets in the OECS countries are essentially financed from external sources—71 percent in St. Lucia, 74 percent in Grenada, 96 percent in Dominica and 98 percent in St. Vincent & the Grenadines. Antigua & Barbuda is the exception, with a low donor presence. Since the international development partners, especially the multilateral institutions, have their own project implementation requirements, the institutional arrangements are heavily influenced by which donor provides the investment capital. The multiplicity of donors leads to multiple institutional arrangements, most of which include the establishment of a project implementation unit (PIU). The organizational arrangement of choice of each donor for project implementation has been to require a separate PIU that follows its own set of procedures. Some projects follow a regional approach. For example, the Global Fund for AIDS, Tuberculosis and Malaria uses a Regional Recipient (the OECS Secretariat) and Local Fund Manager. As capital budgets are dominated by external resources, the OECS countries have not traditionally promoted their own institutional arrangements for project implementation. However now, some countries are trying to rationalize arrangements by consolidating these PIUs or mainstreaming their functions into the line ministries, using consultants or civil servants.

II. SUMMARY OF FINDINGS

INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

16. The OECS countries' current efforts to rationalize institutional arrangements for capital projects by consolidating implementing entities or further mainstreaming implementation within existing structures in line ministries are consistent with the recommendations of the Country Program Quality Enhancement Review conducted by the WB in 2004.⁴ Given the context of the OECS (small size, scarce capacity), the benefits of consolidating PIUs are real in current circumstances. The dilemma comes in making the tradeoff between efficient

³ OECS Country Financial Accountability Assessment (CFAA), World Bank, April 2003; OECS Country Procurement Assessment Report (CPAR), World Bank, February 2001.

⁴ OECS Countries, Country Program Quality Enhancement Review, World Bank, December 16, 2004.

implementation of projects and longer term sustainable capacity building in the public sector. The focus therefore should be on how the recommendation to consolidate PIUs is implemented. There are two main outstanding issues that will affect the success of these initiatives:

- First, the consolidation of project implementing entities has not been accompanied by the necessary articulation of detailed institutional and implementation arrangements, including clear definition of roles and responsibilities, standard processes, procedures and workflow, and coordination mechanisms. Without attention to these details, the intended objectives of reducing transaction costs, introducing economies of scale and rapid implementation of capital projects may not be fully achieved.
 - Second, the approach to consolidating PIUs still generally tends to be tailored to donors' requirements, leading to major differences in the management of externally and locally funded projects, each with its own set of applicable policies and procedures. This duality stems from the absence of an overall national framework for capital project implementation. Within the same countries where PIUs are being consolidated, there continue to be multiple implementation arrangements for different projects. In Grenada, the consolidated PCU exists alongside the Agency for Reconstruction and Development. Similarly, in St. Lucia, the consolidated PCU coexists with the Education Project Implementation Unit and the Ministry of Works' Special Project Unit. In St. Vincent & the Grenadines, the consolidated PCU coexists with the Education Project Management Unit. The two parallel approaches to consolidation (consolidation of fiduciary functions within a single entity, usually the Ministry of Finance, or consolidation of technical as well as fiduciary aspects at the sector level) may lead to potential overlaps and inefficiencies and lower the productivity of government officials.
17. Some donors have provided their assistance in the form of "turn-key" projects, where design, materials, labor and construction services are all provided by the donor and the government's involvement only begins after project completion. Examples of such projects include: the cricket stadiums supported by the Chinese government as well as airports and housing provided by the Venezuelan Government. These small governments need to weigh the benefit of receiving a "turn-key" project that involves no work on their part, but where there is also no transfer of knowledge, capacity building or the development of procurement discipline. Considering the limited capacity for design, construction and administration in these countries, the "turn-key" projects may provide an acceptable solution in cases where the project must be implemented on an emergency basis or the project is providing a unique investment. However, for projects that provide facilities and services that are to be replicated, the governments will derive considerable benefit from early and in-depth involvement in implementation. Furthermore, when selecting the investments to be received on a "turn-key" basis, they should consider whether the project is a component of their own development strategy.
18. One major source of delays in the implementation of many WB financed projects is that the Ministry of Public Works (MPW) has oversight responsibility for all civil works in a country, regardless of which ministry has responsibility for the development project. The reliance on MPW to provide designs and specifications, even for construction projects where it has no dedicated expertise, leads to a protracted design phase as well as extra cost. These delays are compounded by the lack of qualified contractors familiar with donor bidding requirements. These factors have tended to negate the potential benefits of WB flexibility in increasing thresholds for contract review and approval. This highlights a need for the MPWs to extend their capacity by relying more on private sector designers and constructors, especially in areas where specialized expertise is needed. There is currently some movement in this

direction. The PCU in St. Lucia has recently contracted out design services, and Grenada's CPCU is launching training for contractors to respond appropriately to invitations to tender.

PROJECT MANAGEMENT

19. While the focus of the Policy Note is on public sector fiduciary management, the root causes of the fiduciary issues identified in capital projects go beyond the limited scope of financial management and procurement. The weaknesses in the fiduciary area are symptomatic of much broader project management issues relating to formulation of the countries' development strategy, the quality of project planning to implement the strategy, the design of project components, and the quality of project implementation.

Links with Development Strategy

20. All countries in the OECS have or are in the process of formulating or revising their national development strategies. However, given the share of external funding for capital investment, the impact of these efforts may be limited by the fact that donors do not necessarily align the programming cycle of their assistance with that of the countries' development strategy. This inhibits donor coordination around the country development agenda. What these countries need is for the donors to be in step with the countries' own planning efforts.
21. At a more operational level, many factors continue to interfere with proper linkage between the selection of investments and the Public Sector Investment Programs (PSIPs). Chief among these is the limited availability of project management skills. The findings of the Caribbean Regional Technical Assistance Center (CARTAC) in its review of the PSIP in Antigua & Barbuda may be taken as indicative of the other OECS countries as well. They include (i) a lack of documented, established and enforced processes for project approval and investment program management, including approval to commit and borrow funds, (ii) a lack of an adequate definition of investment activities, which would guide effective monitoring, and (iii) a lack of systematic and regular monitoring of projects underway. In general, weak planning capacity in line ministries precludes the formulation of well-articulated sector analyses and strategies, which should form the backbone of a consolidated national development strategy and of proper prioritization of projects in the PSIP. As a result, in most countries, the PSIP does not function effectively. This represents a marked deterioration over the past ten years, and suggests that there may be a political as well as a systemic dimension to this issue. In any case, implementation of projects that result from poor planning, in an environment of limited project management skills, is not likely to be done effectively.
22. In order to address these weaknesses, some countries are strengthening coordination functions for the preparation, implementation, and monitoring of capital projects by creating new entities with specific responsibilities:
- (i) the Ministry of Sustainable Development in St. Kitts & Nevis, in charge of developing and coordinating the Medium Term Development Strategy;
 - (ii) the Cabinet Committee on Economy in St. Vincent & The Grenadines that monitors implementation of capital projects to ensure that projects remain on track;
 - (iii) the Ministry of Economic Development and Planning in Grenada, in charge of developing and coordinating the PSIP;
 - (iv) the Economic Policy and Planning Unit in Antigua & Barbuda that has developed new procedures and formats for reporting on capital project implementation; and

- (v) a Projects Supervisory Committee chaired by the Prime Minister in Dominica to ensure that all projects and programs are being planned and implemented in keeping with the Government's contractual obligations.

Project Design

23. Project designs that fail to take account of weaknesses in overall planning and in project management skills in both the public and private sectors also adversely affect the implementation of capital projects. In some cases, the apparent lack of full involvement of key operational government counterparts in project preparation tends to undermine ownership by the entities entrusted with the implementation. Without a spokesman protecting the country's interests at the formulation stage, project designs are often not tailored to the small country settings, where limited implementation capacity cannot easily accommodate complexity. Especially in the case of sectors less familiar with donor-funded projects or when innovative approaches are followed, delays inevitably occur if operational arrangements for the most part are only generally set out during project preparation, or when they are not completely understood by borrowers and left to be spelled out during implementation. Overall performance is generally better for infrastructure projects, where donors have greater experience and where institutional arrangements are less complex than for social sector projects.
24. With regard to infrastructure design, most OECS countries rely on the Ministry of Public Works rather than contracting out the preparation of working drawings for bids, permits and construction. This reliance is often based on an overly optimistic assessment of MPWs' capacity to complete these tasks, and delays resulting from the overloading of MPWs may well increase the cost of capital projects. Even if the design phase were to be contracted out, there are very few private sector firms with the capacity to meet this need, especially after the hurricane season when demand for design and contracting services increases sharply. Careful planning of the design phase is very important for infrastructure programs, especially when capital projects are implemented by social sector line ministries. The failure to prepare detailed and realistic cost estimates during project preparation also limits the implementation unit's ability to schedule project activities properly, and limits the government's capacity to provide for these activities in the annual budget.

PROCUREMENT

Donor Procedures

25. The lack of harmonization of donors' procurement procedures and the lack of alignment between donor and country procedures is one of the key issues affecting the implementation of capital projects. The need to respect different sets of procurement procedures puts an additional burden on the already limited human resource capacity of these countries. Since donor-funded projects dominate investment programs, almost all public sector procurement must respect donor procedures. But countries must also follow their own regulations, so donor-financed projects are subject to both national and donor procedures, and staff must learn both national and donor rules. Some donors have not disseminated their procedures, or they alter their requirements depending on the financing instrument. This lack of information gives rise to delays in implementation and slow disbursements of donor finance.
26. WB procurement policy has achieved a considerable degree of harmonization with that of the Caribbean Development Bank (CDB). However, the potential benefits of harmonization are limited, until (i) the process is broadened to include all multilateral and bilateral funding

agencies, in particular, the largest donor, the European Union (EU), which is not currently involved, and (ii) donor practices in defining contract packaging and their procurement methods are revised to take into account the limited number of local suppliers and the difficulties they have in complying with donor bidding document requirements.

27. Donors usually finance Technical Assistance with tied funds, which are used to hire consultants from their own countries. Compounding this bias is the fact that procurement of consultancy services is usually done by donor agencies; local officials have little or no involvement in either setting the parameters for these consultancies or in selecting the consultants. Thus, the government doesn't build the capacity to draft terms of reference, request and evaluate proposals, or to determine when the job is completed so that they can accept the final products. According to CARTAC, these consultancies tend to be awarded on a "first come-first-served" basis and not on how they complement the governments' development strategies.

Country Procedures

28. Most country-level issues are related to limited procurement capacity: lack of procurement planning, inappropriate qualification and evaluation criteria, limited capacity for contract administration, late payments to suppliers and contractors. The existing legal frameworks for procurement in most of the OECS countries are also outdated. They contain no provision for consulting services and reflect thresholds for contract review that were set as much as 25 years ago in some cases. Increasing thresholds to levels consistent with current market prices, and providing a checklist of Central Tender Board (CTB) requirements for contract review, could significantly reduce the number of proposed contract awards needing high-level approval, and also reduce the time needed to prepare contract awards for presentation to the CTB. The reluctance to increase thresholds is usually justified by the limited procurement capacity in line ministries and the level of risk, requiring stricter control and oversight from the center. Some countries have never established a CTB, and staff in the Prime Minister's office or the Ministry of Finance act as the regulatory entity. These limitations do not offer a favorable context for donors to align their procedures with the countries'.
29. Five of the six independent OECS countries (Grenada, St. Vincent and the Grenadines, St. Lucia, Antigua and St. Kitts and Nevis) are in the process of drafting new Procurement Acts with support from CIDA's ECEMP III. Dominica has also prepared a draft Act using its own Government resources. A preliminary review of draft texts carried out for this note found that the new Acts have not taken full advantage of the opportunity to remedy limitations affecting the implementation of projects and other issues identified in this note and other reviews. For example, the drafts still embed procurement thresholds in the Acts themselves, rather than providing flexibility for adjustment as circumstances and market conditions change. Most of the drafts have not been reviewed by the responsible authorities of the different countries, nor discussed among donors or the private sector.
30. Aside from the expertise that has been developed at a number of Central Medical Stores or their equivalent in some OECS countries, there are very few people with adequate capacity to conduct the procurement function. Given that the OECS countries have relied on procurement agents since well before independence, very few public sector officials have received procurement training. There is an urgent need to build human capacity in procurement.
31. One of the major challenges for implementing agencies is coordination with the technical departments of line ministries. This challenge is further exacerbated when implementing agencies must liaise with non-governmental and civil society organizations. If Project Coordination Unit (PCU) or implementing agency procurement staff are not proactive and

there are no detailed, costed annual operational plans for the line ministries or other agencies to follow in developing a realistic procurement plan to serve as the basis for streamlined procurement, implementation is bound to stall.

Regional Pooled Procurement

32. The regionalization of procurement activities through the OECS Pharmaceutical Procurement Services Unit (PPS) has proven a sound and effective initiative. In addition to cost savings, it provides a wide range of related services, such as training and technical assistance, a common drug formulary manual, drug utilization studies, quality assurance, medical education seminars, and a tailor-made database program that alerts users to expired items and blocks expensive emergency orders. OECS PPS has been successful in handling an estimated 80 percent of pharmaceutical purchases. However, its sustainability is threatened by late country payments for subscriptions and pharmaceutical purchases, which undermine its financial viability and creditworthiness with suppliers. To date, OECS PPS has been able to sustain its operations and pre-finance some countries' participation, by retaining part of its surplus and earning income on its investments.
33. In an effort to replicate the PPS experience in other sectors, the OECS is working on pooled procurement for the public education sector. However, the PPS experience has shown that the success of this type of initiative depends on the nature of the goods and requires viable institutions at the country level, strong commitment from Governments, the provision of related services, and innovative funding solutions to keep costs down and keep operations going when payments from countries are delayed. In the case of PPS, Central Medical Stores have been quite efficient in some countries. Nonetheless, in others, their functions were transferred to other institutions due to their lack of capacity and a perception of fraud.

FINANCIAL MANAGEMENT

Disbursement and Flow of Funds Arrangements

34. Each country has one or two main bank accounts that are used for regular government operations, and a number of other special purpose accounts such as investment and trust funds. All local expenditures, both recurrent and capital, tend to be financed through these regular operations accounts. Some countries have dedicated accounts for locally financed projects (as in Grenada) or bank accounts for the line ministries (as in St. Kitts & Nevis), but the use of separate bank accounts for locally financed projects remains an exception. However, the donors require separate bank accounts for their funds, and this requirement has contributed to the proliferation of accounts, created additional work, delayed the preparation of the Government's financial reports, and undermined the comprehensiveness of these reports. Using separate bank accounts and following different donor-required procedures is particularly taxing given the limited human resource capacity in the OECS. There are also reports of excessive fees associated with these accounts for foreign currency transactions.
35. Counterpart funding requirements also constitute a challenge for the OECS countries, given their tight fiscal situation. Governments are required to deposit counterpart funds in advance as conditions of project effectiveness. Difficulties in meeting these requirements often delay project implementation. Even when Governments are able to mobilize these funds, leaving them on deposit in an account in a cash-constrained environment does not constitute good cash management. Donors have tried different approaches to the counterpart funding issue. The EU requires counterpart funding to be provided in-kind in the form of land, site preparation, and demarcation through force account. CDB allowed Grenada in some cases to backload counterpart funds. The WB introduced Country Financing Parameters (CFP) that

allow the WB to finance up to 100 percent of project costs, local costs, taxes and duties. These approaches offer a large degree of flexibility but need to be applied consistently. In this regard, donors have much to learn from each other, by pooling their experience and adopting the approaches that have worked.

Accounting and Reporting

36. Since donor reporting requirements cannot be met by current government accounting systems, project accounting and reporting in all OECS countries is mainly done outside the government accounting systems, requiring the establishment of a dedicated system for individual projects or implementing entities. All OECS countries have an automated government accounting system, generally installed in all line ministries and government agencies.⁵ Over the past few years, countries have considerably improved their accounting systems, which now offer features that would normally allow detailed monitoring and reporting on capital project revenue and expenditures. Unfortunately, there has been no concerted effort to date, from donors or countries, to analyze how to use these systems to meet project reporting requirements.
37. The persistence of parallel accounting systems for internally and externally funded projects indicates that the countries are not fully benefiting from the breadth of functionalities of the automated government accounting systems they have in place. These systems would in fact allow recording and reporting on capital projects at the program, sub-program and activity levels. However, in most cases, only the program level of reporting is utilized, and this does not generate financial information at the level of detail needed for the type of monitoring required by the donors. The parallel accounting systems that are maintained for monitoring purposes result in duplication of effort and inefficiencies in the use of limited financial and human resources.
38. Incorporating project-related donor revenues and expenditures in the government accounts therefore requires parallel procedures and duplication of work. Since project implementing entities generally do not have direct access to government accounting systems, in some countries, individual transactions are recorded by the Accountant General's Department (AGD) on the basis of the vouchers prepared by project staff. In other countries, project expenditures and revenues are recorded by the AGD on the basis of periodic summary reports prepared by project staff. There is a third group of countries where externally funded projects are not reflected in the government accounts at all, because donor funds do not flow through the consolidated fund. These different practices produce different results but the overall outcome is the same: besides the duplication of efforts, donor-funded projects are not adequately reflected in government accounts.
39. St. Vincent & the Grenadines is the only OECS country with a Government-mandated reporting format for projects; other countries mostly follow the donors' various reporting requirements, a practice that generally leads to significant discrepancies between capital budget estimates and expenditures. St. Vincent & the Grenadines has developed a Project Monitoring Data Capture Form applicable to all projects, but there are still overlaps with

⁵ Antigua & Barbuda is one of the two OECS countries, (another one is St. Kitts and Nevis), which did not take part in the EU's ECEMP which supported installation of the Smartstream automated accounting system. Instead, it has now partially installed another accounting package, Free Balance. Currently, the Government Complex, inclusive of the MOFE, Treasury, Ministry of Education, Legal and Tourism, has been connected to the system. The current plan is to have network infrastructure in place to have the ministries external to the complex connected by the end of 2007.

donors' requirements and project units often do not comply with the requirement to prepare the form.

40. The technical inputs and capacity building efforts needed to enable these governments to generate reports for their lenders from their own accounting and information systems are relatively modest. Thus, ending the duplication of effort described in this section is an objective that is readily achievable; moreover, the system adjustments that would enable automation of reporting by these countries would also enable the donors to harmonize their reporting requirements.

Project Auditing

41. Directors of Audit (DOAs) have a constitutional mandate to audit all projects, whether donor-financed or local. However, in practice donor-funded projects are generally audited by private sector auditors because of the overall weak capacity of the countries' DOA offices, both in terms of numbers and professional qualifications of staff. Various reviews confirmed by the findings of this note have pointed out that there are very few professionally qualified accountants in DOA offices. Only St. Lucia has more than one professionally qualified staff member; the rest have none. The salary scale is not adequate to attract or retain qualified staff. Most DOAs are therefore unable to undertake project audits that meet donor requirements, which are based on standard practice. Auditing procedures are relatively standard worldwide, and do require professional qualification such as CPA or ACCA. Even if staff were qualified, it would be difficult for the DOAs to expand their coverage to donor-funded projects because of their limited staff numbers. It is therefore important to continue building DOA capacity so that they can eventually take responsibility for auditing all projects, as per their constitutional mandate.
42. Also, the DOA could be involved in the audit of projects even if they do not conduct the audit directly. For example, they could 'shadow' the audit work conducted by the private sector audit firm and/or provide general oversight on the Governments' part; they could systematically receive project audit reports prepared by private sector auditors; they could carry out regular follow-up on the findings; and they could incorporate the results in their own reports to Parliament on government spending. This kind of involvement is currently very limited or nonexistent in the OECS countries.
43. Some measures have been implemented to strengthen audit capacity among the OECS countries. The DOA offices have benefited from training provided by the Caribbean Organization of Supreme Audit Institutions (CAROSAI). Through the Eastern Caribbean Economic Management Project financed by CIDA, audit legislation is also being updated and audit manuals are being developed. Still, these efforts fail to address the fundamental issues of the scarcity of appropriately qualified staff. The shortage of local training opportunities and the high cost of overseas training prevent the OECS countries from building and especially retaining a critical mass of qualified accountants through the development of existing personnel. Unless this issue is addressed, the impact of the revised audit acts and the auditing tools developed as part of the ECEMP project will be limited. While a regional approach to capacity building is cost effective, the offices of DOAs in the OECS countries are at differing levels of capacity and performance. In order to address each DOA's basic needs, some training programs will need to be specifically tailored to each country.

REGIONAL APPROACH

44. The small size of the individual OECS countries calls for regional approaches offering the benefits of economies of scale and lower transaction costs to be explored. In fact, the

tendency for most multilateral and some bilateral donors is to provide their support through regional programs whenever possible. The interest in a regional approach for fiduciary activities has also been under discussion during the last few years. While there has been progress in some areas, it has also become obvious that implementing a regional approach to fiduciary management (i) presents operational challenges, (ii) may be practical only in a limited number of areas, and (iii) could face constitutional and political bottlenecks. Capacity building through training, however, is especially amenable to a regional approach.

45. Pooled procurement already discussed in the context of the PPS is the most common example of a regional approach in the fiduciary area in the OECS. But there are other examples in fiduciary management, including (i) collaboration among DOAs for capacity-building activities, and (ii) the common approach followed under the CIDA-financed ECEMP for the automation of the countries' accounting systems and the drafting of new financial and procurement legislation. There is scope for expanding the experience of a pool of trainers from the DOA offices to form the basis for establishing a regional resources center. However, it could be more challenging in the current political environment to generalize this regional approach at an operational level involving adoption of common financial management, procurement and audit procedures. Further regionalization, in the current context, may not be feasible if it involves a perceived threat to or conflict with national sovereignty. The recently launched Grenada Public Sector Modernization project includes a component to identify goods/commodities suitable for pooled procurement.
46. Regarding the development of policies and procedures, the OECS countries could learn from the experience of regional organizations in other parts of the world, which show that a common framework for budget, public financial management and procurement can be defined at the regional level and implemented by the member countries. The benefit of this approach for the OECS would be to have a harmonized framework, which makes it easier and more cost effective to develop and implement joint policies, procedures, and information systems. Such an approach would also provide the OECS countries with benchmarks to measure performance over time and give a clear direction to their public financial management and procurement reforms. A regional approach would be particularly relevant in the area of procurement, since the OECS countries are part of intra-regional and international trade fora such as CARICOM Caribbean Single Market and Economy, which require government procurement harmonization. Such a procurement initiative could be developed under the umbrella of the Eastern Caribbean Central Bank and/or the OECS Secretariat, with technical and financial support from the international donor community.

III. POLICY RECOMMENDATIONS

GUIDING PRINCIPLES FOR REFORM

47. Implementing reforms to address issues identified in this note requires a deliberate focus on developing the capacity to carry them out. And capacity is a scarce resource in the OECS. Overcoming this vicious cycle, whereby limited local capacity cannot implement needed reforms and is bypassed in favor of outside help that does not enhance local institutions, requires that reforms be carefully planned, take account of specific OECS circumstances and follow the three key guiding principles of **simplification, harmonization, and focus on productivity of government officials**. Simplification is necessary given (i) the small numbers of public sector staff and (ii) the small size of the labor market as well as (iii) the limited additional capacity that can be provided by a small private sector. Harmonization among the donor agencies and the OECS countries would also contribute to leveraging

limited resources and increasing productivity of government officials. In keeping with the spirit of these guiding principles, the recommendations of this note are designed to contribute to a more efficient use of limited institutional and human resource capacity, while optimizing the use of public funds and maintaining a proper control framework.

48. The implementation of the recommendations of the note requires collaboration at the regional level, but most actions will be carried out at the national level. Following the issuance of this note, the implementation of the recommendations should be supported by all donors through in-country and regional consultations to define the individual steps to be taken at each level. Considering the countries' context as detailed in the country reports, this will result in a detailed and time bound plan of action identifying roles and responsibilities, for which the present note provides the basis. The complete package of recommendations is detailed in the following sections and summarized in the matrix shown in Annex 1. The matrix includes the prioritized actions, the implementation timeframe, as well as expected outcome and possible source of funding.

INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

49. The OECS governments should continue their efforts to consolidate the proliferated PIUs. While ongoing measures to bring together these PIUs in one central consolidated PCU can address short term capacity constraints, they should also be accompanied by steps to develop the detailed arrangements needed, including defining the roles and responsibilities of staff, standard processes, procedures, workflow, and coordination mechanisms. For the longer term and in countries where one consolidated PCU has not been established yet, taking account of existing capacity constraints and the need for sustainable capacity development, both the donors and the countries might consider mainstreaming project implementation in the relevant sector ministries. This measure, already being implemented in the St. Lucia Ministry of Education, is consistent with the consolidation efforts. At the same time, an effort should be made to consolidate all project management functions, including fiduciary, instead of allocating the fiduciary function to a consolidated PCU and the technical functions to sector ministries. This approach to consolidation could significantly reduce the administrative costs of implementing investments by eliminating the need for and costs related to maintaining project-specific or donor-specific agencies. If the countries choose to mainstream their project management functions in the ministries, the donors should in turn commit to using these country mechanisms and avoid creating parallel structures. The specific needed actions include:

- Adopting a standard national framework, defining operational model(s) and procedures for preparation, implementation and monitoring of capital projects; and embedding the framework in the existing government regulations.
- Articulating detailed arrangements, including clear definition of roles and responsibilities, standard processes, procedures, workflow, and coordination mechanisms that would apply to ongoing as well as new projects.
- Defining clear incentive schemes for staff working on projects by integrating project staff in the public sector salary structure and providing for formal annual performance appraisals and promotion opportunities.
- Gradually transferring financial management responsibility for all donor-funded projects to the ministry accounting units;

- Identifying potential procurement and financial management specialists within line ministries and providing hands-on training and mentoring programs. In order to retain staff, incentives such as skills updates should also be provided.
- Building project management capacity as a more sustainable measure by: (i) conducting training for all key sector ministries in the short term, and (ii) offering more regular training opportunities as part of the regular curriculum of local universities and training institutions.

PROJECT MANAGEMENT

Links with Development Strategy

50. Depending on the countries' levels of readiness, current efforts to have a well-articulated development strategy should be supported by the actions of international development partners to compensate for the capacity limitations through their project and programme designs. This would require strong political commitment to work within a prescribed framework for project selection and implementation. The three areas of focus include:
- Aligning the donors' programming cycle for their assistance with the countries' schedules for preparing their development strategies. This would ensure better coordination of the development assistance with the countries' priorities, provide better complementarities among donors, and reduce the duplication of effort generated by parallel planning exercises.
 - Ensuring proper linkages between the countries' selection of investments, development strategy, and their PSIPs, based on in-depth sector analysis that covers (i) institutional arrangements tailored to the availability of resources, and (ii) documented, established and enforced procedures for project approval and program management, including approval to commit and borrow funds.
 - Establishing a Cabinet-level committee to monitor closely the selection, preparation and implementation of capital projects in line with the countries' national development strategies. Where such efforts are currently underway, they should be continued. Such committees should be equipped with clear procedures to ensure that they function effectively.

Project Design

51. Because project designs for small states require that proper attention be paid to institutional capacity constraints, approaches used in other countries need to be tailored to take account of the challenges that these island nations confront. Attention is required to:
- Ensure the completeness of project design and readiness for implementation at the time of project approval. This can be achieved by frontloading project implementation functions such as site selection, architectural/engineering design, and preparation of bidding documents and terms of reference for consultancies into the project preparation phase to reduce the burden on the project management team. This outcome may require earlier initiation of project preparation, funded either through a grant or under an existing project.
 - Ensure that project costs, procurement planning, and counterpart funding requirements adequately reflect the realities of import dependency and of high transport costs due to limited infrastructure.

- For turn-key contracts, combine the preliminary design contract with bid document preparation, and define the roles of the main players to ensure that a single party is clearly held responsible for a given task.
- Develop prototype regional building designs for schools, given the similarities of curricula. Implementation of civil works can be expedited, using standard designs that take account of seismic/ hurricane requirements.
- Prepare annual operational plans to serve as the basis for a realistic and implementable procurement plan. Operational plans and procurement plans will contribute to ensuring proper scheduling of project activities and bridging the gap between technical and fiduciary responsibilities.

PROCUREMENT

52. Current harmonization of procurement policy and procedures should be pursued and expanded to include all donors active in the OECS countries. Specific measures include:
- Providing expertise to assist with the review of draft Procurement Acts to ensure that they comply with international standards as well as these countries' commitments under trade agreements;
 - Assessing existing market conditions and updating unit prices to enable better use of shopping procedures when warranted.
 - Upstream analysis during project preparation to identify contracts for which limited competition is expected and define appropriate procurement methods in the financing agreements and procurement plans.
53. The success of these measures will also depend on the countries' ability to address some of the weaknesses identified in this note. In this context, countries should:
- Use the drafting of new Procurement Acts as an opportunity to address existing deficiencies. New legal texts should be made simple and yet flexible through the use of accompanying regulations that make the best use of existing capacity. These efforts if properly coordinated would lead to better harmonization of procurement legislation among OECS countries, which could solidify the OECS negotiating position in international trade fora, and increase supplier competition by expanding access to capable contractors.
 - Increase efficiency and transparency by having Central Tender Boards or their equivalent publish and disseminate to procuring entities, their requirements and criteria for contract review and approval.
 - Raise the very low national thresholds for procurement reviews to reduce the number of contract awards requiring high-level review.
54. In addition, both donors and countries should work together to ensure that:
- Processes for procurement review and clearance are clearly spelled out and documented in Project Operational Manuals.
 - Project design takes account of the impact of high-level involvement in procurement decisions in these small states, and fosters better project planning, scheduling, and implementation.

- Procurement training is provided to both government staff and local contractors and service providers.
55. Use of pooled procurement arrangements patterned on PPS should be subject to careful analysis and identification of goods and commodities for which this approach can provide benefits. Design of good pooled procurement arrangements will require political will and financial commitment at the highest levels.

FINANCIAL MANAGEMENT

56. As indicated previously, the OECS countries have automated accounting and information systems that are not being used to their full potential. A wide range of the recommendations concerning financial management could be implemented quickly through (i) technical assistance to adapt these systems, and (ii) training to expand the number of national staff capable of implementing the upgraded systems.

Disbursement and Flow of Funds Arrangements

57. While the ultimate goal should be to have donor finance disbursed directly into the consolidated fund with spending following the countries' own procedures, current circumstances may entail incremental progress over a period of time. The more immediate objective should be to reduce the additional burden caused by the proliferation of bank accounts and counterpart funding requirements. Specific actions include:
- Pooling of funds among donors to support common programs at the sector or country level, borrowing the model of the sector-wide approach or multi-donor trust fund, in order to free countries from meeting different parallel fiduciary requirements.
 - Aligning donors' expenditure classification requirements (expenditure categories) with the countries' existing classification systems.
 - Adopting greater realism in setting the counterpart funding requirements, given current fiscal constraints, through the adoption by all donors of (i) the EU practice of requiring in-kind contributions, (ii) the CDB practice of accepting back-loading counterpart funding requirements, and (iii) the country financing parameters of the WB, which allow financing of up to 100 percent of project costs, depending on the fiscal situation. Where cash contributions are required, the mobilization of funds should be linked with the pace of implementation, an approach that requires better planning and more detailed cost estimates during project preparation. The project management recommendation to frontload detailed project design into the preparation phase would also help to address this issue.
 - Ensuring that the countries' accounting systems clearly provide reliable information documenting that resources provided by donors have been used exclusively for the purposes intended (see below). Processing of all project accounts through the countries' existing accounting and information systems would greatly alleviate the negative impact of maintaining separate bank accounts.

Accounting and Reporting

58. The use of the countries' own accounting and reporting systems would significantly reduce transaction costs and lighten the burden on their limited capacity. Once qualified accounting staff have been identified and trained, primary responsibility for project accounting would be transferred from the PIUs to the accounting units of the relevant ministries. At a minimum, project accounting should be under direct supervision of the accounting unit of the implementing ministry. Successful implementation of these measures would require:

- Developing a standard project reporting format, in consultation with the donors, for both locally and externally funded projects, that can be generated from the automated accounting system. The development of a Government Accounting Manual covering capital projects would help to define clear procedures for recording and reporting project revenues and expenditures. Standardized formats and procedures would enable more timely preparation of annual accounts, incorporating comprehensive project revenues and expenditures. Such standards would also help ensure close monitoring of all capital projects (both nationally and externally funded) and would allow the full benefit to be derived from the automation of accounting systems. A fully functional automated accounting system is also a tool for making the best use of the limited number of qualified accountants in the OECS countries, since it simplifies day-to-day processing activity and frees staff time to focus on tasks with higher value added.
- Ensuring that the existing automated accounting system is used as the single accounting system in all agencies, and that it is used to report on donor-financed capital projects. This would require adapting the coding structure of the accounting system to use the program, sub-program and activity fields to record project name, project component, and a donor-specific expenditure category or project sub-component, respectively.
- Since four out of the six OECS countries (St. Christopher and Nevis and Antigua and Barbuda being the exceptions) already use the same accounting system (SmartStream), further harmonization of accounting systems among the OECS countries would allow mutual technical support and reduction of system acquisition and maintenance costs. Countries that already have the same accounting system could consider negotiating a joint maintenance contract.

Project Auditing

59. The ultimate objective should be for the DOAs to be responsible for the audit of all donor-funded projects in line with their constitutional mandate. However, achieving this objective will require time given the current limited skills and number of staff. This objective should therefore be approached gradually on a country-by-country basis, to enable the DOAs to take increasing responsibility as capacity develops. This measure would strengthen in-country external oversight of project expenditure.

- Donors should agree on common terms of reference for project audits and on the acceptability of DOA in each country to perform project audits.
- In countries where auditing capacity exists (St. Lucia), the DOA should be specifically tasked to conduct the audit of all donor-funded projects, either directly or by hiring private sector auditors who will work under their supervision. The cost of hiring private auditors to supplement existing staff should be included in project cost estimates.
- In all countries, the DOAs should be responsible for clearing the terms of reference for project audits and the selection of private auditors. Assuming these responsibilities will

increase DOA involvement in the audit process and ensure the independence of the private auditors from project implementation entities. In addition, the DOAs should receive copies of the audit reports of all externally financed projects, review them, follow up their findings, and incorporate the results in their reports to Parliament on the use of project resources.

- To deal with the lack of sufficient number of qualified professionals, the OECS countries should work together to develop a regional approach for upgrading the skills base of existing staff. Training offered through CAROSAI could be refocused with an ambitious objective of increasing the number of qualified professionals in the medium term (2-3 years). Another more sustainable option would be to develop training capacity in the sub-regional training institutions in partnership with overseas accounting associations or universities, to ensure a continuous flow of professionals into the system. The use of Global Distance Learning Networks can be a cost-effective option, given the lack of critical mass and the geographical distances separating OECS countries. These measures will require support from donors through existing projects (such as CIDA-financed ECEMP) or trust funds (DFID).

REGIONAL APPROACH

60. Recognizing that a regional approach may not be applicable in all areas for practical and political reasons, efforts to develop common regional systems for financial management and procurement should focus on both short-term measures aiming at immediate results, and a medium-term approach oriented toward broader reforms.

- In the short term, the approach would focus on pooling resources for training and capacity building to build quickly a critical mass of staff skilled in financial management and procurement, and to sustain this effort. In the first instance, this approach would build on the CAROSAI's training experience for the audit offices and the Caribbean Public Finance Association, but with clearer objectives in terms of specific professional qualification levels. A partnership of all six countries with the regional training institutions would be required to ensure a sustainable, continuous flow of professionals to the public sector, compensating for the high rate of attrition. Developing a regional distance learning network would contribute to these efforts.
- In the medium term, the approach would be based on the experience of other regional organizations to promote harmonization of policies and procedures in the area of public financial management and procurement, lowering the cost of reform and providing a framework for benchmarking these reforms. For this purpose, a common framework for budget and public financial management and procurement could be adopted at the regional level and implemented by each OECS member country.

ANNEX 1: SUMMARY OF RECOMMENDATIONS

Recommendations	Actions to be taken	Priority level	Timing for the actions			Responsibilities			Expected outcome	Possible Funding
			< 2 years	1-3 years	3-5 years	Countries	WB	Donors		
Rationalize project implementation arrangements	1. Adopt a standard national framework for the preparation, implementation and monitoring of capital projects.	HIGH	X			X			Lower transaction costs More sustainable capacity building Greater ownership	Donor funds
	2. Develop detailed implementation arrangements and procedures, including definition of roles and responsibilities, workflow and coordination mechanisms.	HIGH	X			X		X		
	3. Define clear incentive scheme for the civil service staff to work on the projects implementation. Identify potential candidates from among line ministry staff to carry out financial management and procurement.	MEDIUM	X			X				
	4. Transfer project fiduciary responsibilities to accounting unit of line ministries.	MEDIUM		X		X		X		
Build project management capacity in the public sector	1. In the short term, provide training on project management, procurement and accounting.	HIGH	X			X		X	Capacity building More effective project implementation	Donors (e.g. CDB training on project management)
	2. In the medium to longer term, ensure that adequate sustainable training is provided.	MEDIUM		X		X		X		
Reduce time and effort required by countries to plan for capital projects	1. Align donor aid programming cycle with preparation schedule of countries' own development strategies	HIGH	X			X		X	Lower transaction costs Greater coordination between countries priorities and donor assistance and among donors	Donors' Economic & Sector Work, trust funds
	2. Strengthen linkage between development strategies and PSIPs. Strengthen capacity of the centralized and ministerial planning units.	HIGH		X		X		X		
	3. Set up high-level committee to monitor investment selection, preparation and implementation	HIGH			X					
Reduce time and effort required by countries to implement capital projects	1. Ensure completeness of project design and readiness for implementation during preparation by frontloading project implementation function.	MEDIUM	ongoing					X	Faster implementation Lighter burden on limited implementation capacity	Existing projects Donor trust fund
	2. Tailor project design to the countries' size and capacity.	MEDIUM	ongoing	X		X		X		
	3. Develop building prototypes for the region.	MEDIUM	ongoing			X		X		
	4. Prepare annual operational plan as part of project design and as the basis for procurement plan.	MEDIUM	ongoing			X		X		

Recommendations	Actions to be taken	Priority level	Timing for the actions			Responsibilities			Expected outcome	Possible Funding
			< 2 years	1-3 years	3-5 years	Countries	WB	Donors		
Harmonize and simplify donor fiduciary policies and procedures	<u>Procurement</u> 1. Provide the expertise to assist the governments with the review of their draft Procurement Acts to ensure compliance with international standards and regional harmonization.	HIGH	X				X	X	Faster implementation	CIDA ECEMP Other donor contributions
	2. Assess existing market conditions and prepare realistic Procurement Plans identifying appropriate procurement methods.	HIGH	X			X				
	3. Disclose criteria used by Central Tenders Board to approve or reject contract awards.	MEDIUM	X			X				
	4. Raise procurement thresholds	HIGH	X			X				
	5. Document both donor and country procurement review and clearance processes in project design and operations manual.	MED	Ongoing			X		X		
	6. Issue interim procurement rules based on international standards, while procurement Acts become effective.	HIGH	X			X				
	7. Develop Regional Standard. Bidding documents.	MEDIUM		X		X				
<u>Disbursement</u> 1. Pool donor funds in support of common sector or country level program. 2. Align donor expenditures categories with country classification categories. 3. Use flexible approaches to counterpart funding requirements (in-kind, back-loading, and variable percentage up to 100%)		HIGH	Ongoing			X	X	X	Lower transaction cost Greater use of country accounting systems Alignment of counterpart requirement with country fiscal capacity thereby contributing to faster implementation	Donor staff time
		LOW		X		X	X	X		
		MEDIUM	Ongoing			X				
<u>Accounting and Reporting</u> 1. Use countries' own accounting and reporting systems. 2. Develop a Government Accounting Manual and standard project reporting formats.		HIGH	X			X	X	X		Donor trust funds
		HIGH	X			X	X	X		

Recommendations	Actions to be taken	Priority level	Timing for the actions			Responsibilities			Expected outcome	Possible Funding
			< 2 years	1-3 years	3-5 years	Countries	WB	Donors		
Entrust Director of Audit with the responsibility to audit all donor-funded projects.	1. Enhance DOA capacity: <ul style="list-style-type: none"> Develop audit manual Purchase and install auditing software Seek peer learning and secondment programs with other experienced and qualified DOAs Provide adequate ongoing training to the DOA personnel 	HIGH		X		X	X	X	Lower cost of implementing reform Provide benchmarks to measure progress	CAROSAI through INTOSAI Institution Development Initiative CIDA ECEMP Donor trust fund (such as DFID)
	2. Develop common terms of reference for project audit.	MEDIUM	X			X	X	X		
	3. Short-term, hire private auditors where the DOA skills or number of staff are deficient.	MEDIUM	Ongoing				X	X		
Regionalize fiduciary functions	1. Pool training resources through regional programs designed to upgrade existing staff capacity.	MEDIUM		X		X	X	X	Lower cost of implementing reform Provide benchmarks to measure progress	Donor funds
	2. Create partnerships with regional training institutions.			X		X	X	X		
	3. Create distance learning networks.			X		X	X	X		
	4. Harmonize countries' policies and procedures by developing a common framework at the regional level that is implemented by each country.				X		X	X		

ANNEX 2: LIST OF PEOPLE MET**Antigua & Barbuda**

Mr. Whitfield Harris Jr., Financial Secretary, Ministry of Finance
Mr. David A. Matthias, Budget Director, Ministry of Finance
Dr. Clarence Henry, National Authorizing Officer of the European Development Fund
Mr. Lebrecht Hesse, Solicitor General
Mr. Dean Evanson, Deputy Financial Secretary
Ms. Vanessa Mathews, Permanent Secretary, Ministry of Public Works
Ms. Arah Armstrong, Director of Audit
Mrs. Veronica Brown, Deputy Director of Audit
Ms. Alejandra Gomes, Assistant Auditor, Audit Department
Mrs. Ernestine Hodge, Accountant General, Treasury Division
Mrs. Beverlay Airall, Internal Auditor, Deputy Accountant General, Treasury Department
Hon. Steadroy P. Benjamin, Chairman, Parliament Public Accounts Committee
Mrs. Christine André, Acting Permanent Secretary, Ministry of Finance
Mr. Karley Whyte, Principal Assistant Secretary, Ministry of Finance
Mr. Legrecht Hesse, Solicitor General
Ms. Carla Brookes-Harris, Crown Counsel I
Mrs. J.Yolanda Goodwin, Director, Economic Policy and Planning Unit
Mrs. Hortensia Brookes, PSIP Coordinator, Economic Policy and Planning Unit
Mr. Allister Hodge, Economic and Financial Analyst
Ms. Desiree Burton, Economic and Financial Analyst
Ms. Christine Andre, PAS, Ministry of Justice
Mr. Sean Cenac, Senior Development Planner Officer, Economic Policy and Planning Unit, Ministry of Finance
Ms. Rasona Davis, Coordinator, Ministry of Finance, Economic Policy and Planning
Mr. Kevin Silston, Economic Advisor, Ministry of Finance
Mr. Ickford Roberts, Sr. System Analyst, Treasury Department

Grenada

Mr. Garvin Robert, Deputy Accountant General
Mr. Anselm Joseph, Director of Audit
Mr. Lennox Andrews, Permanent Secretary, Ministry of Finance and Chairman, Public Tenders Board
Mr. Mike Sylvester, Deputy Permanent Secretary
Ms. Gemma Bain-Thomas, Permanent Secretary, Ministry of Health and the Environment
Ms. Tessa Stroude, Senior Planning Officer, Ministry of Health and the Environment
Mr. Crispin Frederick, Project Coordinator, Project Coordination Unit
Mr. Mervyn Haines, Deputy Project Coordinator, Project Coordination Unit
Central Medical Stores
Mr. Robin Swaisland, Senior Projects Manager, Agency for Reconstruction and Development
Mr. Patrick Noel, Director of Physical Infrastructure, Agency for Reconstruction and Development
Mrs. Avril Trotman Joseph, Solicitor General, Ministry of Legal Affairs
Mr. Fevrier Valmond, Procurement Specialist, Project Coordination Unit
Ms. Margaret Belfon, Planner/Programmer, Project Coordination Unit
Mr. Peron Johnson, Portfolio Manager

Mr. Raulston Glasgow, Ministry of Legal Affairs
Ms. Claudine Henry, Project Accountant
Ms. Veronica Charles, Human Resource Department

St. Lucia

Mr. Isaac Anthony, Director of Finance, Central Tenders Board Representative
Mr. Donovan Williams, Permanent Secretary for Economic Affairs, Ministry of Economic Affairs
Mr. Francis Fontenelle, Deputy Director – Debt and Investment, Ministry of Finance
Mr. Phillip Dalsou, Permanent Secretary, Ministry of Finance
Mr. Edward, Deputy CEO Planning, Ministry of Education
Mr. Ivor Daniel, Deputy Budget Director
Mrs Marie Grace, project Manager, Ministry of Education
Mr. Steward Amedee, Project Accountant, Ministry of Education
Mr. Marcus Edwards, Deputy CEO Planning, Ministry of Education
Mrs. Arlette Hyacinth, Director of Audit
Mr. Albert Jn Baptiste, Project Coordinator, Ministry of Communications and Works
Mrs. Agosta Degazon, Accountant General
Mr. Anthony Sammy, Deputy Director Finance
Ms. Charmaine Williams, Assistant Accountant General
Ms. Monica Prospere, Accountant, Accountant General's Department
Mrs. Claudia Alexander, Accountant, Accountant General Department
Mrs. Xysta Edmund, Chief Planner, Ministry of Health
Attorney General
Mrs. Corintha Thomas, Project Coordinator, Project Coordination Unit
Mrs. Cheryl Mathurin, Deputy Project Coordinator, Project Coordination Unit
Mr. Peter Norville, ECTEL, Project Manager
Mr. Aloysius Barthelmy, Project Coordinator, Water Sector Reform
Ms. Heather Blanchard, Accountant

St. Kitts & Nevis

Mrs. Janet Harris, Financial Secretary, Ministry of Finance
Mr. Laurie Lawrence, Permanent Secretary, Ministry of Finance
Mr. Colin Dore, Treasury Department, Ministry of Finance
Mr. Albert Edwards, Director of Audit
Mrs. Yvonne Charles, Accountant General
Mrs. Melissa Wilkin, Manager, Admin. & Accounting
Ms. Brenda Caesar, Manager, Internal Audit
Mr. Osmond Petty, Permanent Secretary, Ministry of Education
Mr. Patrick Welcome, Chief Education Officer, Ministry of Education
Mr. Robert Morris, Procurement Officer, Ministry of Education
Mrs. Kristal Morton, Accounts Clerk, Project Management Unit, Ministry of Education
Mr. Elvis Newton, Permanent Secretary, Ministry of Health
Mrs. Lornette Adams, Operations Manager, Ministry of Health
Erickson France, Manager, Central Medical Stores, Ministry of Health
Ms. Oaklyn Peets, Permanent Secretary, Ministry of Communication and Works
Mr. Ernie Stapleton, Ministry of Communication and Works
Mrs. Cynthia Hinkson-Ouhla, Solicitor General, Attorney General's Office
Ms. Sharon Gillard, Finance Officer, Ministry of Health
Ms. Karen Douglas, Project accountant, Project Coordination Unit, Ministry of Finance

Ms. Shirley Skeritt, Senior Project Analyst, Ministry of Sustainable Development
Ms. Rena Warner, Procurement Officer
Mr. James Kelly, Project Manager, OEDP, Ministry of Economy

St. Vincent and the Grenadines

Mr. Maurice Edwards, Director General of Finance, Ministry of Finance and Economic Planning
Mr. Edmund Jackson, Budget Director, Ministry of Finance and Economic Planning
Mrs. Marcelle Edwards-John, Projects Officer II, Ministry of Finance and Economic Planning
Mr. Bentley Browne, Deputy Director of Planning, Central Planning Division, Ministry of Finance and Economic Planning
Mrs. Decima Corea, Senior Economist, Central Planning Division, Ministry of Finance and Economic Planning
Ms. Verlene Saunders, Permanent Secretary, Ministry of Health
Central Supplies Tenders Board
Mr. Leon Snagg, Permanent Secretary, Ministry of Transport and Works
Deputy Accountant General
Mrs. Laura Anthony-Browne, Director of Planning, Central Planning Division, Ministry of Finance and Economic Planning
Mr. Michael DaSilva, Director of Audit
Mr. Wayne John, Director of Audit Office
Mrs. Judith Jones-Morgan, Attorney General
Mrs. Ingrid Fitzpatrick, Accountant General
Mrs. Annis Norne, Deputy Accountant general
Mrs. Debbie Antoine, Systems Administrator
Mr. Hudson Nedd, Project Coordinator
Ms. Janelle Quow, Assistant Procurement and Contract Management
Mr. Joseph Green, Project Manager, Basic Education Project II
Ms. Jamillah Primus, Administrative Assistant, OEDP
Mr. Chester James, Authorizing officer, SFA 2003
Mr David Telesford, Financial Management Specialist, Project Coordination Unit
Mr. John G. Hall, Assistant Financial Management Specialist, Project Coordination Unit
Mr. Dunstan Johnson, project Manager, OEDP
Mr. Maurice John, PCMS, Project Coordination Unit
Mrs. Nicole Bonadre-Baker, Project Coordinator, Education Project Management Unit
Dr. Del Hamilton, Director, National Aids Secretariat
Mr. Moises Valemo, Project Coordinator

Dominica

Mr. Michael Norris, Macroprogramming, Ministry of Finance and Planning
Ms. Francesca Pascal, Budget Controller Ag
Ms. Lydia Williams, Office of Director of Audit
Ms. Rosamund Edwards, Financial Secretary, Ministry of Finance and Planning
Mr. Samuel Carrette, Ministry of Finance and Planning
Mr. Anderson Parillon, Ministry of Finance and Planning
Ms. Irma Edwards, EPTD
Ms. Ruth Allport, Reform Management Unit EPTD
Ms. Cecilia Martin, Reform Management Unit/Project Coordinating Unit, project coordinator

OECS Secretariat

Mr. Wilton Bleasdille, Director Corporate Services

Nicholas Delvaux, Financial Controller

Eastern Caribbean Central Bank

Mrs. Jennifer Nero, Managing Director
Mrs. Laurel Bain, Director, Statistics Department
Mrs. Ingrid Shotte, Director, Corporate Relations Department,
Mrs. Sheila Williams, Advisor Research
L. Migno Wade, Counsellor, Policy Coordination
Mr. Wentworth harris, Management Consultant
Mr. Arthur Williams, Deputy Director, Research

CARTAC

Mr. Graeme Hansen, Public Finance Management Manager

DFID

Ms. Sandra Pepera, Head, DFIF Caribbean
Mr. Graeme Buckley, Economic Advisor
Ms. Jane Armstrong, Head Regional Program, DFID

European Union

Mr. Joachim Zeller, Director, Operations
Mr. Tomas Pallas Aparisi, Head of Section, Finance and Contracts
Ms. Ruth Houlston, Attache, Economic and Private Sector

Caribbean Development Bank

Mr. Carlson Gough, Director, Projects Department
Mr. Kelvin Dalrymple, Economist and WB liaison officer
Ms. Tessa Williams Robertson, Division Chief, Project Supervision
Mr. Andrew Dupigny, Portfolio Manager, Project Supervision Division
Ms. Juliet Melville, Chief Research Economist

CIDA

Ms. Kathryn Dunlop (Head, CIDA)
Ms. Nalini Ablack, Program Officer/Second Secretary, Macroeconomic & Fiscal Reform
Programming

United Nations Development Programme

Mrs. Rebeca Arias, Deputy Resident Representative
Mrs. Paula Mohamed
Mrs. Carrie Taylor

ANNEX 3: BIBLIOGRAPHY

- Guidance Note for Project Management, Strengthening Institutional Capacity during Project Implementation, World Bank, October 2005.
- Expanding the Use of Country Systems In Bank-supported Operations: Issues and Proposals, World Bank, March 4, 2005.
- OECS COUNTRIES, Country Program Quality Enhancement Review, World Bank, December 16, 2004.
- Country Assistance Strategy for the Organization of Eastern Caribbean States for the period FY06-FY09, World Bank, September 6, 2005.
- OECS Country Financial Accountability Assessment (CFAA), World Bank, April 2003.
- OECS Country Procurement Assessment Report (CPAR), World Bank, February, 2001.
- The World Bank in Action in Small States, World Bank, January, 2005.
- Toward An Outward-oriented Development Strategy for Small States: Issues, Opportunities, and Resilience Building – A review of the Small States Agenda Proposed in the Commonwealth/World Bank Joint Task Force Report of April 2002, Lino Briguglio, Bishnodat Persaud, and Richard Stern, August 8, 2005.
- Grenada Agency for Reconstruction and Development Inc. Report to Donors, 1st December 2005 to 31st March 2006.
- Grenada Agency for Reconstruction and Development (ARD), Strategic Plan, Work Programme and Budget 2005-2006.
- Commonwealth of Dominica, Report of the Director of Audit on the Audit of the Accounts for the Fiscal Year ended 30th June, 2004.
- Feasibility of phasing out of PIUs in the Caribbean Region – Issue Paper, Caribbean Country Management Unit, World Bank, October, 2005
- HIV/AIDS in the Caribbean Region: A multi-Organization Review, November 2005