



GENERAL

LC/CAR/G.253

3 August 1988

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean

CARIBBEAN DEVELOPMENT AND CO-OPERATION COMMITTEE

Latin American and Caribbean Institute for Economic
and Social Planning

Workshop on Projects Banks and Investment Programming
Port of Spain, Trinidad and Tobago
30-31 May 1988



REPORT ON
THE WORKSHOP ON PROJECTS BANKS AND
INVESTMENT PROGRAMMING FOR OFFICIALS
OF CARIBBEAN PLANNING UNITS



UNITED NATIONS

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean



ORGANIZATION AND ATTENDANCE

A Joint ECLAC/ILPES Workshop on "Projects Banks and Investment Programming for Officials of Caribbean Planning Units" was convened at the Holiday Inn, Port of Spain, Trinidad and Tobago from 30-31 May 1988.

The principal objectives of the workshop were:

- (a) To present and discuss the methodologies and modus operandi of the computerized Projects Banks as a policy instrument for Public Sector Investment Programming (PSIP) and monitoring;
- (b) To examine methods for measuring the macro-economic impact of public investment on certain variables like employment, economic activity and internal and external financing;
- (c) To discuss methods in using the projects banks as an instrument for the design of scenarios according to certain goals; and
- (d) To evaluate the linkages between the projects banks and programme budgeting system at the national, and sub-national levels.

The workshop was attended by Planning Officials and other public sector personnel involved in project cycle, budgeting policies and public sector investment programmes from Antigua and Barbuda, Barbados, Belize, Dominican Republic, Grenada, Haiti, Jamaica, Netherlands Antilles, Saint Lucia, Suriname and Trinidad and Tobago. A list of participants is attached.

Representatives from the following Organizations/Institutions were also present: United Nations Food and Agriculture Organization (FAO), Caribbean Development Bank (CDB), Caribbean Agricultural Research and Development Institute (CARDI), Caribbean Centre for Development Administration (CARICAD), Caribbean Industrial Research Institute (CARIRI), and the Inter-American Institute for Co-operation on Agriculture (IICA).

The opening ceremony was chaired by Mr. Clyde Applewhite, Director ECLAC Subregional Headquarters for the Caribbean, and included addresses by Mr. Edgar Ortegón, Co-ordinator Advisory Services Programme (ILPES) and Mr. Trevor Harker, Regional Economic Adviser (ECLAC). The Honourable Winston Dookeran, Minister of Planning and Mobilization, Trinidad and Tobago delivered the feature address.

Mr. Applewhite referred to the need for Caribbean planners to become more conversant with available new technologies that can assist the storage, retrieval, processing of relevant information and monitoring of stages of projects.

The provision of projects banks, he pointed out, must be seen as a tool that would make for the easy overview of several projects and safeguard against over-emphasis in any one sector. At the same time it would provide clear indications of horizontal and vertical linkages between any given project or set of projects with other sectors of the economy.

Mr. Edgar Ortegon in explaining that projects banks constitute a standardized system covering the entire project cycle described some of the functions of applications for which the system might be used:

(a) As a control system, to check the progress of projects or to verify that the investment plan corresponds to that laid down by the plan;

(b) As a system of diagnosis, to provide timely information on the progress of programmes and their repercussions on other variables;

(c) As a system of economic management to harmonize national, sectoral or regional policies;

(d) As a system of financial assessment in order to quantify the cost of programmes, and to help to identify possible alternative sources of financing;

(e) As an information system for the policymaker. It provides timely and inexpensive information in respect of the distribution of expenditure;

(f) As a system for establishing priorities. It makes it possible to select, on the basis of objective criteria, those projects which make the greatest contribution towards attaining established goals;

(g) As a system of Measuring Macroeconomic Impact. It is not sufficient to draw up a suitable investment programme; it is also important to identify its impact and social and economic repercussions on variables such as employment, added value, domestic indebtedness, foreign exchange, etc.:

(h) As a system of participation and administrative and territorial decentralization. Projects Banks may prove to be a valuable tool for gathering ideas from the community, for drawing suggestions in respect of investment from the different sectors of the public administration and finally, for harmoniously decentralizing expenditure in accordance with the priorities laid down by regional or sectoral authorities.

In his remarks, Mr. Trevor Harker encouraged planners to insist on the need for medium to long-term planning as it was the only viable means of linking those short-term actions, which are now fairly well accepted with the long-term development needs. He observed, however, that the per-

ceptions of planning need to be conditioned by the lessons learnt from the past just as they need be encouraged by the developments and technological tools that are available now and in the foreseeable future.

He mentioned planners should accordingly be outward-looking and be well informed about developments observed and how these developments would provide opportunities or affect the planning process. In addition he advised that planning be flexible and responsive; that appropriate prices and incentives should be used to allocate resources in the most desired directions; that planning objectives be based on broad consultation, and that the process be served by an effective and timely information system.

The Honourable Winston Dookeran welcomed participants on behalf of the Government of Trinidad and Tobago and asserted that convening of a workshop of this kind marked a new era in the field of planning for social and economic development.

He observed that, too often, planners tended to look at short-term solutions. He also mentioned that among the biggest problems in the planning process are the institution of a well-organized implementation system and an effective delivery system.

He informed that the government of Trinidad and Tobago had emphasized the importance of consultation in the planning process and was engaged in extensive consultative process for the development of a macro-economic planning framework.

In concluding, Mr. Dookeran wished that the workshop would bring new sensitivity to Caribbean technicians to integrate technical approaches to the subject of planning.

SESSION I

Mr. Eduardo Aldunate introduced to the Workshop the methodological and operational bases for public investment management. He described how they provided a framework for defining, developing, co-ordinating and implementing methodologies and tools designed to increase the efficiency of governments' investment management.

Projects Banks have all information required about investment commitments for projects being considered and underway. Projects Data Banks (PDB)

have information on technical and economic studies being undertaken by the re-investment process. The database contained no information on investment policies.

Mr. Michael Smart, the FAO Agricultural Adviser on Planning, Trinidad and Tobago, emphasized that the Programme Budgeting System, like the Projects Data Banks could not stand in isolation if it was to be of maximum benefit to the planning process. On the contrary, these building blocks would need to be part of an overall system of planning in which overall sectoral priorities were determined initially and in which the various inputs from diverse sectors were co-ordinated for development. It was also emphasized that the short-term orientation of annual budgeting would need to be harmonized with longer-term planning.

He noted that FAO had considered instituting a programme similar to PDB for two years but stated that Projects Data Banks per se are of limited use unless supported by clear ideas of expenditure a conceptual framework within which the Projects Data Banks would function. Projects Data Banks should have, as a background, a medium to long-term sectoral and national perspective plan. He thought that the whole question of Programme Budgeting should not be fragmented to the level of Ministries but should be a national activity into which Ministries activities would fall. He mentioned three main uses of the PDB. These were: (a) to track projects at all stages; (b) to facilitate budgetary control; and (c) to foster timeliness of information and comprehensiveness of expenditure analysis.

During discussions it was concluded that:

- (a) The PDB is a tool to help planners. It does not displace them;
- (b) The PDB was possible ONLY with the active support of the Ministry of Planning; and
- (c) The Project Bank must be designed to meet the characteristics of the country, and in the case of a small country, Private Sector projects should be included.

SESSION III

In his presentation of the Belizean Experience, Mr. Pablo Espat outlined several problems that militated against greater progress in the

exercise. Among those detailed were:

- (a) Lack of local capability for programme development and maintenance;
- (b) Lack of experience in the ministry in which the PDB is located;
- (c) Lack of integration of the project data bank into the Ministerial System;
- (d) Insufficient staff availability;
- (e) Lack of support and appreciation of Ministries;
- (f) Lack of capabilities of Ministries to provide data; and
- (g) Lack of follow-up to ensure that forms are properly completed

The speaker mentioned a number of possible solutions to the national problems as outlined. These were: (a) the need to define projects; (b) the need to train staff in data programming and maintenance; (c) the need to refine existing systems and correct their weaknesses.

Mr. Eduardo Aldunate, in his presentation on the Projects Banks of Chile, gave an insight into the background that made possible its design and implementation. At first, the basic tasks related to the formulation of the methodological aspects and gathering the relevant information. The second stage concentrated on the computerization of the projects banks among the different sectors and regions. In the third stage effort was devoted to its institutionalization and decentralization.

In terms of the results achieved he stressed the compatibilization between the current and capital budget for each region and sector, the distribution of periodical results, the allocation of funds to priority sectors and the preparation of the Investment Programme. He showed the relationships between the projects banks system and the planning process.

With regard to public and private projects he explained the role of the Chilean Government and the philosophy for promoting private participation in social and economic development. Concerns were raised on the size of the projects, the macro-economic co-ordination of policies; the impossibility of transplanting the experience of projects banks from one country to another without modification; the planning office, primary functions of the projects banks in Chile like maintaining and appraisal of projects; methods for project identification and the assessment of the social impact as part of the project evaluation.

A comparative analysis was made of the Belizean and Chilean experiences. The similarities and differences were noted. Constraints for the implementation of the projects banks in Chile and the institutional barriers encountered during its execution were described.

SESSION V

In presenting the Dominican Republic Experience, Mr. Jorge Herrera gave an exposition on investment programming processes followed in his country through the use of projects banks. The different methodological aspects of the systems were explained and he described the modus operandi of the projects banks and its applications for macro-economic, regional and sectoral planning.

He commented on the articulation of the projects banks within the national planning system in the Dominican Republic and the Institutional requirements in order to guarantee efficient implementation and support from the public sector.

He also informed on the main constraints facing the implementation of the projects banks. Basically, he emphasized the lack of a national strategy, the lack of precise policies at the sectoral level and the lack of insertion of the system into the public administration.

SESSION VI

Embracing the opportunity of the presence of planners, ECLAC/CDCC Secretariat staff and the representative of ILPES informed on, and explained some aspects of their work programme which could be of use as an input to planning.

Mr. Lance Busby, Statistician outlined the efforts of the Secretariat in the area of statistics and data banking and their direct relevance to project data banking exercises. Work in the areas of statistics for planning was cited in the joint ECLAC/CELADE initiative in the Retrieval of Census Data for Small Area by Microcomputers (REDAFAM). The importance of this software and information to project planning was stressed.

Information was provided by Barbara Boland, Demographer, on the ECLAC/CELADE Demography Unit. In view of the strong interrelationships between population and development, emphasis was being placed on developing and strengthening national and regional capacities for population policy implementation and on the integration of population into the planning process. Some programmed activities conceived with planning include:

(a) Data collection and evaluation - comprising programmes for improving the quality and quantity of data; population projections as inputs for planning;

(b) Research - intended to focus the attention of governments on the key links between population factors and attainment of development goals; and

(c) Training - to develop capabilities to understand population/development interrelationships and to project population change and evaluation of its consequences.

In his presentation Mr. Trevor Harker, Economist, described the programme of activities with reference to the Evaluation and Analysis of Caribbean Economies. He informed that the traditional economic survey conducted by the ECLAC/CDCC Secretariat is being discontinued and work is now focused on short-term evaluation - 4 to 6-month intervals; and longer-term evaluation of specific subjects using a 10-year time series for example, a study on genesis and gestation of the external debt in Caribbean countries.

Work was also being carved out to link the social and economic aspects of development policy in order to emphasize the symbiosis which needs to exist between them. The links which had been made with the various other projects and sectors of the Caribbean office of ECLAC and with its Headquarters in Santiago were also outlined.

In the area of social development, Mrs. Yvonne Acosta Sociologist, informed that special emphasis was being placed on the input of social aspects in the planning process and referred to the need to highlight social development issues and additionally issues of cultural development; the latter needing even more articulation than the former both at the policy level and in the development of methodological approaches. The incorporation of social and cultural development issues in the planning process was also seen as essential against the background of development strategies which have been applied in the Caribbean.

Mr. Edgar Ortegon of ILPES commented on the Institute's ongoing and proposed activities in the field of advisory services, training and research. With respect to advisory services he informed of the organization's involvement in Belize, Dominican Republic and Guyana in the area of Projects Banks and Investment Programming. He mentioned too, the technical assistance provided to the British Virgin Islands in order to clarify the functions of the Planning Unit. With regard to training he referred to the Joint World Bank/Caribbean Development Bank/ILPES training course conducted annually in Barbados.

He briefed participants on the ongoing mechanisms for promoting cooperation among planners of the region.

He pointed out the commitment of ILPES to assist the Caribbean countries through the technical resources provided by the Joint ECLAC/ILPES Planning Unit based in Port of Spain.

In her presentation on the Caribbean Documentation Centre, Mrs. Wilma Primus, its Co-ordinator, informed that the Centre was established as the regional focal point for information and was linked to the libraries of socio-economic planning units in the subregion. Some of the services provided by the Centre include: Caribbean Information System for Social and Economic Planning (CARISPLAN); Caribbean Information System for the Agricultural Sciences (CAGRIS), Patent database which provides records of patents granted in the Caribbean; SHARK - the development of a bibliographic data on sharks; and database on Information Technology (INFOTECH). These can be accessed by planning units in the subregion. Other services rendered by the Centre include training, and advisory services and access to several UN databases.

SESSION VII

In outlining the experiences of the Caribbean Development Bank (CDB) in its efforts to promote the development of an efficient Public Sector Investment Programme (PSIP) in the OECS and Belize, Mr. Byam noted that the impetus in this regard had come from forces outside of the countries themselves, beginning with the Caribbean Group for Co-operation in Economic Development (CGCED) to the current efforts of the CDB. He identified a

number of current problems with the PSIP as follows:

- (a) Lack of local motivation for effective project evaluation;
- (b) Absence of a policy framework to assign priorities. Emphasis was placed on the annual budget and ways to increase revenue;
- (c) Lack of effective project analysis so that no scientific basis existed for selecting projects;
- (d) Chronic shortage of trained personnel despite ongoing efforts at training, since turnover was high; and
- (e) Lack of effective co-ordination of technical assistance so that duplication and confusion resulted.

As a consequence of the foregoing, a number of failings were identified as follows:

- (a) There was no project inventory and no scientific criteria to select projects for inclusion in projects banks;
- (b) Use was made of questionable and expensive sources of funding to circumvent the scrutiny of the more rigorous international agencies;
- (c) No links were made between the investment programme and the recurrent expenditures of the budget;
- (d) There was an absence of project management for expenditure control;
- (e) As a consequence of the absence, no meaningful planning could be carried out, and the quality of economic management was accordingly weak;

In the concluding session, which was dedicated to a roundtable discussion, the dialogue focused on the subject of planning itself and what was feasible for Caribbean countries. The themes which emerged are listed below:

- (a) The process of planning had an essential diagnostic and prescriptive component. It tended to focus attention on national goals and policies and provided the basis to ensure that external inputs would minimize their contribution to national development;
- (b) While plan documents had been prepared for some Caribbean countries, sufficient emphasis had not been placed on the operational aspects such as financing and implementation so that the documents tended to languish unused;

(c) Given the shortage of skilled manpower, ineffective management systems and attendant difficulties in ensuring implementation, plans should be kept simple and implementable;

(d) Implementation would be improved by appropriate organizational arrangements in the administration itself, including the need to give ministries a development focus with emphasis on implementation; and

(e) A scientific basis was needed for selecting projects and managing them throughout the project cycle. It would also be necessary to prioritize such projects so that an orderly contraction of the PSIP could be carried out, whenever necessary.

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