



AS PREPARED FOR DELIVERY

## Remarks

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## Caribbean Leadership and Transformation Forum: Delivering Results

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## I. INTRODUCTION

Good Morning.

I join Vice-President (Operations) Monica La Bennett in extending a special welcome to every one attending this two-day Forum entitled “*Caribbean Leadership and Transformation Forum: Delivering Results.*”

In 2015, the Caribbean along with other regions in the world adopted the United Nations’ 2030 Agenda for Sustainable Development and made commitments to achieve 17 sustainable development goals (SDGs). The Agenda, along with the SDGs, challenges Caribbean countries to strengthen their development efforts and to transform their economies to end poverty; fight inequality; and tackle climate change while ensuring that no one is left behind.

Already, we are almost two years into implementing this ambitious Agenda. The Caribbean started this journey from a reasonably good base, having made impressive improvements in living standards, life expectancy at birth; adult literacy; school enrolment; and other key indicators of socio-economic development over the past 50 years.

Despite such progress, many development challenges remain. At least one-fifth of the Region’s population lives in poverty; and over one-tenth is considered “food poor” or indigent. The macro-economic environment is often characterised by tepid rates of growth; unsustainable debt; high fiscal deficits; low levels of competitiveness and productivity; and high unemployment.

Our predisposition to extreme vulnerabilities increases of uncertainty surrounding the prospects of our region. Tropical Storm Harvey and Hurricane Irma are just stark reminders of these vulnerabilities and the unimaginable economic and social setbacks that can accompany them.

I wish to acknowledge the presence of all the participants from the countries affected by these two events and extend our deepest sympathies for the lives lost; the devastation caused; and the difficult situations that many people are still experiencing as a result of these events.

I assure you that the Caribbean Development Bank (CDB) will continue to work jointly with your governments and the development community to restore basic services as quickly as possible and move expeditiously to start the reconstruction work in all of the affected countries.

Since I became President of CDB more than six years ago, I have spoken on numerous occasions about the many development challenges facing the borrowing member countries (BMCs) of CDB. My sense is that there is no lack of familiarity with the problems regional policy-makers face. The issues have been ventilated; thoroughly assessed; and the findings very well documented.

Neither is there a lack of familiarity with the options available to the Region to address their most critical development challenges. Lessons abound from the experiences of countries in the Caribbean and elsewhere which have pursued major growth-oriented reforms and succeeded or failed in transforming their domestic economies.

It is also well known that the success rate has been highest in countries which have pursued a mix of policies that:

- (a) encourages the private sector to assume the lead role in unlocking the economic growth potential and in creating employment and income opportunities so that benefits can be shared widely;
- (b) supports the emergence of internationally competitive industries, which are also more resilient to economic and other external shocks; and
- (c) entrenches fiscal responsibility in order to build resilience by creating fiscal buffers and reducing sovereign debt.

So, if the problems, the solutions and the lessons are known and well understood, what is impeding the Caribbean and preventing the Region's leaders from pursuing transformation programmes that can lead to poverty reduction and sustainable improvements in livelihoods, as envisaged under the 2030 Sustainable Development Agenda?

How then do we move from a simple acceptance of the lessons of reform and transformation to a decisive and purposeful plan of action for internalising these lessons; designing appropriate reforms that meet our specific needs; and successfully implementing the proposed changes?

Over the next two days, our expectation is that this Forum will shed more light on the answer to these two questions. In doing so, we hope to establish the strong nexus between development planning and implementation, but pay much more attention to the role of implementation in delivering results.

We hope that you, the participants in this Forum, will be exposed to a range of very practical implementation tools and techniques that can enhance the delivery of results.

In this regard, I am very pleased to note that our Meeting will draw from international implementation approaches as well as two "home-grown" regional experiences.

Let me spend a few minutes talking about what I see as two of the biggest risks to project and programme implementation – political will and capacity constraints.

In a nutshell, I believe that it is the absence of political will, combined with an acute shortage of capacity in countries that best explains the high level of inaction that, up to recently, has characterised the Caribbean policy reform and implementation experience.

Unless we can come to grips with these two issues, our full participation in the 2030 Development Agenda and the attainment of the Sustainable Development Goals within the given timeframe will be in jeopardy.

## **II. POLITICAL WILL**

We live in times of increasing risk and uncertainty.

In these turbulent times, the lack of political will represents a major risk to successful implementation of growth-oriented reform programmes that can transform Caribbean economies.

The credibility of many of such programmes has often been undermined by a “start and stop” approach to decision-making. Decisions to delay or to abandon implementation are frequently influenced by political considerations related to, for example, impending general elections. In these circumstances, there is severe pressure to delay, modify, or reverse urgently needed policy reforms.

In these turbulent times, the ability to drive through a reform programme necessitates securing buy-in and support from as wide a stakeholder base as possible, including the private sector and civil society. It also requires frequent reporting on performance and feedback from that stakeholder base.

At the outset the proposed policy measures should be carefully explained to stakeholders in detail. During implementation, frequent and consistent reporting on results as well as feedback from that same stakeholder base is also a requirement for success.

## **III. IMPLEMENTATION CAPACITY**

Even when there is broad political will for reform, the next big challenge is lack of implementation capacity within the state structures.

Most Caribbean countries allocate sizeable shares of public expenditure to education and training. This has contributed to noteworthy improvements in public sector management regionwide.

Despite these efforts, insufficiently robust accountability systems for results; a weak enforcement culture; and scarce financial resources serve to undermine timely and efficient delivery of Government services.

Using the public sector investment programmes as the performance yardstick, it is noteworthy that implementation rates varied from a low of 20% to a high of 75% in select BMCs in recent years, with a noticeable skew towards the lower end of this range.

Projects funded by CDB are also adversely affected by weak execution, constraining the Bank’s own capacity to deliver on its development mandate.

Post-approval issues, such as lengthy start-ups, lead to delays in project implementation and low portfolio performance. We are, therefore, unable to get funds “through the door” in a timely manner; leading to a rapid build-up of undisbursed resources.

In 2016, the median time taken between Board approval and loan effectiveness was 348 days, that is, it took just under one year!

Meanwhile, the disbursement ratio, defined as actual annual disbursement as a percentage of undisbursed balances at the beginning of the year, averaged 17.4% between 2010 and 2016.

It is cold comfort to recognise that the relatively poor portfolio performance is not unique to CDB. Donor agencies and other multilateral institutions operating in the Caribbean encounter similar challenges.

The commonality of experience points generally to the need to strengthen the human and institutional capacity and improve efficiency and service delivery. This can be achieved through the training of public sector officials and the provision to governments of technical assistance, mainly in corporate governance, procurement and contract management.

In general, all BMCs need to pay greater attention to improving the framework for policy-making within their institutional structures. The central theme of this Forum and the attention being given to implementation over the next two days underscore the importance of adequate institutional support and arrangements for realising credible outcomes.

I have argued this morning that lack of political will and weak implementation capacity within our institutions could conceivably endanger the Caribbean's commitment to the Sustainable Development Agenda. However, I am optimistic that the achievement of the SDGs by 2030 is still very much within our reach.

My sense is that our leaders recognise and accept the indispensable role that improved public sector implementation performance must play in Caribbean economic growth and development; and that we are on the cusp of a new era of prudent macro-economic management.

Several countries are at various stages of implementing far-reaching fiscal, debt, and structural reforms. The two regional case studies to be presented at this Forum will showcase slightly different approaches to building appropriate frameworks for delivering results.

They also highlight the fact that no two delivery models need to be mirror images of each other. Instead, a country specific framework that uses the experiences of and lessons from existing models is likely to have a higher chance of success.

#### **IV. WHAT IS CDB'S ROLE**

Before I close this morning, let me assure you that CDB remains fully committed to being a strong partner to its 19 BMCs and to work with each of them to overcome their development challenges. There is a great urgency to shift the trajectory of key performance indicators from "underperformance" to "achievement".

Some key initiatives that we are undertaking to close capacity gaps and accelerate project implementation include:

- (a) The relaunching of the training programme in Public Policy Analysis Management and Project Cycle Management;
- (b) The establishment of a regional procurement training centre and the roll out of an online procurement training programme;
- (c) An imminent restructuring of the Operations Area at CDB to include a Team dedicated solely to supervising projects and substantially improving the disbursement ratio; and
- (d) of course, this *Caribbean Leadership and Transformation Forum*, which is the first step towards a phased approach to working with BMCs to build their delivery capability.

In addition to these initiatives and also in its drive to become more results focused, CDB launched its own “in-house” Delivery Unit at the beginning of 2017.

Still in transition, this entity is being driven by the Bank’s senior management team, which has assumed direct responsibility for monthly reporting on the performance of agreed Critical Success Factors for the attainment of the Annual Work Programme and Budget targets.

By placing even greater emphasis on implementation and delivery, the focus on these critical success factors builds upon the work started in 2005 when CDB adopted a results agenda geared towards strengthening development effectiveness.

It will also seek to engage all levels of staff more directly in the accountability process.

## **V. CONCLUSION**

In closing, let me say that we have been promoting and expanding CDB’s role as a thought leader in our region. The Forum today offers one such opportunity for an exchange of ideas that could lead to fundamental changes in how BMCs organise themselves to achieve their development goals.

The concept of delivery units seems to offer a comprehensive approach to addressing the development challenges while arming policy-makers with a workable tool for maintaining a close watch on implementation progress. I am looking forward to the frank exchange of experiences, views and ideas over these next two days.

Thank you