PROJECT AND ADVISORY ASSISTANCE PROGRAMME

EDI/ECLAC/ILPES SEMINAR ON:
"PROJECT DATA BANK AND PUBLIC SECTOR INVESTMENT PROGRAMMING"

VOLUME I
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"PROJECT DATA BANK AND PUBLIC SECTOR INVESTMENT PROGRAMMING"

VOLUME I

PROCEEDINGS AND FINAL REPORT *

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I. ORGANIZATION OF THE SEMINAR

A. PLACE AND DATE OF MEETING

The Seminar on "Project Data Bank and Public Sector Investment Programming" was held at the Jamaica Conference Centre in Kingston, Jamaica from 22 to 24 November 1991. The Seminar was organized by the Economic Development Institute (EDI) of the World Bank, the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) and the Economic Commission for Latin American and the Caribbean (ECLAC).

B. ATTENDANCE

The following developing countries were represented: Barbados, Belize, Colombia, Chile, Dominica, Jamaica, Montserrat, Puerto Rico, St. Vincent, Trinidad & Tobago, U.K. British Virgin Islands, Venezuela. Representatives from the United Nations Organization (ECLAC, ILPES, UNDP, UNFPA); and from specialized organizations (World Bank, IDB. See List of Participants in Annex 2.

C. AGENDA AND DOCUMENTS

During the Seminar the following topics were examined:

(a) the interrelations between structural adjustment loans (policy reforms) and project investment loans;
(b) the functioning and general structure of project data banks, the public sector investment programming and the project cycle management;
(c) the discussion of some Caribbean experiences in the field of public sector investment programming
(d) the promotion of an effective exchange of experiences among Latin American and Caribbean Countries.

These topics are summarized in the second part of this report (See Agenda in Annex 1). Several documents were prepared for the Seminar and are listed in Annex 3.
D. OPENING MEETING

At the opening meeting, statements were made by the ECLAC/ILPES Representative, the EDI Representative, UNDP Resident Representative, the Director General of the Planning Institute of Jamaica and the Ministry of Development, Planning and Production. (See Annex 4).

II. SUMMARY OF STATEMENTS

A. PUBLIC SECTOR INVESTMENT PROGRAMMING

1. Interrelations between Structural Adjustment Policies and Public Investment Planning 1/

The paper covers five sections:

(a) Shadow Prices and the Policy Framework

(b) Projects, Shadow Prices and Policies: Some Applications

(c) Shadow Prices in Practice

(d) Projects and Policy Selection

(e) Applied Research Issues

In summary, against the backdrop of severe internal and external imbalances, the pace of economic recovery will hinge on the optimal allocation of resources between projects and policy reforms. But practical approaches for implementing an analytical framework which integrates projects and policy reforms will need to be developed. In the absence of research leading to more rigorous cost-benefit analysis of both projects and policy reforms, it is more likely that most countries will continue to under-invest in policy reform as well as misallocate the resources devoted to investment.

1/ Mr. Lynn Ground, World Bank.
The practical application of a common analytical framework for project and policy analysis will turn on devising simple procedures for estimating the major direct and indirect effects of projects and policy reforms and estimating the relevant shadow prices. Considerable information regarding government policies is contained in shadow prices, and an analyst may gain valuable policy insights by simple comparing particular conversion factors with each other and with unity. In consequence, a major research initiative to estimate disaggregated conversion factors is warranted, both to improve valuation methods used in the economic analysis of projects and to provide indicators of the extent of distortions. At a minimum, partial equilibrium shadow prices should be updated. Sources of distortions also need to be isolated.

Related to the estimation of shadow prices is the issue of tracking the effects of projects and policies. In terms of input use, the semi input-output decomposition method advocated by Little and Mirrlees to account for linkage effects remains valid and relevant for projects and policies. But, again empirical research is called for. On the output side, tracing the effects of distortions demands close scrutiny. In principle, good project analysis should routinely do this. Since this had not been done in most cases, adoption of this practice will go a long way in improving the empirical and analytical content of project and policy evaluation. In terms of the framework used here, tracing the effects on inputs and outputs will help determine the accompanying change in revenue used in estimating the shadow prices for nontraded goods and services.

Tracing the direct and indirect repercussions on inputs and outputs amounts to the adoption of the Harberger framework, where an element of welfare change associated with a project policy reform is represented by the sum of all induced changes multiplied by the degree of distortion in each market. This appears to be a promising via-media between partial and general equilibrium frameworks for integrating project and policy analysis.

2. **Budgetary Programming and Efficient Public Expenditure Management**

The topic was addressed from three different points of view: the nature of budgeting; budgeting to manage the environment; and problems with existing budget systems.

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2/ Ms. Naomi Caiden, EDI/World Bank.
(a) The Nature of Budgeting

For the purpose of the Seminar, budgeting may be seen as the annual process for determining revenues and expenditures, including decisions made throughout the year and their monitoring and evaluation.

The relevance of budgeting for effective public investment planning is clear. The budget covers all expenditures including those for investment, is the primary mechanism for expenditure control, an instrument of planning, and a tool of management.

Public investment plans rely on effective budget systems for their implementation, but budgetary programming differs from public sector investment planning in important respects. Essentially, the tasks of budgeting are different and more varied. Budgeting is broader in scope, including not only development, capital and investment expenditures, but also recurrent or operating expenditures. It is also broader in purpose, since it has to coordinate macroeconomic with program and project management both in the long and short-term. The budget process involves more and varied participants with different backgrounds, training, outlook and objectives.

Some of the purposes of budgeting are: program information, efficiency and effectiveness; choice (assess the relative worth of proposed expenditures); direction (a plan or prediction for the year); policy (primary mechanism for control of government fiscal policy); and comparison (measures of performance over time).

(b) Budgeting to Manage the Environment

Effective budgeting is appropriate budgeting for the environment. The environment of many developing countries, including those of the Caribbean, is characterized by complexity, uncertainty, and lack of resources.

In such an environment, where ability to control outcomes is limited and unpredictable, managers have three tasks: (i) managing the environment through negotiation, exchange, compromise and coalition building; (ii) managing budgetary programming choosing, designing and adapting an institutional network that will respond positively to change and uncertainty, and will enable commitments to be made and kept, including elements as information flows and interactions, the allocation of authority and responsibility, the channelling of cooperation, the nature of incentives, and the levels of formality and complexity; and (iii) managing budgetary
performance, through the establishment of methods for assessing performance, operationalising the budget process, and contributing to a longer term capacity to sustain program performance.

(c) Problems with Existing Budget Systems

At a minimum, budgets should reflect the elements of unity, annuality, appropriation and audit. In practice, there has been considerable difficulty in making budgeting work according to these principles.

Unity means that all expenditures are included in a single budget. In many developing countries, it is usual for many expenditures to be "off-budget".

Annuality means that decisions are made to determine expenditures on an annual basis. In practice, given uncertainties, it has been very difficult to predict revenues and expenditures for even one year.

Appropriation is a primary budget control, since it stipulates that monies may only be expended accordingly to the amounts allocated in the budget. But where the budget is late, or is changed during the course of the year, or allocations are unrealistic, or many expenditures are not in the budget at all, budgetary control, management or planning even for one year are impossible.

Audit checks that expenditures have been made in accordance with budgetary allocations, however, in practice, accounting systems are often weak.

These budget problems result in poor and inaccurate information flows, problems in relating programs and funding over time, underspending, lack of counterpart funds, adversarial relationships between Finance and Planning and lack of trust.

Past critics have traced difficulties in achieving effective budgeting in developing countries to the type of classification used in the budget. Performance budgeting classifies the budget according to activities, and cost out those activities. Program budgeting classifies the budget according to programs, and allocates resources according to the effectiveness of those programs. Performance or program budgeting have remained popular reform proposals, but they have not been very effective in practice.
The following points of departure were suggested: support for public sector investment planning; responsiveness to stakeholders within and outside the bureaucracy; efficiency, economy, effectiveness and productivity; honesty, particularly the prevention of fraud, waste, abuse and corruption; multi-year perspective; and accountability.

Two management approach were examined. The first one was summarized as follows: policies are set at the center related to wider economic trends and adjusted according to economic movements. Agency managers are set objectives and made responsible for achieving them with allotted resources and in the most efficient manner possible at their discretion. The system is held together through the flow of information that transmits data regarding costs and results, enabling impacts to be assessed, priorities to be set, program adjustments to be made, and value-for-money audits to be conducted. Efficiency is achieved through managerial flexibility, which rewards managers for results and penalizes them where they fall short. Accountability is improved because of the availability of accurate and relevant information, and the capacity to enforce priorities. Resources and activities, income and expenditure, are considered together as a simultaneous equation.

The second approach was the Integrated Financial Management and Control System, which is the process being implemented in Bolivia. The system, known by its Spanish initials, SAFCO, has involved the following elements: a single law providing a system-based framework for financial management, integrated with public sector management as a whole; a modern budget which will permit the formulation of a realistic financial plan; a new integrated accounting system to provide information needed by managers; a cash flow management system in which the treasury has the function of managing budget execution; an independently managed and financed institution with the potential to perform professional audits; comprehensive career path training programs; and simplified processes for payment of creditors, payroll, and pensions.

Such reforms are not easy to achieve. Jamaica’s experience in introducing performance budgeting in 1984 is a case in point. There are thus a number of questions regarding the relationship of the budgeting and public sector investment planning systems. How may budgeting be strengthened to support public sector investment planning? What resources are needed and what steps should be taken?
3. **Institutional Environment and Capacity-Building Requirements for Efficient Project Cycle Management**

The role of capacity building in public investment programming was developed in three parts: (i) definitions and benefits, (ii) country cases, and (iii) how to build capacity.

(1) **Definitions and benefits**

What is capacity building? The concept was analyzed from the institutional development and the human resource development standpoint.

From the institutional development standpoint, capacity building is the strengthening of public institutions to: (a) implement sound economic policies and projects, and (b) to enable development of private sector.

Under human resources development, what is meant there for capacity building is strengthening capacity to: (a) design and implement effective policies; (b) to improve the management of technical cooperation; and (c) to ensure the transparency of information and accountability.

Which are the benefits of capacity building in connection with public investment programming?

(a) A comprehensive and effective public investment programme;
(b) A better management of resources and priorities appropriate to the country;
(c) Appropriate sectoral allocation;
(d) Timely response to unpredictability which affects the macroeconomic planning in a country; and
(e) Motivated staff.

(2) **Country Cases**

How to build capacity was analyzed focus on: (a) political commitment to change; (b) core and line ministry linkages; (c) involving staff in project cycle; (d) training and twinning; and (e) reduction of technical assistance.

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3/ Ms. Katrina M. Sharkey, EDI/World Bank

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The cases of Morocco, Colombia and Zaire were briefly presented taking into consideration the key factors mentioned above and making comparisons for two periods: before and after 1985.

(3) How to Build Capacity

The following steps to build capacity were mentioned: (a) strengthen political commitment and capacity; (b) build institutional capacity in line and core ministries; (c) keep civil service salaries competitive; (d) Streamline commitments, programs, projects; (e) build sound accounting systems; (f) emphasize training and "bicycles" (get the staff out of the office into the field to get knowledge of projects); (g) improve aid management and reduce technical assistance (because of the high cost of technical assistance and the limited amount of transfer to local staff).

4. Public Sector Investment Planning in the OECS Countries

Reference was made to the Public Sector Investment Programming (PSIP) in Dominica, its core elements, its functioning, the identification of concrete problems and constraints, and some proposed solutions.

(a) The PSIP

The Economic Development Unit (EDU) within the Ministry of Finance and Development, is the central planning unit and the agency responsible for the PSIP in Dominica. The Unit has been in operation with different organizational forms and responsibilities since the early 1970s.

The PSIP is both a process and a public management instrument which enables the government to allocate investment resources, accessible to the economy, in a given period for the development of the country according to the Government's expressed development objectives, development strategy and set priorities.

This instrument is increasingly being utilized as a link between macro and the micro-economic level decision making, and for allocation of loan funds to project which are income and revenue generating.

4/ Mr. Gary Harris, Development Coordinator, Economic Development Unit, Organization of East Caribbean States (OECS): The Dominica Experience.
The emphasis of the PSIP is to connect more closely and explicitly the planning perspectives to those of the Annual Budgeting and Debt Management.

It has been recognized that the PSIP would ideally cover the entire public sector. However, for the time being, the scarce human, financial, physical, time and other resources have been concentrated on central government, to be able to deal with each in greater depth over a longer period.

(b) Core Elements of the PSIP in Dominica

The essential elements of the Dominica PSIP effort at this moment consist of the following: (i) a computerized database of all public investment activities (including ideas, ongoing and completed projects) within a three year time frame; (ii) an important summary presentation of high priority projects directly related to major national development objectives and strategies; (iii) a set of project profiles and feasibility studies; and (iv) implementation plans for projects.

The preparation and management of the PSIP is not an independent effort by a particular department such as the Planning Agency or for a particular level of management or technical expertise. It is very much a political, dynamic and iterative process in which government, private sector employers and employee associations must play their part. It includes national, sector, project and the private sector participation.

(c) Functioning of the PSIP in Dominica

A major requisite for the establishment of an efficient and effective PSIP in Dominica is the establishment of a system of management that encourages and facilitates the review of medium term issues and the flow of decisions to the administration.

(d) Concrete Problems and Constraints in the Preparation and Implementation of the PSIP

The following aspects were mentioned: (i) the need to deal with multiple/numerous finance and donor agencies; (ii) classifications; (iii) the central decision making element of the process by the politician needs to be more strongly established; (iv) everything is top priority: urgent requirements for the creation of a basic structure; (v) strong external influence on the selection of priorities; (vi) projects are not at the same stage of preparation at the same time: there are many instances where high
priority projects are in earlier stages of preparation than lower priority projects or even other projects which sequentially should come after the former; (vii) the PSIP is influenced by the purposes for which resources are accessible: the perceptions, mission reports and the prospectus of aid donors and loan sources influence priorities; (viii) the incomplete nature of sector papers; (ix) the persistent resistance to EDU as a core agency; and (x) the shortage of trained and skilled personnel in both core and line ministries;

(e) Proposed Solutions

The following solutions were suggested: (i) training; (ii) closer interaction between the EDU and the Central Statistics Office; (iii) clearer definition of the role of government and the public sector vis-a-vis the role of private sector at the changing phases of the national development process; (iv) strengthening the existing mechanisms for dialogue between the public and private sectors.

5. The Use of Macroeconomic Models in the Small Island States: The Jamaican Experience

The present macroeconomic model of the Jamaican economy is based on the neo-keynesian tradition, taking into account the specific characteristics of the Jamaican economy.

This is a simultaneous model for the level of gross domestic product and of the rate of inflation. The level of gross product is determined by the components of the aggregate demand. Among those components, the private consumption level is a function of the income distribution among wage earners and non-wage earners; private investment is endogenous, dependent of the growth of gross domestic product (accelerator effect), on the level of profits and on the real rate of interest. Government investment and public consumption are exogenous. The level of exports is endogenous to the model and the level of imports is determined endogenously, depending mainly on the level of domestic economic activity.

Further developments for the same structure of the present model could introduce the imports functions decomposed in its main components: capital goods, consumer goods, intermediate goods.

5/ Mr. Wesley Hughes, Head of the Macro-Economic Division, Planning Institute of Jamaica.
This is also applicable to the exports structure: in the present version, exports are exogenous, as determined in practice by the projections carried out by the Bank of Jamaica on prices and volumes of the main export items. This, however, limits the effects of macro policies on the determinants of the exports level, and mainly on the effect of exchange rate policies on the level and composition of Jamaican exports.

Prices are determined by two main elements, the wage cost, taking into account the productivity effect; and the import cost, taking into account the exchange rate and import price index. Idle capacity was not a factor in explaining the price behavior in the case of Jamaica. Exogenous to the model are current wages and current rate of exchange. The level of current wages could not be represented in terms of the past inflation, as there are wide variations of current wages with past consumer price indices or other price indices. In the end, the price level depends on the level of current wage adjustment, on productivity increases, on exchange rate policy and on international prices. Thus, through productivity and import cost per unit of output, there is a feedback component which links the price determination and the gross domestic product level.

The model specifies behavioral equations for the main tax components, which are direct and indirect taxes. Government expenditures are exogenous, and thus the level of public deficit is endogenous to the model. The model also estimates the balance in the current account of the balance of payments and estimates the result in foreign exchange reserves with exogenously determined levels of interests, profits and remittances abroad and other components of the external capital account.

There is also a block on wages, employment and unemployment which are determined through a feed-back with the other blocks of the model. The level of employment is determined through an aggregate function for the whole economy, thus, there is no sectoral determination of the employment level. Employment depends on the level of economic activity and on real average wage cost. The level of employment jointly with the level of real wages will influence demand and the level of consumption; and thus, the level of economic activity.

In this version the monetary market has been omitted. Implicitly, it is assumed that the level of monetary supply will match with monetary demand for the level of gross domestic product, inflation and private credit. That equilibrium could be obtained via the rate of interest, which is exogenous in this
version: or assuming that no additional pressures on price increases will come from the monetary sector. Our suggestion would be to develop a specific monetary block to check the overall consistency of this model.

Concerning the uses of the model, there are at least three main purposes for the present kind of models.

In the first place, this can be used for forecasting, depending on the levels of the associated exogenous variables for the model. These variables will be partly policy variables, mainly the level of government consumption and investment and the transfer to the private sector; and partly, external variables as the price of alumina, sugar, bauxite, oil, and interest rate. Also other policy variables will influence that forecasting such as the level of wage adjustment and exchange rate.

In the second place, the design of economic policies can be simplified through the calculation of multipliers; that is, of the net effect with respect to a base scenario of a unit change in an exogenous variable on the exogenous variables of the model.

Finally, a model can be used for the design of a policy package or economic plan, taking into account the main definitions for the policy variables. Thus, the task of calculating a macroeconomic consistency framework can be handled by using this kind of models, which could be of enormous difficulty when doing it by hand or with calculators.

B. PROJECT DATA BANKS

1. The Project Data Bank and Public Sector Investment Programming: The ILPES Experience 6/

The growth rate of a country depends, among other factors, on a good assignment of the Public Sector Investment Resources.

The problems in public investment management are the following: lack of projects ready for financing; delays during implementation; emphasis on big infrastructure projects;

6/ Mr. Eduardo Aldunate, Expert, Project & Advisory Assistance Programme, ILPES.
postponement of projects in the social sectors; inadequate financing for operation and maintenance of projects.

The reasons for the above were outlined as: shortage of trained personnel; non-standardized project appraisal methodologies; inadequate institutional framework; lack of timely information; poor accountability; deficient or not established procedures; bad project selection criteria.

Project Data Banks were born as a filing system aimed at standardizing and organizing relevant information about public sector investment projects. Later, given the volume of information to be managed, the filing system was computerized.

Project Data Banks were aimed at: improving public sector investment management; support preinvestment planning and investment programming; allow a detailed and timely follow up of public sector projects.

Given that the quality of the results obtained with an information system depends on the quality of the information received, Project Data Banks were complemented with: project appraisal methodologies, training in project appraisal, and training in project control and follow up.

The public investment management function is like a productive process in which there are resources that have to be used, that are transformed in given processes. For example, through preinvestment, studies are produced; through capital investment, physical infrastructure is gained; and through social expenditures human capital in the country is increased. The public investment function manages all this information.

Within this general function there are some things needed: macroeconomic projections; follow up and budgetary control system; system for allocation of the current budget system for allocating social expenditure; and a system for developing investment programmes.

The four components identified for the Public Management Information System, based on the Project Data Bank, are: methodologies, training on the use of the entire system; the institutional and legal framework required to operate the system; and the management information system which is the project data bank.
(a) **Methodologies**

To generate reliable information, project formulation and appraisal methodologies are required. It is also convenient to develop methodologies for preinvestment planning, investment programming and ex-post project evaluation. In order to apply project appraisal methodologies, it is necessary to know the social prices of: foreign currency, labour, and capital (social discount rate).

(b) **Training**

One of the main activity in implementing a Project Data Bank is the training programme. Personnel trained in project identification, formulation and appraisal, and in project administration and operation of the system is needed. This training should be given at three levels: basic, intermediate and advanced.

(i) Basic level - aimed at a large number of people for generating capacity to operate the system. The following areas should be taught: appraisal of projects at the profile level, system procedures, and use of hardware and software.

(ii) Intermediate level - aimed at a smaller group of persons for generating a multiplier effect. After the course the participants should be able to do project appraisal at the prefeasibility level; be good counterparts, do the maintenance of the system, be able to act as monitors.

(iii) Advanced level - aimed at a small group of persons to develop local capacity to develop the system. These persons should be prepared to develop new methodologies, estimate social prices, solve major system problems and develop new applications.

(c) **Institutional and Legal Framework**

Also for the successful implementation of the Project Data Bank it is necessary to assign institutional responsibilities for: methodological development system, administration, training programme, and to establish procedures for a periodic update of the information, distribution of reports, and access to the system. Among other topics, rules and regulations should specify
institutions responsibilities, obligatorily of Project Data Bank procedures.

(d) The Project Data Bank

The logical structure, modules, implementation and expected achievements of the Project Data Bank were mentioned.

(i) The Logical Structure of the PDB

The logical structure of the Project Data Bank is based upon the project life cycle. While the project proceeds along the project life cycle the system files the relevant information of each stage. For managing all these data hardware and software suited to the volume of information to be registered is required.

From the standpoint of the hardware and the software, the Project Data Bank can be structured as a Centralized or as a Decentralized Information System.

In the Centralized Information System one main computer terminals or smaller personal computers connected on dedicated lines to the mainframe computer are needed. This approach has some advantages: greater control, information is not duplicated, easy access to all information. Among the disadvantages, higher investment cost, higher running costs, greater opposition to system and system failures affect all, can be mentioned.

The Decentralized Information System needs one database that has a copy of all the information and local databases in line ministries or in regional planning offices that manages all the information related to that region or to that ministry. This approach has the advantage of a lower investment cost, a lower running cost and a greater acceptance of the system. The problems of this structure are that date is not updated simultaneously in all databases and duplication of information.

The selection and dimensioning of hardware and software will depend on: the selected system architecture; the availability in the country; the
volume of information to be managed; and the level of training of the users. The alternatives go from a mainframe to a personal computer. However, there is a trend toward distributed databases and networks of computers.

The choice of software must take into account its friendliness and the availability of qualified local technicians to develop and service applications.

(ii) Project Data Bank Modules

The basic module of a Project Data Bank is the preinvestment module. Then, the Project Follow Up Module which allows you to do the physical and financial follow up of projects once they are being implemented. Another module included is the Technical Assistance Module in which information about technical assistance projects and information about donor profiles (potential donors or agencies that have actually provided funds for the country) can be registered. Special applications like registering macro impacts and investment programming are also incorporated.

(iii) Implementation

Major activities during the implementation of the Project Data Banks are: diagnosis of current Public Investment Management System; design of data capture forms; design of procedures; design of training programme; development of project appraisal methodologies; calculation of shadow prices; software programming; preparation of training materials; developing of manuals; training programme, acquisition of hardware; and initial loading of the information into the Project Data Bank.

There are some conditions for success in implementing a Project Data Bank. The major one is Political Support. It is also needed a massive training programme; assignment of resources tied to compliance with the Project Data Bank procedures; adequate funding and staffing; and active involvement of final users.
Be aware that: resistance to change will be confronted at all levels; total cost of implementation is high; and during the implementation work load is increased in ministries.

Even after all these problems, some countries have developed project data banks: Belize, Bolivia, Colombia, Chile, Dominican Republic, Guatemala, Jamaica, Venezuela.

(iv) **Expected Achievements**

Facilitate preinvestment planning; supports investment programming; improve follow up and control, support project ranking; provide information for ex-post evaluation; allows analysis of alternative scenarios; allows identification of relations between projects; improves inter-institutional coordination; support negotiating of loans or grants; facilitate follow up of multiple project programmes; and support decentralization.

2. **Establishment of the Project Data Bank: The Jamaican Experience**

The Government of Jamaica has decided that the project cycle will be the system through which projects will be developed and implemented in so far as they relate to the Public Sector Investment Programme (PSIP) in order to ensure conformity with macro economic objectives.

The rationale for its establishment has been: (i) the need to provide a system for macro-economic management and for measuring the impact of macro-economic policies; (ii) the need for an integrated approach to the implementation of the public sector investment programme which affords the opportunity to effectively co-ordinate projects at all stages of the project cycle; and (iii) the need to provide a system for the control, review, analysis and assessment of the investment programme to ensure that scarce resources are most efficiently allocated.

The Project Management System and Public Sector Investment Programme in Jamaica are essentially managed by three agencies viz

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7/ Miss Barbara Scott, Project Officer in charge of the PDB in Jamaica.
the Planning Institute of Jamaica (PIOJ), the Ministry of Finance (Budgets Division) and the Project Analysis & Monitoring Company Ltd. (PAMCO), with the PIOJ focusing on projects at the Pre-Investment Stage while the Ministry of Finance and PAMCO focus on projects at the Investment Stage. In view of this institutional framework, the PDB which has been developed for Jamaica is a decentralized and modular one. It is a distributed data base, with modules installed at the PIOJ, the Ministry of Finance and PAMCO. Basic information on projects is registered at PIOJ. Information with respect to financial support and project follow-up is entered at the Ministry of Finance, and PAMCO respectively. Additionally, there is a technical assistance module also located at the PIOJ, which registers and tracks technical assistance projects.

(a) **How the PDB Works**

Data for the Project Data Bank is captured on specially designed data capture forms. These forms collect four main categories of information pertaining to:-

- Project & Programme Summary - Form 1 and 2
- External Financing Agreements and Proposed Financing - Forms 3 and 4
- Implementation Scheduling and Project Follow-up - Forms 5 and 6
- Technical Assistance - Forms 8 - 10

A total of ten forms have been designed for this purpose. However, only information contained in five of these forms will have a direct impact on the PSIP, as most of the remaining forms relate to technical assistance projects, most of which are not a part of the Capital Investment Programme.

(b) **Outputs of the System**

The software has been designed to generate a number of important reports which can better inform the decision making process.

The basic reports of the Pre-investment Module would include: (i) a listing of projects registered in the PDB and sorted by different criteria; (ii) a short profile or summary of all projects; (iii) a capital budget impact report; (iv) a report on recurrent budget implications of selected projects; and (v) an aggregate impact of projects on selected indicators.
For the project Follow-up Module some basic reports which can be generated are: (i) an implementation schedule of selected projects (ii) the current or expected status of projects sorted by different criteria; (iii) jeopardies reports which would list projects for which cost overruns or delays are greater than acceptable levels; and (iv) an implementing efficiency report.

The software will be able to generate additional reports as required by the user. For example: (i) a report giving aggregate annual operating & maintenance costs covering all projects in the PSIP; (ii) the geographic distribution of capital investment in the public sector on a sectoral basis; (iii) the detailed information on project description and objectives; (iv) a listing on project indicators; (v) projected cost over-run for individual projecting as well as the aggregated cost over-run for all the projects in the PDB; (vi) performance of individual contractors as well as the number of contractors being employed on a sectoral and regional basis; and (vii) the total number of funding sources and the funding portfolio of each.

(c) Benefits of the System

Among the benefits to be derived from the system the following were mentioned: (i) it will help to standardized the information about projects which is supplied by implementing agencies and utilized by decision makers; (ii) information on projects will be collected and stored in one data-base; (iii) it will facilitate the speedy retrieval of information on projects for decision makers and planners; and (iv) will facilitate analysis at the macro and micro-economic levels.

(d) Current Status and Constraints

A decision was taken to register all externally financed on-going projects initially and then projects which are supported solely by Government funds.

The establishment of the Data Bank has not been without its constraints. However, chief among these is the lack of human resources to adequately support its implementation.

Within the PIOJ, PAMCO and the Ministry of Finance because of the limitation of manpower, staff involved with the Data Bank’s establishment could not be relieved of their other responsibilities. The lack of dedicated staff has delayed the Bank’s implementation.
Within the Sector Ministries and Agencies, some project managers, though conceding that the Data Bank was necessary, felt the need to complete the forms was an added burden given the resource constraints which they also face. This resulted in tardy submission of forms to the PIOJ.

Some difficulties have also been experienced in getting the PDB institutionalized within the PIOJ, PAMCO and the Ministry of Finance again, because of a limitation on resources. For example, it has taken time to acquire the necessary hardware to support the system.

Lastly, forms submitted for registration have sometimes been incorrectly or inadequately completed, necessitating their revision and thereby further delaying the data collection process.

These difficulties are not however, insurmountable and can be expected when a system of this nature is being established.

Efforts are being made to address these problems as best as possible. Since data collection is critical at this stage, additional human resources have been contracted by the Government for the short term to assist in this regard. Attempts are also being made to secure resources from other donor agencies in view of the positive impact the PDB will have on the Government’s Investment Programme.

(e) Outstanding Activities

There is still a need, however, to undertake a number of activities in order to bring the Project Data Bank to a fully operational stage. Among them, the following were named: (i) to register all ongoing projects and all new ones in the database; (ii) to institutionalize the system within the line ministries, to assign responsibility and give priority to this activity; (iii) to institutionalize the system in the PIOJ, the Ministry of Finance and PAMCO in order to facilitate the implementation and on-going operation of the various modules; (iv) training will need to be provided in utilizing the database and in the wider aspects of project formulation, analysis and management; (v) a Procedural Manual for the implementation and on-going operations of the PDB will need to be prepared; (vi) additional computer equipment and peripherals will need to be acquired to support the Project Data Bank; and (vii) at the end of the data collection exercise, a reconciliation of the information which has been loaded at the
PIOJ, the Ministry of Finance and PAMCO will have to take place to check its accuracy.

(g) Future Prospects for the PDB

The future prospects for the full implementation of the PDB are good, in that, the Government has repeatedly reiterated its commitment and support. This support, however, will need to be translated into an appropriate legal and administrative framework whereby Sector Ministries will be mandated to comply with PDB procedures.

3. Functioning and Decentralization of the National Investment Project Data Bank: The Colombian Experience

The enactment of the New Budget Law (Law 38 of 1989) marked the start of a long and gradual process designed to enhance the efficiency of public investment management in Colombia. A fundamental component of this process is the National Investment Projects Bank (the BPIN), governed by Decree # 841 of 1990.

Projects Banks are public investment information systems whose main objective is to ensure that such information is managed as efficiently as possible. To achieve this objective, Projects Banks are structure around the project cycle. This cycle may be divided into stages (preinvestment, investment, operation), and these in turn into phases (idea, profile, prefeasibility, feasibility, design, implementation, start-up and full operation).

However, the successful operation of a Projects Bank demands much more than files and computers. Several additional components are needed. They are: institutional, procedures, methodological, training, and systems and data processing components.

(a) Institutional Coverage

Given that the BPIN's objective is to support improved allocation and utilization of public investment resources, its coverage will include all institutions receiving financing or co-financing from the National Budget. The role of each of those institutions will depend on its function and the level of territorial government concerned.

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8/ Mr. Francisco Mejia, Coordinator, National Investment Project Data Bank; National Planning Department of Colombia (DNP).
The different levels of territorial government in Colombia are the national, regional, departmental, and municipal levels. In addition, the functions of the institutions may be classified under general headings of government decision-making, planning, financing and implementation functions. Direct users will be the agencies responsible for planning, including municipalities, departments, the CORPES, ministries and government departments.

Administration of the system will be the responsibility of DNP, handled through two divisions set up within the Public Investment Unit to operate and regulate the BPIN's activities: the Operation and Systems Division, and the Methodologies Division.

(b) Procedures of the Projects Bank

As already mentioned, the Projects Bank accumulates the information generated during the life of a project, except during the operational phase. However, not all information generated has to be recorded. All that needs to be recorded is what will be relevant for the taking of decisions affecting the passage of a project from one phase to the next, and for the proper monitoring of each phase.

Although detailed specification of the procedures for gathering this information is one of the tasks yet to be performed it is still possible to describe the information flows in general terms.

There will be both sectoral and territorial flows of information. In the sectoral area, ministries and government departments will manage the information generated in any one of their dependent institutions on both proposed and ongoing investment projects. Each agency must send the DNP specific information on fixed dates or at regular intervals. In addition, institutions at the national level may consult the BPIN at DNP to obtain information on the investment projects of territorial government agencies.

(c) Methodological Aspects

The quality of the information managed by the Projects Bank depend on the quality of the information recorded. Therefore, to ensure that the information flowing into the BPIN is reliable and complete, it is necessary to develop methodologies to guide and facilitate project formulation and appraisal.
The objective of the methodologies will be to facilitate estimates, at the profile level, of the costs and, if feasible, the benefits of the projects, and the selection of those meeting certain minimum conditions. There will be one general and several specific methodologies, the general one providing the general framework for the development of the others.

The starting point for formulation of the general methodology should be simple, free of complexities and easy to operate, so that it could be effectively used by civil servants involved in the project formulation and appraisal process and in the process of public investment programming and budgeting.

The general methodology will be constructed in seven modules, each one oriented toward a specific objective. The first two, institutional framework and project cycle - will present basic information for application of the methodology. The remaining five modules - project identification, project preparation, project appraisal, project financing, and project sustainability and viability - will consist of formats designed to guide the civil servant using them through each step of project preparation and appraisal.

Based on the model of the general methodology, specific methodologies of two types will be prepared: cost\efficiency (C/E) and cost benefit (C/B). These methodologies will correspond to the following sectors: education (C/E), health (C/E), justice (C/E), water supply and drainage (C/E), neighborhood roads (C/B), roads (C/B), telephones (C/E), electricity and agriculture (C/B).

(d) Training Programme

One of the most important components in developing a Projects Bank is training, because the entire operation of the system depends on the civil servants who generate, record, process and interpret these data, using specific methodologies and systems. Consequently, only thorough and properly directed training can guarantee that data on current or proposed public sector projects and studies will be input into the system in a timely and reliable manner.

In Colombia, three obstacles to the effectiveness of the system must be taken into account in the design of the training system: (i) inappropriate strategies, methodologies and procedures for taking social/regional needs and priorities into account in the institutional definition of projects; (ii) inappropriate mechanisms hindering the efficient, uninterrupted, timely and coordinated
channeling of public investments; and (iii) a lack of human resources with sufficient training to identify, formulate and appraise development projects.

Training must include all topics related to the operation of Projects Banks: project identification, preparation and appraisal; operation of the Projects Bank, including use and basic maintenance of hardware and software; and physical and financial supervision and monitoring of projects and studies. In each of these areas there must be personnel with basic, intermediate and advanced training.

The training strategy would provide for a varied range of training events like: training of trainers workshop courses; replication courses; application workshops; intermediate training; advanced training in operating the Projects Bank; intermediate training for technical assistance with operation of the Projects Bank; advanced training in operation of the Projects Bank; and training in project management.

(e) Project Data Bank

Computer architecture, relationships with other systems, installation strategy and anticipated benefits of the BPIN were analyzed.

(i) Computer Architecture

In terms of computer architecture, the Projects Banks may be set up as centralized or client/server systems. In light of the National Government's ongoing process of decentralization, and given the fact that a client/server system involves greater possibilities for growth, less complex equipment, and lower investment and operating costs, this type of architecture has been selected for the BPIN.

Under this system, each institution belonging to the BPIN will have its own database to record the projects for which it is responsible. All the databases can exchange information using diskettes or communication lines. Those institutions where installation of a computer is not feasible or justifiable will have access to the BPIN through the government agency to which they are attached.
Computers are needed for database management. Thus their size will basically depend on the volume of information to be recorded. Database management will require programs for the imputing of information, the obtaining of listings and reports, and exchanges or information among databases. As the system is being developed, technical reference manuals and user manuals will also need to be prepared.

(ii) Relationships with other Systems

The Projects Bank cannot be an isolated system, because projects recorded in the BPIN often include components that relate them to other public sector information systems. For example, the financial execution of all projects financed by the National Budget is monitored through the Ministry of Finance's budget monitoring system. The Credit Monitoring System of DNP's External and Internal Credit Division oversees the application of external and internal credit resources in investment projects. Similarly, DNP's International Technical Cooperation Division has a system for recording and monitoring international technical cooperation activities, which frequently involve development projects or are a source of new projects.

Consequently, the physical design of the BPIN must take account of facilities for exchanging data with these or other systems.

(iii) Installation Strategy

In Colombia there is still a long way to go, since most of the institutions surveyed do not possess information systems and methodologies for identifying, appraising and monitoring investment projects. The path will also be a difficult one, because of the large number or institutions at territorial level and the institutional weaknesses of most of them.

Because of the considerable complexity of Colombia's public sector and the large number of small municipalities, the project cannot deal
directly with all the institutions involved in public investment. It will therefore be necessary to devise a priority-based strategy for gradually and selectively installing the BPIN.

The installation strategy is based on the following three considerations: the multiplier effect; the demonstration effect; and permanent support and technical assistance program for institutions in the system.

Application of this strategy depends heavily on a clear definition of the spheres of action of the various participating or beneficiary institutions.

(iv) Anticipated Benefits

Developing and implementing the BPIN will certainly be a long and expensive process. The direct cost of the project is over US$2 million, and it will take two years to develop and implement, although bringing the system into full operation could take three or four more years and call for a larger capital investment.

However, the following are the main benefits anticipated:

- the development of project appraisal methodologies and the training in their application of many civil servants in the centralized and decentralized agencies will ensure that projects wholly or partially financed by the National Budget will produce a positive socioeconomic rate of return;

- the availability of updated information on projects proposed by institutions at national and territorial level will substantially improve inter-institutional coordination;

- the ongoing physical and financial monitoring of project implementation will facilitate the timely adoption of measures for ensuring that each project achieves its aims;

- the fact that the BPIN contains a group of well-formulated and efficiently appraised projects will facilitate the negotiation of international loans for co-
financing projects in the centralized and decentralized sectors;

- the BPIN will provide institutions at the national level with immediate information on the needs of the regions, departments and municipalities. Similarly, it will provide municipalities, departments and regions with timely information on projects to be implemented in their various geographical areas by national institutions, so that they can express their opinions.

4. The Integrated Project Bank and the Financing of Local Projects: The Chilean Experience 2/

The presentation was divided in two: i) the description of the foundations, characteristics and procedures of the Public Investment Management process in Chile, called National Investment System (SNI), and ii) the Chilean experience in the process of designing, developing and operating an information system called Projects’ Integrated Bank (BIP), which acts as a support mechanism to the public investment process.

(a) National Investment System

The National Investment System can be defined as a transformation process of the investment ideas, from their identification to their operation, through the use of resources that add value to such ideas. The institutional organization of the Chilean System, the subsystems of the NIS and the relevant aspects which have contributed to making the Chilean NIS more efficient, were briefly described.

(i) Institutional Organization

The administration of the Chilean State, has a functional institutional organization which is decentralized and disconcentrated at territorial level, where many institutions participant in the process of implementing the investment ideas interact.

2/ Maria Teresa Hamuy, Project Analyst, Investment Department, Ministry of Planning and Cooperation (MIDEPLAN).
In the organization of the Chilean public sector it is possible to distinguish three types of functions within the public investment process: Government’s (decision-making), Administration’s (execution) and Advisory Services’ (coordination).

As a result of the regionalization and territorial decentralization process, the administration of the State of Chile presents four territorial management levels in the decision making process relative to investment: national, regional, provincial and county. At each of these levels, the institutions develop a specific role to meet the basic objective of the SNI, which is to achieve an efficient allocation of the scarce resources to the most profitable investment alternatives.

(ii) Subsystems of the SNI

The SNI is constituted by two main subsystems: the Technical Economic Analysis Subsystem which is in charge of formalizing, homogenizing and coordinating the formulation, presentation and appraisal of the investment projects prepared by the different institutions of the Chilean public sector. And the Budgetary Formulation Subsystem which is in charge of normalizing, homogenizing and coordinating the process of allocation of funds and the execution of the public sector’s budget.

(iii) Relevant Aspects

The relevant aspects which have contributed to making the Chilean National Public Investment System more efficient, have been, at least, the following:

- the existence of a national planning organization (MIDEPLAN), which has among its functions the examination of studies and projects submitted by the investing institutions, the preparation and application of specific appraisal methodologies, the calculation of shadow prices and a permanent up-dating of the Projects’ Bank for the public sector (BIP);

- the acknowledgement of the financial authority (M. of Finance) to an independent planning agency (MIDEPLAN), which issues a technical report on the
advantage of making the investments submitted by the public sector institutions;

- the existence of planning offices in the investing institutions of the public sector that identify and formulate projects;

- the emphasis on the preinvestment activity and the permanent training programmes for the public sectors professionals, with the aim of improving the decision making process in the subject of public investment;

- the strict process of budgetary formulation and execution applied to all the public sector; and

- a regulatory agency for the public expenditure with "carte blanche" to exercise the financial control of the projects performed with charge to the Budget Law.

Acknowledging the important degree of development and efficiency reached by the SNI, this system is currently going through a modernization and adjustment process. Adjustment to the new demands of the Chilean investment process, the institutional changes and the challenges typical of an age of accelerated changes and innovations in all areas.

(b) Projects' Integrated Bank

For the implementation of this information system, a series of activities were initiated and are still being carried out in a dynamic improvement process, among which the following can be mentioned: (i) implementation of an operative and functional structure for the Public Sector's Investment Management; (ii) establishment of standards and procedures for its operation; (iii) elaboration and improvement of methodologies for the formulation, submission and appraisal of projects; (iv) establishment of systems for the selection, monitoring and evaluation of projects; and (v) permanent training for public officers on matters referred to public investment management. Therefore, this continuous effort to standardize, organize and systematize the investment process, has certainly been an important advantage for the start up and later operation of the Projects' Integrated Bank.
(i) **Stages of the BIP**

Within the frame of the regionalization and decentralization process in motion in the country, in 1982 the System of Projects' Regional Banks (BRP) was implemented structured upon the base of 13 data banks located at each one of the Regions in the country. With the incorporation of the ministerial projects, a second stage was put into operation, the Project Sectoral Banks (BSP). Both systems (BRP and BSP) had the same logical and physical structure. Next, a consolidation stage of such systems was initiated, structuring them as one Public Sector Projects' Integrated Bank (BIP).

(ii) **Definition and Objectives of the BIP**

The BIP is an information system for investment projects including studies, projects and programs of the Public Sector at national, regional and county level, in which all the institutions of this sector participate.

Its main objective is to support the decision making process regarding public investment providing information on the SNI as a whole and on each one of the institutions involved, in a permanent and dynamic way; to give detailed information about each one of the projects and their effect over macroeconomic variables; to simplify the programming and execution tasks in relation with preinvestment and investment through the delivery of timely information; and to link the institutions participant in the SNI using the BIP system as a tool for inter-institutional coordination.

(iii) **Conceptual Characteristics of the BIP**

The BIP design allows the follow-up of the projects' cycle during all their life, based on the definition of a Life Cycle of the projects and on the identification and definition of the states (preinvestment, investment and operation) and stages (idea, profile, prefeasibility, feasibility, design and execution, operation) they comprise.

The BIP conceptual design was based on the institutional structure of the country's public administration, which in turn works in a program of functional decentralization and territorial descentration. In the country there are more than 500

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institutions participating in the Public Investment System. In accordance with the BIP objectives, the project is the system's unit and because of this its Code and Number should remain unalterable. The system's design determines that there should always be an institution responsible for the project, since this institution is the only one who can enter or modify information. For this purpose, a privilege system was established in order to enter and/or modify information, according to the users' functional (sectoral) and territorial (geographical) competence scope.

(iv) BIP Operation

The sectorial and territorial institutional competencies were mentioned, as well as the localization of terminals and the users of the system.

Finally, the structure of the BIP was presented. It corresponds to a hierarchical data organization model, in which the information entities are interdependent. The project's information structure is grouped by the following information modules: (i) Identification Module; (ii) Stage Module; (iii) Submission to Financing Module; (iv) Budget Allocation and Follow Up Module; and (v) Contracts Module.

(v) Functions of the System

The BIP is oriented towards the fulfillment of the following functions:

- at Individual Project Level: data entry and editing, and information retrieval (screen reports and printed reports);

- at Aggregated Level: query functions (printed reports and ASCII text file), and standard reports.

(vi) Specific Applications of the BIP for the SNI

Specific applications of the Projects' Integrated Bank for the National Investment System are: technical-economic analysis of projects; budgetary formulation process; and budgetary execution process.
(vii) **General Recommendations**

Computational development of the system; design of the system; institutional support, and permanent training were general recommendations suggested.

(viii) **Modernization of the BIP System**

Modernization of both hardware and software, better performance and greater efficiency in the access to information; in-line assistance for users; greater autonomy for the regions in the utilization of the system; and development of connection and exchange of information systems with the private sector.
C. PRACTICAL SESSIONS

1. Application of Existing Project Data Bank Software, Demonstration of the Modus Operandi, Simulation Exercises and Use of Data with Computers 10/

Before the Seminar, ILPES prepared a complete set of forms for five projects to be included in the DEMO version of the Jamaica Project Data Bank (ILPES INFOPROJECT 2.2) and registered four of them. The fifth was left to be registered by the participants during the practical session that took place the last day of the Seminar during the afternoon session.

Forty copies of the DEMO were prepared and distributed to selected participants. The groups registered the previously prepared project and printed a couple of reports.

2. Actions Plans

a) Guide to Action Plans 11/

This guide provides a framework within which you may begin thinking about an action plan for public investment programming and project data banks before the seminar begins. It is designated to help focus your attention on elements of the seminar relevant to your own experience.

The seminar has been planned with active participation of all participants in mind. It is also designed as only one part of a continuing process that begins before the seminar and continues afterwards. The preparation and implementation of action plans is an integral part of that process, contributing to your participation and the lasting benefits you gain from the seminar. The seminar might be thought of in four phases:

1. SEMINAR PREPARATION. You have been asked to write an analytical paper summarizing the experience of your country in public sector investment planning and project cycle management, for

10/ Conducted by Ms. Calvo from ILPES, while Ms. Stevens and Mr. Skervin from PIOJ and Mr. Aldunate from ILPES helped the different groups when they confronted problems.

11/ Prepared by EDI/World Bank.
which you have received basic guidelines. This paper summarizes
the background and working of public sector investment planning or
project cycle management in your country, identifies problems and
suggests possible solutions. At the same time you should begin to
think about your responses to the questions in the action plan
outline as a first step in writing an action plan.

2. SEMINAR PARTICIPATION. During the seminar, you will have
opportunities to meet with resource persons, who will relate
concepts in investment planning to experiences in Caribbean and
other nations, to discuss problems and ideas with the resource
persons and your counterparts in the Caribbean and Latin America,
and to gain practical hands-on experience in the use of interactive
computer technology. During the seminar there will also be an
opportunity to discuss progress on the writing of action reports in
small groups, and to present the draft action reports in plenary
session at the conclusion of the seminar.

3. COMPLETION OF ACTION PLANS. By the end of the seminar, you
should have completed a brief action plan incorporating useful
ideas from the seminar for application and implementation in your
country. The action plan should be an approach or strategy that
puts together feasible and practical steps to help you to cooperate
with key players in your country to improve processes and
institutions of public sector investment programming, project cycle
management, and project banks.

4. FOLLOW-UP OF THE SEMINAR. As a participant in the seminar you
will now be a member of a network supporting future activities
furthering improvements in the management of public sector
investment. The most important activity will be self-generating as
you maintain the contacts you made at the seminar to share future
experiences, problems and initiatives. In addition, the sponsoring
organizations will facilitate contacts among participants by
circulating relevant follow-up materials, providing advice on
request, and organizing future seminars.

   i. Action Plan Outline 1

   The following questions are designed to stimulate
your thinking. They are not intended to be
definitive or inclusive, and you should feel free
to substitute or add others that you think are more
relevant to your own circumstances.

1. Which sectors appear to require public investment the most?
   (e.g. health, education, agriculture, physical infrastructure,
environment). Can you prioritize them and give some estimate of their needs in physical or financial terms?

2. What projects would you consider the most worthwhile and feasible in the priority areas? What steps are necessary to complete existing projects? What steps would be necessary to initiate and implement new projects? How would these measures differ from those now being used?

3. Looking at the current strengths and weaknesses of current public investment programming, what improvements might be made? What institutions and persons would need to be involved? What strategy would appear most promising? The following checklist may provide a guide:

- project generation
- project appraisal
- project selection
- forecasting of project costs and benefits
- ascertaining sources and amounts of project funding
- project phasing including financing
- project monitoring
- project evaluation

4. In what ways is it possible to link public investment projects with:

- overall development objectives and priorities
- annual budgets

What institutions and processes need improvement?

5. In what ways is it possible to ensure adequate funding of recurrent expenditures over the life-cycle of the project?

6. What approaches outlined in the seminar appear appropriate for public sector investment planning in your country? How would they need to be adapted? If you believe none of these approaches is appropriate, what strategy do you think might be more useful in gaining improvements?

7. What techniques demonstrated in the interactive computer session do you think could be implemented in your country? What staff would be involved? How would you explain the objectives of the method to them? What equipment would be needed? What benefits would it bring? What staff training would be needed?
8. What stakeholders in the project management environment are critical to improving public sector investment planning and what strategy would you implement to gain their support and cooperation? The following checklist may be useful:

- core financial ministries (ministries of finance and planning; central bank; civil service commission; general services)
- line ministries
- legislature and key committees
- state enterprises
- donors
- private business groups
- non-profit organizations
- courts
- media, public, clients

9. What criteria should be dominant in selecting public investment projects? How are these criteria adjudicated? Who knows about them? How may they be promoted?

10. Is a project bank a useful innovation for your country if it does not already have one? If so, what steps would you take to establish such a bank? If a bank already exists, in what ways might it be improved and what steps would you take to do so?

ii) Action Plan Outline 2

This outline develops a little further the outline you have already received, and you may find it useful in organizing and structuring your final action plan.

1. THE PROJECT ENVIRONMENT

What stakeholders in the project management environment are critical to improving public sector investment planning and implementation in your country, and what strategy would you implement to gain their support and cooperation?

The purpose of this section is to mention the main stakeholders in the project management environment which are critical for improving public sector investment planning and implementation in each country.
- core financial ministries
- line ministries
- legislature and key committees
- funding agencies
- state enterprises
- donors

2. THE PUBLIC INVESTMENT PROGRAMMING CYCLE

What improvements would appear desirable in the following phases of the public sector investment planning process? What institutions and persons are involved? What strategies would appear most promising? What steps would you take to carry them out?

- project generation
- project formulation
- project appraisal
- forecasting costs and benefits
- ascertaining sources and amounts of funding
- monitoring progress
- project evaluation

3. RELATING PUBLIC INVESTMENT PLANNING AND IMPLEMENTATION TO BROADER POLICY

In what ways may policy and projects be linked? How many problems be overcome? What institutions and processes might be strengthened? In what ways?

- linkage with broad development policy
- linkage with multi-year public investment plan
- linkage with annual investment plans
- linkage with budgets

4. ISSUES IN PUBLIC INVESTMENT PROJECT MANAGEMENT

In what ways is it possible to ensure adequate funding of recurrent expenditures over the life-cycle of the project?

In what ways is it possible to coordinate foreign aid?

In what ways may investment undertaken by public enterprises be coordinated, monitored and controlled?
5. PRIORITIZING PUBLIC INVESTMENTS

Which sectors appear to require public investment the most? (e.g. health, education, agriculture, physical infrastructure, environment?). Can you prioritize them and give some estimate of their needs in physical or financial terms?

What projects would you consider the most worthwhile and feasible in the priority areas? What steps are necessary to complete existing projects? What steps would be necessary to initiate and implement new projects? How would these measures differ from those now being used?

What criteria should be dominant in selecting public investment projects? How are these criteria adjudicated? Who knows about them? How may they be promoted?

6. APPLICATION OF SEMINAR APPROACHES

What approaches outlined in the seminar appear appropriate for public sector investment planning and implementation in your country? How would they need to be adapted? If you believe none of these approaches is appropriate, what strategy do you think might be more useful in gaining improvements?

What techniques demonstrated in the interactive computer session do you think could be implemented in your country? What staff would be involved? How would you explain the objectives of the method to them? What equipment would be needed? What benefits would it bring? What staff training would be needed?

This section will let you speculate about the techniques demonstrated in the interactive computer of the Seminar and will let you give your opinion on which of them could be implemented in your country. For instance:

- the establishment of a Project Data Bank
- staff support
- methods and means by providing training to local staff. For instance:

  - a training programme on project identification, formulation and appraisal and on the theory and usage of the PDB
- a training programme to develop project appraisal capabilities, both in the Ministries and in the Planning Office, at the profile level should be given by using simple project appraisal methodologies (which need to be developed)

- support for training sectoral officials in the use of the PDB software, once databases are installed in the ministries

- development of methodologies in order to make sure that the information is prepared in a consistent and standardized way, which is a prerequisite for making comparison between projects and ranking them

- specification in relation to the equipment needed for the PDB: hardware and software

- to spell out the expected results or benefits which the PDB would bring. For instance:

  - standardized information about all proposed or ongoing PSIP projects

  - facilities coordination among public institutions

7. FOLLOW-UP

Finally, this part deals with the follow-up activities to the seminar which would be useful to each country.

For the overall coordination of the operation and further development of the PDB it is suggested that development must include:

a) A training programme aimed at public sector personnel and including short courses in project formulation and appraisal, in project management during the construction stage and in the use of the hardware and software of the PDB. This training programme should be instituted as a regular activity, in order to compensate for the loss of qualified personnel to the private sector or its movement from one public sector institution to another.

b) A clear assignment of responsibilities to the participating public sector institution (institutional and legal framework). There should be no duplication of tasks between
institutions regarding who is in charge of collecting a given type of information and registering it in the PDB. No institution should be able to modify information registered by another institution according to its assigned role in the PDB. That means that only certain public sector institutions should be able to enter specific project information into the PDB. However, any institution participating in the PDB should have access to all registered information. Also, the PDB must conform to the legal framework. Therefore, it is necessary to analyze existing laws related to the management of public investment in order to assess their implications to the PDB and, if necessary, suggest amendments.

c) The definition of forms, procedures and rules for summarizing and coding the information in a standardized way. This ensures that meaningful reports can be readily generated and that they will be easily understood by all users. For example, aspects to standardize include assignment of names to projects and their sectorial and geographical classification.

d) All project appraisal methodologies must be developed for all types of projects. These methodologies must be tailored to the training level of the people that are going to apply them in each sector. This greatly facilitates project appraisal at the profile level and guaranties that it will be possibly to compare and rank similar projects on an equal basis. The information generated would be summarized in data collection forms and then registered in the PDB.

e) Finally, hardware and software is needed in order to manage all collected information in an efficient way. The software must be as user friendly as possible in order to reduce training requirements. But, at the same time, must have enough flexibility to adapt to the changing needs of the government and must be powerful enough to manage the huge volume of information to be registered.

b) National Action Plans

i. Action Plan Submitted by the Planning Institute of Jamaica (PIOJ)

1. A PIOJ INNOVATION

The PIOJ with the assistance of UNDP-ILPES and a locally contracted consultant, are currently working to establish Jamaica's first Project Data Bank (PDB). This PDB will be in the form of a
distributed database located at the PIOJ, the Project Analysis and Monitoring Company (PAMCO) and the Budget Division of the Ministry of Finance, Development and Planning.

A PDB is essentially a database which is designed to collect, organize and handle information pertaining to Public Sector Investment Programme (PSIP) projects, at the national, sectoral and regional levels. Information is collected throughout the projects' life cycle and retained for reference or for conducting project analysis.

The idea of establishing a PDB is not entirely new. In 1988 a seminar sponsored by ECLAC was held in Trinidad and was attended by two Directors from the PIOJ. The links and contacts which were established with ECLAC at the seminar were maintained.

When work began in 1989 on the Five Year Plan, a concerted effort was made to initiate the establishment of a PDB in Jamaica. It was felt that such a Bank would provide a mechanism for monitoring more closely those projects included in the Plan. The assistance of ILPES/ECLAC in conjunction with the UNDP was solicited in this regard. To date four missions have been to Jamaica from ILPES Headquarters in Chile and have worked with the PIOJ, PAMCO and the Budgets Division of the MFDIP, laying the foundation for Jamaica’s PDB. Another mission (which will be the last) is currently in the island to make final adjustments to the PDB.

2. HOW WAS THE PDB WORK?

Data for the PDB is captured on specially designed input form. Data is collected in a standardized format and track information from the Project Name to the amount of man-hours spent on a particular project activity. It is envisaged that only projects which have reached the profile stage will be entered into the PDB. In the initial stages of establishment however, all projects which have emerged from the Five Year Development Plan, will also be included, even though these are mostly at the idea stage.

As mentioned previously the PDB will be a distributed database. As such basis project information will be entered and registered at the PIOJ. Follow-up and financial information (i.e. allocated financial support) will be entered by PAMCO and MFDIP respectively. This is based on the roles these agencies play in the project cycle. It is important to note that even though particular agency may have an area of responsibility under the PDB,
that agency still has access to information being input by the other agencies, and is able to view but not edit this information.

With such a structure it is extremely important that the database at each agency has similar information. Initially this will be facilitated by updating each database via diskettes, exchanged between each agency. Eventually the agencies will be connected via modem to facilitate live data transfer and query.

3. CURRENT STATUS OF THE PDB

Since the last ILPES mission programming has continued on the PDB and the "First Draft" of the software was demonstrated in early February. Live data is currently being compiled within the respective agencies in accordance with the input forms. It is hoped that the system will be fully functional by late 1992.

The establishment of a Project Data Bank will not only make collection of project data easier and more readily available, it will provide the information to assist in the co-ordination of investment programming and the evaluation of the social and economic impact of investments. It will also assist the government in aligning its investment programmes with its development objectives. The PDB is a First for Jamaica.

ii. Action Plan Submitted by British Virgin Islands 12/

1. The Project Environment

Critical agencies to the improvement of the investment process immediately are the Ministry of Finance, the Development Planning Unit and the line Ministry of Communications, Works and Utilities. Additionally the Legislature and the Council of Ministers (Cabinet) are critical as well in terms of their commitment to improving Public Sector Investment Planning.

In order to significantly improve management of the Project Cycle and ultimately Public Sector Investment Programming, the following strategy should be followed:

12/ Drafted by Mr. Otto O’Neal, Head Planning Unit.
(i) obtain a political commitment to improve public sector investment programming and management of the project cycle;
(ii) strengthen the legal framework for the investment process as it relates to budgeting and the development of projects;
(iii) enhancing the institutional capacity of the agencies directly involved or responsible for the investment process; and
(iv) strengthen the national planning mechanism including expansion of the committee.

2. The Public Investment Programming Cycle

The first improvement should be in the generation of projects or in providing Development Planning Unit with a Profile of all project ideas whether the financing comes from own resources or otherwise. Project evaluation in terms of preliminary analysis or provision of indicators in the early stages should be enhanced to enable use of rational selection. Additionally, the process by which projects get into the National Capital Budget and receive financing must be clearly defined with the objective of improving the investment process.

Finally post implementation evaluation needs to become a reality.

With respect to improving the pre-investment process, it appears as though strengthening of the institutional capacity in the line ministries in management of the project cycle, as well, improvement of the legal framework which facilitates the investment process will be one of the primary strategies. To implement these strategies, a plan of human resources development, improvement of the legal framework in respect of the budget and the sensitization of the political directorate will be developed.

3. Relating Public Investment Planning and Implementation to Broader Policy

Broader policy and projects will be better linked if the expressed will of Government to produce a development plan (a framework for the implementation of rational policies) during the course of next year. This linking process will become reality if this framework or plan consists of broad policy, a public sector investment programme and a system of multi-year national budgets.
Linking policy and projects requires further institutionalization of the planning process, improvement of the national budgetary process and the system of public sector investment programming. To these ends, it is necessary to expand the membership and role of Planning and Projects Review Advisory Committee (PPRAC) to include key personnel from line ministries, other agencies and the private sector. To improve the budgetary process, the passage of a modern budget law which defines the process by which projects get into the national budget and receive financing. Additionally, the budget regulation will provide for assessment of financial impact of projects on the recurrent budget. The system of public sector investment programming will be improved with the linking of the three-year plan of projects with the multiple recurrent budgeting system. A complete re-classification of budgets by object and function will assist in linking expenditure (investment as well) with policy objectives to assess post implementation analysis.

4. **Issues in Public Investment Project Management**

To ensure adequate funding of recurrent expenditures of the life cycle of a project, information detailing such projected expenditures must be provided to the multi-year recurrent budget from the project dossier. These estimates foreign aid is presently effectively coordinated by the Development Planning Unit in collaboration with the Ministries of Finance and Foreign Affairs.

Investment undertaken by state-owned enterprises can be more effectively controlled, monitored and coordinated with the presence of a budget law covering these enterprises. Essentially this budget law will treat public enterprises in the same manner as government agencies.

5. **Prioritizing Public Investments**

The PSIP for the period 1992-1994 contains 120 projects ranging in size from US$50,000 to US$25.0 million aggregating to US$140.0 million representing some 70 per cent of the 1990 Gross Domestic Product. The broad sectors of priority are economic infrastructure (roads, water distribution, bridges, ports) and social institutional infrastructure (hospital, schools, public safety). Presently, the projects are prioritized only in terms of a projected implementation schedule on an annual basis.

Although scheduled for implementation in 1994 many of these projects are still early in the pre-investment phases. Some projects are being designed and developed by consultants. However,
in view of the fiscal situation and the fact that most projects are to receive external financing, it is critical that we have a PCM and PSIP in place to assist with the more sophisticated economic management which has become imperative. As more of our own resources are required to finance capital formation, we must develop more sophisticated investment management systems to efficiently manage the application of these resources.

The primary criterion should be whether or not the project is in compliance with national policy objectives. Following on in a systematic way, the project must then meet economic and financial cafeteria which are standard. Additionally, other criteria of national interest as determined by the authorities are used to select, on rare occasions, projects to the investment process. This discussion would be followed by a seminar for all personnel now concerned with the investment process. The objective of this seminar/workshop will be to prepare a detailed plan of action for submission to cabinet for approval.

The PPRAC usually adjudicates these investment criteria which are usually known to most ministries. Project selection criteria may be promoted by sensitization of the line ministries to the entire investment process by seminars, workshops, etc.

6. **Application of Seminar Approaches**

Most of the strategies outlined in the larger countries are applicable to BVI and would represent, in application, a significant improvement in PSIP and PCM. The strategy as outlined by Chile is very applicable although on a much smaller scale without the regionalization components. The strategies most helpful to BVI are already outlined in section (1). These strategies would have to be refined and redesigned to suit the circumstances of the BVI.

The BVI can begin with what Jamaica currently has and move along the path of developing the entire system at a much faster rate given the smaller volume of data being used. Personnel increases in the Development Planning Unit, Ministry of Finance and selected line ministries adding up to about five (5) will be necessary. Some of these personnel will have skills in project development; however, some degree of specific training will have to be undertaken.

Computer equipment in the form of a micro system linking the Development Planning Unit and Ministry of Finance.
7. **Follow-up**

A cabinet level report of this meeting is required and this is to be followed by a discussion with my Minister as well as officials from the ministries critical to the investment process. This discussion would be followed by a seminar for all personnel now concerned with investment process. The objective of this seminar/workshop will be to prepare a detailed plan of action for submission to Cabinet for approval.

8. **Proposal**

Arising with initial discussion with the delegate from Montserrat, BVI and Montserrat would be interested in working jointly on implementation of these system in our respective countries. It is our view that the situation are virtually the same, permitting implementation to proceed in a rather shorter time frame.

c) **Reports of Working Groups**

i. **Report Prepared by Working Group 1**

(Dominica, Cayman, Chile, Barbados Turks & Caicos)

Output of the First Meeting, 21 November 1991

The group decided that the work plan should reflect our common concerns and the activities which we considered severally and jointly to be practicable.

The Work Programme areas are as follows:

1. Ongoing training of Core and Line/Sector/Executing/Agency personnel in all aspects of Project Cycle Management and project development.

2. Development of, or strengthening of, a strong statistical base for both planning and project development.

3. Establish project coordination systems; within Line Ministries between Line Ministries and between Line and Core Agencies, by (a) Strengthening the Monitoring systems in line Ministries and Central Planning Unit or Agency; and
(b) Establishing a Filtering Mechanism for projects and programmes, and for the selection of appropriate funding for projects.

4. Establish and strengthen the planning component in the management function of Line Ministries/Agencies.

5. Establish a system for regular review of the PSIP and the Annual Capital Budget and Recurrent Budgets within the framework of Sectoral and National Plans.

6. Establish a system of staff rotation between Core and Line Ministries or one that will permit direct exposure of personnel to the realities of both functional types.

7. Create or strengthen mechanisms for public sector and private sector dialogue so as to synchronize public and private sector investment.

8. Devise Action Plans and Mechanisms for obtaining support of the Political Directorate. Some elements would be as follows:
   - Training
   - Design and use methods of information presentation that facilitate assimilation and decision making.
   - Find ways to explain clearly the usefulness and purpose of "bureaucratic" procedures.

9. Expand the PSIP and Capital and Recurrent Budgets to capture information on Statutory Bodies and the Rest of the Public Sector.

10. Establish control mechanisms to govern the acceptance/inclusion of projects into the PSIP and Annual Capital Budget.

11. Establish criteria for project selection and monitorization in consultation with Line Ministries.

12. Improve the institutional and legal framework for public sector investment programming.

ii. Report Prepared by Working Group 2

(Puerto Rico, Venezuela, Netherlands Antilles, British Virgin Islands)
Puerto Rico

1. **Public Investment, Project Cycle**
   - agree with the document prepared by ILPES
   "Project and Advisory Assistance Programme"
   Public Investment, Project Cycle and Project Banks

2. **Capacity Building**
   - agree with Ms. Katrina Sharkey paper on:
   "The Role of Capacity Building in Public Investment Programming" mainly on the follow-up of the Building Capacity Process.

3. **Countries Papers** (mainly)
   - conceptually agreement with every country's strategy on solving their problems but will pay close attention to:
     a) The Colombian Strategy mainly:
        i. project appraisal (C/B methodology) techniques
     b) Venezuelan Strategy mainly:
        i. their conceptual design
        ii. their step-by-step or phase-by-phase implementation strategy
        iii. their decline for success.

4. **Project Monitoring**
   - will study in detail techniques provided in ILPES:
     "Physical and Financial Follow-up of Investment Projects"
     A Methodology for the Project Information System.

5. **Reference Papers:** (A 11)
   - mainly: (impressed by:)
     (a) Dominica's Paper: their ability to go back for fundamental and recuperate.
British Virgin Islands: (Otto O’Neill)

(a) Capacity Building
   - Pre-Investment

(b) Linkages between Budget and Public Investment
   - Legal Framework

(c) Project Data Bank
   - operational one.

Netherlands Antilles: (Carlos Rovelet)

(a) Capacity Building
   - Pre-Investment island by island

(b) Institutional Strengthening between islands and Central Government.

Venezuela: (Julio César González and Ivonne León)

(a) Capacity Building
   - Local Government level
   - Pre-Investment and Project Appraisal

(b) Strengthen relations with ILPES.

Jamaica: (Newton Beckles - PAMCO)

(a) Keep working on Project Cycle
   - Pre-Investment/Appraisal/Evaluation

(b) Capacity Building
   - Training on an on-going basis

(c) Keep implementing the Project Data Bank
   - Network: as soon as possible
   - More human involvement
   - Core Ministry involvement

(d) Strengthening linkages between agencies.
iii. **Report Prepared by Working Group 3**

(Trinidad y Tobago, Colombia, Dominican Republic, Montserrat)

The specific objective of the action plan is to identify and develop strategies for effectively using the experience gained as a result of the seminar on Project Data Bank and Public Sector Investment Programming.

The most emphatic themes which have been presented by this seminar are:

1. **Political Leadership**

   This has been referred to as political support in much of the discussion. The members of group 3 believe that the process of building support for establishment of PCM and PSIP including the PDB must be such that ultimately the drive for establishment of the system comes from the political directorate. From this may follow the introduction of legal instruments, etc.

**Follow-up Action**

Group 3 proposes that it would be useful to organize a seminar/workshop at a high level which specifically addresses and shares experience on (1) the attitudes which technicians or proponents of PCM and PSIP must adopt towards and integrated planning process to bring different constituencies together (2) Nature of the support which must be provided at the technical level to facilitate political leadership.

2. **Policy and Project Relationship**

   In some respects the relationship between the projects and the macro planning framework remains loose. There is a need to focus on and to share experiences on precisely how the PDB is improving macro economic planning.

**Strategy**

Promotion of experiences in which the PDB is being used at the macro economic level to quantify capital formation by the public sector through exchange of literature, workshop/seminars at sub-regional levels, etc.
3. **Training as Part of Institution Building**

   The need for continuous training is immutable.

**Strategy**

   Training has to be undertaken in:

   (a) Project preparation, appraisal and evaluation techniques
   (b) Procedures to strengthen PCM and streamline administration.

   The emphasis in both aspects of training are simplicity and practicability.

   Countries of the region must look towards:

   (i) sharing the benefits and costs of training in project preparation, etc. methodologies through regional and sub-regional course.

   (ii) exchange experiences in training and capacity building through regional seminars and literature.

4. **Project Identification**

   There is a need to develop the concept of project identification and share national experiences in the area of project cycle. For example, techniques of demand analysis, crystallization of end user needs for small projects, definition of project boundaries are influences on project formulation.

   In this context and consistent with II above, there is scope for the examination of the role of the state in the productive sectors. Why should the state be involved in a particular sector and if it is, how does it disengage given a policy of reduced involvement?

iv. **Report Prepared by Working Group 4**

   (Jamaica, Belize, Guyana, St. Vincent and Grenadines and Suriname)

   Mission Statement: To improve the efficiency of Public Sector Investment Expenditure
1. The Project Environment

Critical stateholders: Ministries of Finance, Planning, Economics, Development or combination of some. Projects preparation, implementation and monitoring agencies’ strategies. Seminars/workshops/training/established and maintained information flows via procedure manuals, government commitment at highest level.

2. Public Investment Programming Cycle

Institutions involved: As for 1 above.

For project preparation, formulation, forecasting and appraisal. Standardization, improved processing (simplified or automated) ongoing training of line ministries staff.

Sources and amounts of funding: planning organization develop profiles in financing agencies and circulate among line agencies, planning and financing agencies to develop awareness. Ensure central routing of requests for financing.

Monitoring: To be independent and present findings on inadequate performance to the highest level. Maintain integrity in investment.

Evaluation: Ensure adequate specialist skills; establish core committees as needed: include private sector.

3. Public Investment Planning

Have a plan; from down/up; linkages focussing on objectives and targets; develop programmes to integrate projects; continuous training and review.

4. Public Investment Project Management

Include recruitment costs in project costs for evaluation and ensure budgeting agency forecasts record the demands.

Coordinate aid: Annual meetings between government’s planning and budgeting agencies and financing agencies. Central agency for requesting assistance.
Public enterprises investment: coordinate plans among agencies in seminar, within national plan. Depending on state of economy (e.g., fund programme or no fund programme) require monthly, quarterly or annual financial and physical performance data.

5. **Prioritizing Investments**

Physical infrastructure (yes) /environments (no).

Within physical infrastructure - water and sewerage. Feasibility studies need financing. To complete existing projects.

Criteria: Social benefits; improved health, education and employment; Net Foreign Exchange Earnings.

6. **Seminar Approaches**

Project Data Bank to all central government agencies and public enterprises.

7. **Follow-up**

Another seminar to deal with data manipulation for ranking projects.
WEDNESDAY 20  
(first day)

0830 - 0900  Registration and Distribution of Documentation

0900 - 0930  Opening session:
(a) ECLAC/ILPES Representative
(b) EDI Representative
(c) UNDP Resident Representative
(d) Director-General, Planning Institute of Jamaica
(e) Ministry of Development, Planning and Production

0930 - 0945  Coffee break

0945 - 1030  FIRST SESSION:  "Interrelations Between Structural Adjustment Policies and Public Investment Planning"

Speaker:   Lynn Ground - World Bank

1030 - 1045  Comments by: To be determined

1045 - 1115  General debate

1115 - 1145  SECOND SESSION:  "Budgetary Programming and Efficient Public Expenditure Management"

Speaker:  Naomi Caiden - EDI/World Bank

1145 - 1200  Comments by: To be determined

1200 - 1230  General debate

1230 - 1400  Lunch break

1400 - 1500  THIRD SESSION:  "The Project Data Bank and Public Sector Investment Programming: The ILPES Experience"

Speaker:  Eduardo Aldunate, Expert, Project & Advisory Assistance Programme, ILPES

1500 - 1530  General debate

1530 - 1545  Coffee break
1545 - 1615  FOURTH SESSION: "Institutional Environment and Capacity-Building Requirements for Efficient Project Cycle Management"

Speaker: Ms. Katrina M. Sharkey - EDI/World Bank

1615 - 1645 General debate

1645 - 1730 Presentation of Guidelines for Action Plans to be prepared by participants during the course of the seminar

Speakers: ILPES/EDI

THURSDAY 21

(Second day)

0900 - 0945 FIFTH SESSION: "Establishment of the Project Data Bank: The Jamaican Experience" (UNDP/ILPES/PIOJ Project)

Speaker: Barbara Scott, Project Officer in charge of the PDB

0945 - 1015 General debate

1015 - 1030 Coffee break

1030 - 1115 SIXTH SESSION: "Functioning and Decentralization of the National Investment Project Data Bank: The Colombian Experience" (IDB/DNP/ILPES Project)

Speaker: Francisco Mejía, Coordinator, National Investment Project Data Bank, National Planning Department of Colombia (DNP)

1115 - 1200 General debate

1200 - 1400 Lunch break
1400 - 1445 SEVENTH SESSION: "Public Sector Investment Planning in the OECS Countries"

Speaker: Mr. Cary Harris, Development Coordinator, Economic Development Unit, Organization of East Caribbean States (OECS)

1445 - 1500 Comments by: To be determined

1500 - 1530 General debate

1530 - 1545 Coffee break

1545 - 1630 EIGHTH SESSION: "The Use of Macroeconomic Models in the Small Island States: The Jamaican Experience" (UNDP/ILPES/PIOJ Project)

Speaker: Wesley Hughes, Head of the Macro-Economic Division, Planning Institute of Jamaica

1630 - 1700 General debate

1700 - 1800 Small group sessions on Action Plans

FRIDAY 22 (third day)

0900 - 0945 NINTH SESSION: "The Project Cycle Management in the Caribbean: The Caribbean Development Bank Experience"

Speaker: Keith Worrell, Director, Economic and Programming Department, Caribbean Development Bank

0945 - 1000 Comments by: To be determined

1000 - 1030 General debate

1030 - 1045 Coffee break
1045 - 1130  **TENTH SESSION:** "The Integrated Project Bank and the Financing of Local Projects: The Chilean Experience"

**Speaker:** María Teresa Hamuy, Expert, Investment Department, Ministry of Planning and Cooperation (MIDEPLAN)

1130 - 1200 General debate

1200 - 1400 Lunch break

1400 - 1600  **ELEVENTH SESSION:** "Practical Session: Application of Existing Software, Demonstration of the Modus Operandi, Simulation Exercises and Use of Data with Computers in the Conference Room"

1600 - 1615 Coffee break

1615 - 1715  **TWELFTH SESSION:** "Practical Session: Analysis of Results, Generation of Reports and Project Follow-up"

1715 - 1730 Coffee break

1730 - 1745 Evaluation of the Seminar

1745 - 1830 Presentation of Action Plans by Group Rapporteurs

1830 - 1845 Closing remarks
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ANNEX 3

LIST OF DOCUMENTS
Bulletins

1. "Project Banks and Investment Programming: Purposes and Characteristics"
2. "National Public Investment Systems: A Dynamic Approach"
3. "SILPES/INFOPROJECT: Project Information System"
4. "SILPES/INFOPROJECT: Project Information System:
   -Physical-Financial Follow-up Module-

2. **ILPES SILPES/INFOPROJECT:** Project Information System. (L.32)

3. **ILPES** : Public Investment, Project Cycle and Project Bank. (L.35)


5. **ILPES** : Methodological and Operational Bases for Public Investment Management. (L.37)


7. **JAMAICA** : Jamaica Project Data Bank SILPES INFOPROJECT 2.2. (L.39)

8. **ILPES** : Physical & Financial Follow-up of Investment Projects. Iván Silva. (L.34)


10. **COLOMBIA** : Rules and Procedures for Public Investment Projects in Colombia (Government of Colombia) DNP.


15. EDI/ WORLD BANK : Budgetary Programming and Efficient Public Expenditure Management". Ms. Naomi Caiden

National Papers

16. Dominica  "The Dominica Experience in Project Cycle Management" (Cary Harris) (OECS)

17. Montserrat  "Public Sector Investment Programming" (Angela Greenaway)


22. St. Vincent and the Grenadines  "Public Sector Investment Programme." Theophilus Shallow

EDI/ECLAC/ILPES/SEMINAR Proceedings and Final Report
23. **Belize**  
"Projects Data Bank and Public Sector Investment Programming." Juan Coye, Antonio Madrid and Juan Saldivar

24. **Trinidad & Tobago**  
"Project Cycle Management Information System." Wayne Maughan

25. **Venezuela**  
"La programación de inversiones y la programación presupuestaria". Julio César González e Ivonne León. (CORDIPLAN)

26. **EDI/WORD BANK**  
"Guidelines for the Preparation of National Papers and Action Plans"

27. **ILPES**  
List of Caribbean Ministers of Planning and Heads of Planning Office, (L.31,Rev.3) November, 1991

28. **EDI/ILPES**  
Agenda of the Seminar

29. **SOFTWARE**  
Demonstration of the "Project Information System" (simulation with real data and distribution of diskettes)
ANNEX 4

OPENING REMARKS
SPEAKING NOTES FROM HONORABLE DEPUTY PRIME MINISTER,
MR. P.J. PATTERSON

As we approach the advent of the 21st Century, the whole world is moving towards greater levels of regional cooperation and more intensive dialogue. The value of sharing experiences and finding common solutions has become more self-evident. Here in the Caribbean, unfolding events disclose that the prospects of self-sustaining growth are everywhere being stultified by the same constraints, external and internal.

Our systemic weaknesses - under-development of human resource through education, training and entrepreneurial potential; growing unemployment which threatens social stability, human welfare and economic development; migration; technological inadequacies - are more highlighted now as attention is directed to the questions of where do we go from here, and how will we get there?

The crises of the 80's have made the need for more effective development indicators and their use in policy design and evaluation critically felt by planners and policy makers alike. We all agreed that a better management of public funds to ensure the successful and timely implementation of targeted projects is of dire necessity.

In 1990 the publication of Jamaica's five year development plan allowed the Nation to have a birds'eye view of where the country was positioned with respect to agriculture, health, education, etc. The plan is a statement of the role of each sector and the inter-relationships with respect to integrated development. The plan identifies the numerous projects which need to be undertaken in order to arrive at sector development objectives.

No government can afford ineffective public sector management. For those with limited resources, an efficient public sector becomes an urgent imperative. This entails ready access to current, common and reliable data. We must facilitate and foster close and clear linkages between planning functions across the governmental machine.

Data-bases provide the framework for action. They will not be limited to basic indicators but instead comprise composite determinants of the social situation such as health, nutrition, education, water, sanitation, housing, status of women, welfare of children, employment and income, and public safety.
At the same time, work is being undertaken to improve gross domestic product (GNP) indicators so as to facilitate assessment of structural trends in the incidence of poverty, income distributions, depletion of non-renewable resources and environmental deration.

Recognizing the need for development indicators which are most relevant and meaningful to our situation, the planning and statistical institutes have undertaken collection and analyses of development indicators which facilitate precise identification of the poor. (The poverty index study). From this effort will flow the social mobilization to provide the basic needs of the most disadvantaged and alleviate poverty.

The seminar, which brings together technicians throughout the caribbean region is, among other things, committed to an examination of the inter-relations between structural adjustment loans, sector adjustment loans and project investment loans. The seminar will also seek to demonstrate the functioning and general structure of project data banks and other instruments, as tools in short term economic management.

Jamaica has undergone several structural adjustment exercises, a few sector adjustment loans, and many project investment loans, from our long and painful experience, we are in the unique position of being able to outline the inter-relationships, especially where conditionalities and cross conditionalities are concerned.

Whatever the constraints --despite the limitations of resources, we must continue to invest in our people. We dare not reduce --indeed we must increase the flow of our provisions to human development-- not just to provide more in quantitative terms but also its quality.

The work on our five year plan revealed the need to put in place a system which would allow it to be translated into workable projects. In light of considerable problems being faced in the implementation of projects, a data bank which provides the type of information that can send early warning signals to project managers, agencies and politicians is imperative.

Management of public sector investment programmes requires:

- Information for decision making and ex-post evaluation
- Improvement of inter-institutional co-ordination
- Ranking of projects and analysis of alternative scenarios
- Adequate and easy follow-up of multiple projects
- Successful negotiation of foreign loans and grants
These are all promised by the project data bank system as achievable outputs. Strong institutional support will be needed. Human and technical resources must be in place. This entails appropriate computer systems, and training completed at basic, intermediate and advanced levels.

The main agencies - PAMCO, PIOJ and the Ministry of Finance, Development and Planning are geared to implement the system as they are intimately involved in meeting the demands of the adjustment progress. We are peculiarly sensitive to the importance of such a system.

I hope that cross regional exchanges will result in development of expertise in the field of public sector investment which can in future earn our region valuable returns.

STATEMENT DELIVERED BY MR. OMAR DAVIES
DIRECTOR GENERAL, PLANNING INSTITUTE OF JAMAICA (PIOJ)

Honorable Deputy Prime Minister, Mr. Sam Lawrence, Parliament Secretary and other Members of Parliament; Members of the Diplomatic Corps; Distinguished Ladies and Gentlemen all, from Jamaica and overseas:

1. Today’s seminar marks the culmination of a series of events involving collaboration between the Government of Jamaica, the Economic Commission for Latin America and the Caribbean (ECLAC), the Latin American and the Caribbean Institute for Economic and Social Planning (ILPES) the United Nations Development Programme (UNDP) and the World Bank through the Economic Development Institute (EDI).

2. These events started with an initiative between the Planning Institute of Jamaica and ILPES during 1989, when the Government of Jamaica announced that it would formulate a five-year development plan covering the period 1989-90 - 1994-95. The PIOJ was given the mandate to spearhead the formulation of the plan and to coordinate the various elements of the bureaucracy in having the plan developed and presented to parliament within a twelve month period.

3. The foregoing was achieved with the tabling of the plan document in parliament on the 30th May, 1990 - over a year ago. Great credit must be given to the organizations identified above for the support provided to the institute under project JAM/019/89 under which funding and technical assistance were provided in
support of plan formulation and development. Here I must name Dr. Dennis Benn, Resident Representative of the UNDP and his predecessor, Mr. Hugh Cholmondeley, Mr. Alfredo Costa-Filho, Director General of ILPES who has sent apologies for absence today. He is ably represented by Mr. Edgar Ortegón and his colleagues - Mr. Eduardo Aldunate and Mrs. Eliana Calvo from Chile.

4. Among the outputs from this collaboration has been the development of a macro-economic model; a system of short term indicators and a computerized Project Data Bank (PDB) for the purpose of registering and monitoring public sector capital investment projects.

5. Over the next two or three days, this seminar will have the opportunity of seeing and discussing how these systems work. They are, by no means, complete, but they have reached a sufficient stage of development to convince ECLAC and ILPES, as well as the UNDP and the World Bank, of the usefulness of exposing and demonstrating the operation of these systems to the wider Caribbean community as well as Latin America.

6. Of immediate interest to us in Jamaica, as well as, to many of our regional representatives here today, is the Project Data Bank - that curious name for the mechanism designed to register public sector investment projects, and to trace their evolution through all stages of the project cycle through implementation. This, of course, is an important step for Jamaica, since it provides a link between the five-year plan which must be translated from paper into bankable projects and find their way into the annual budget system of the Ministry of Finance, Development and Planning. Hence, we have a vested interest today in having with us as our guest speaker, the Deputy Prime Minister and Minister of Finance, Development and Planning, the Honorable P.J. Patterson.

7. The Minister has considerable interest in ensuring that properly developed projects are presented for funding, given the fact that resources are scarce. Moreover, as the progenitor of the government's five-year development plan, the Deputy Prime Minister also has a vested interest in ensuring that plan proposals are translated into viable projects, and passed through the budget system towards implementation in order to meet the goals set for the economic and social development of the country.

8. We shall be spending the next three days seeing how the process works, and how it dovetails with the macro economic framework and the system for short term indicators of economic performance.
9. Details of the system will be outlined later in the various practical presentations and simulations which are a feature of this seminar. Suffices it to say now, that the institute is grateful for signs of increased collaboration between the core agencies of GOJ (PIOJ, PAMCO, MFDP (budget section) and MFDP (development section) as well as the various line ministries and agencies. These comprise the network for project cycle management in Jamaica. Through this networking, dissemination of information to members within the network regarding the stage at which projects in the pipeline have reached, (at any given point in time) is expected to become a routine affair, compared to the situation now.

10. We are pleased to welcome to this seminar. Some 207 participants who have so far registered for it. In particular, we welcome our overseas guests: some 39 of you from the various territories of the Caribbean and Latin America, 22 territories in all.

We welcome the various international agencies represented here including the World Bank, ECLAC, ILPES, UNDP, the IDB, CDB, OECS among others, several of whose representatives will be actively making presentations and leading discussions.

We welcome professor Girvan of the University of the West Indies Consortium Graduate School; Dr. Mikey Witter, of the Faculty of Social Sciences and other respondents who will play an active role in this seminar.

To members of the Diplomatic Corp here present, we extend a cordial welcome in as much as you play a not insignificant role in cementing economic, social, cultural and friendly links between your respective countries and Jamaica. In particular, we welcome those of the Diplomatic Corp representing countries in the Latin American and Caribbean region from which several participants in this seminar, derive.

We acknowledge the presence of members of the Political Directorate and member of Parliament present.

Finally, I welcome all our local participants: heads of departments, permanent secretaries and other functionaries to this opening session. I hope that all those who will remain as participants for the duration of the seminar, will have had an educational experience which will transform the way in which we carry out our mission as public servants in our various territories. Thanks.
Ladies and Gentlemen:

On behalf of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Latin America and Caribbean Institute for Economic and Social Planning (ILPES), it is an honor for me to say a few words at the opening session of this Seminar.

I should like, at the outset, to emphasize what we consider to be a most important and valuable initiative, one which seeks to bring together policy makers of the Caribbean and Latin America so that they can discuss and share their development experiences and eventually implement strategies for solving crucial problems related to public expenditures and public investment.

In collaboration with the Economic Development Institute of the World Bank, we have identified the area of public sector investment programming and its linkages with the budgetary programming as one of the most important functions of the state. The productivity of investment projects has a direct impact in promoting economic growth and poverty reduction and, this is a critical issue for almost all the Caribbean Countries.

Please, allow me to mention two central purposes of this Seminar. First, to promote a pragmatic, analytic and action-oriented approach to all the topics to be discussed and secondly, the Seminar is not and end in itself but as a means to an end. To implement future projects in the countries and maintain an active exchange of experiences in order to use fiscal resources more efficiently. For these reasons, the discussion of tools, instruments and methods for solving problems related to project cycle management and public sector investment programming constitute the main objectives of the Seminar.

For the preparation of this activity the three sponsor agencies, in close cooperation with the Government of Jamaica, have tried to do the best. We believe that all the inputs are in place. The excellent facilities of this Convention Centre stimulate the work and in this regard, it is expected to have a very successful
Seminar. However, in order to achieve this expectation, the delegate's contribution is essential. From the beginning we wish to stress and recommend the importance of an active participation during the Seminar.

Mr. Chairman, I close by wishing delegates and participants the most fruitful deliberations and by saying thank you very much to the Government for allowing us this unique opportunity.

OPENING REMARKS BY MS. KATRINA SHARKEY,
ECONOMIC DEVELOPMENT INSTITUTE, WORLD BANK

Ms. Katrina Sharkey welcomed the participants and stressed the importance of the issues to be discussed during the Seminar. She emphasized the need of supporting the Project Cycle Management with qualified human resources. Furthermore, she mentioned the role of EDI in assisting the caribbean countries in the area of Public Sector Investment Programming.

Finally she wished the Delegates fruitful deliberations during the event.

OPENING STATEMENT BY MR. DENNIS BENN,
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)
RESIDENT REPRESENTATIVE

Mr. Dennis Benn, on behalf of his office welcomed all the participants and thanked the Government of Jamaica for its enthusiastic support and patronage during the implementation of the Seminar. He pointed out the importance of the Jamaica Project Data Bank for improving the management of public investment. He commented as well, the pleasure of collaborating with the Government in promoting a better allocation of fiscal resources.

Concluding, he congratulated the sponsoring institutions and wished all kind of success.