



IMPLEMENTATION: DELIVERING RESULTS TO TRANSFORM CARIBBEAN SOCIETY



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This report was prepared by the Economics Department of the Caribbean Development Bank. The authors wish to thank Dr. Lois Parkes, Devon Rowe and Stacy Richards-Kennedy for their contribution.

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JEL Classification: O20; O21; O54; P41

Keywords: Delivery Unit; PEMANDU; Caribbean; Implementation; Transformation; Planning

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Published by: Caribbean Development Bank



CARIBBEAN DEVELOPMENT BANK

PURPOSE

"The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries of the Caribbean (hereinafter called the Region) and to promote economic cooperation and integration among them, having special and urgent regard to the less developed members of the Region".

Article 1 - Agreement establishing the Caribbean Development Bank

MISSION STATEMENT

CDB's Mission is to be the leading catalyst in the reduction of poverty through the inclusive and sustainable development of our BMCs' by mobilising development resources in an efficient, responsive and collaborative manner with accountability, integrity and excellence.

RESUME



EXECUTIVE SUMMARY

Delivering more effective development outcomes for citizens is one of the biggest challenges facing policymakers and practitioners in the Caribbean. This is due to an implementation deficit which constrains many countries' ability to maximise benefits from approved development policies, projects and programmes. Urgent reform is needed if the Region is to achieve the Sustainable Development Goals (SDG) by 2030. This change requires transformational leadership and new ways of working to deliver improved results.

A Performance Management Delivery Unit (PMDU) provides the organisational structure and mandate conducive to driving implementation. However, if effective implementation is to be achieved, a number of success factors, including a culture of delivery, must be inculcated. This requires transformational leadership; a focus on specific priorities; clearly thought through and articulated implementation plans with realistic budgets; robust measurement of results; and accountability. Caribbean governments will need to switch their focus from policy formulation towards relentless implementation. The PMDU mechanism can help with this shift in focus.

Driving results through a greater focus on implementation requires strong support from the highest echelons of government. Heads of government support and commitment are critical to the viability of such units, with a micro focus on accountability at ministerial or cabinet level.

The structure of an implementation unit depends in part on the existing institutional framework, the country's skills level and capacity, and the level of reform or number of key priorities which have been identified. An implementation or PMDU with the correct mandate, skills and support can potentially be an implementation catalyst for Caribbean development.

The Caribbean Development Bank (CDB) proposes moving towards improved delivery and development outcomes in the Caribbean through technical assistance (TA) to establish delivery systems in Borrowing Member Countries (BMC).



INTRODUCTION

The ‘science of delivery’, is the growing knowledge base about how government can successfully deliver. (Barber, 2016)

1.01 Many Caribbean countries continue to be burdened with low growth and high debt which limit their access to finance and increase their cost of borrowing for sustainable development. The high levels of growth experienced in the immediate post-independence period have not been realised in recent decades. Growth performances from the 1990s have been disappointing in most Caribbean countries (Thacker et al. 2012; Caribbean Development Bank (CDB), 2017). This can be attributed mainly to a series of exogenous shocks common among small open island economies. Among these are the erosion of trade preferences; the decline in official foreign assistance; and recessions in source countries that drive tourism and foreign direct investment (FDI) into the Region. Furthermore, vulnerability to extreme weather events, evidenced by the frequency of natural disasters, and changing global geopolitical and macroeconomic dynamics pose major risks to development of the Region. In addition, low levels of productivity and export competitiveness, high levels of debt and stalled integration efforts have also contributed to the low growth (CDB, 2017).

1.02 Development results across the Caribbean Community (CARICOM), a region of approximately 17 million people across 20 member states¹, are widely uneven. Most CARICOM countries within the Region are ranked high on the human development index (HDI), being considered as middle to high income countries. But these indices do not reflect the vulnerabilities, development needs and profound challenges being faced by citizens². Income per capita does not reflect the extreme economic and environmental vulnerabilities faced by countries which are ineligible for concessional finance due to their status as middle to high income countries. With a population weighted average poverty rate of 43.7% at the Caribbean community (CARICOM) level at the end of 2016³, some rates exceed that of Latin America and the Caribbean (LAC) as a whole. They are even higher than those of countries classified as low and middle income countries by international agencies (United Nations Development Programme [UNDP], 2016). The challenge of reducing poverty is further compounded by a number of macro-social issues related to poor education outcomes, high youth unemployment, high migration and an aging population in some territories. Youth unemployment rates are estimated to range from 18 to 47% in the Caribbean territories for which data is available, and comprise between 28 per cent and 50% of all unemployed persons. Generally, youth employment is clustered in low-skill, low-education jobs with little opportunity for upward mobility (CDB, 2016).

1.03 Competitiveness and productivity, though hampered in part by existential skills gap, are mostly constrained by a business environment characterised by high cost associated with a lack of economies of scale and lack of flexible labor market conditions. Inefficient systems and outdated legislation, which do not foster modern business practices or encourage innovation, continue to hinder business expansion and diversification. Specifically, high electricity costs, limited access to finance and high levels of bureaucracy are often cited among the key factors limiting business development. These are further compounded by low productivity, high labour costs and the prevalence of rigid labour markets; characterised by high levels of structural unemployment. This latter condition is a symptom of severe skills shortages and relatively significant emigration of highly skilled personnel.

1.04 The World Bank Group (WBG) Ease of Doing Business rankings and the economic growth trajectory

1 20 countries make up CARICOM. Fifteen are full members and five are Associate Members.

2 See Appendix 1.

3 Haiti, because of its relatively high population and high poverty rate, elevates the average for the Region. If Haiti is excluded from the calculation the average poverty rate is estimated at 24% (UNDP, 2016).

of BMCs provide useful benchmark indicators of the challenges that BMCs face. The 2017 WBG Ease of Doing Business rankings place the vast majority of BMCs in the bottom half of the scale. Out of 187 countries, Caribbean rankings ranged from 67 for Jamaica to 181 for Haiti. Among the areas in which the Region is least efficient is the average number of days it takes to: start a business (28 days); register property (96 days); acquire a construction permit (181 days); and get electricity (66 days). By comparison, in New Zealand, the highest ranked country, these same metrics are: one day; one day; 93 days; and 58 days respectively. Many of the circumstances underpinning the Region's inherent poor performances in doing business are not new, but speak to a deeper issue of lethargy in taking necessary corrective actions.

1.05 Implementation deficits, which underscore the development challenges, plague the region both at the national and regional levels, but admittedly these issues are not necessarily unique to the Region. In many instances, development plans (generally articulated in budget speeches, medium-term plans or vision plans), as well as key projects and initiatives, remain poorly executed or not implemented at all. Projects being implemented with funding from donor agencies and multilateral development banks (MDB), including those of CDB, the Inter-American Development Bank (IDB) and WBG, have all experienced delays in implementation due partially to a lack of capacity on the ground in BMCs. In the case of CDB, projects requiring implementation extensions continue to be a challenge. The Bank's most recent Development Effectiveness Review - 2016⁴, concluded that the "average length of project extension was three years (36 months), 36 months for large grants and 42 months for loans. Among the most common reasons cited for implementation delays were: (a) delays in start-up activities including meeting conditions precedent to first disbursement; (b) lengthy procurement processes; (c) variations in scope and additional loans; and (d) slow implementation of civil works and institutional activities". A 2014 review of WB's portfolio for the Organisation of Eastern Caribbean States (OECS) attributed relatively low disbursement ratios and longer implementation periods to the following conditions:

"lack of well-trained human resources, obsolete systems of government personnel management, insufficiently robust accountability system for results, a weak enforcement culture to implement decisions, and scarce financial resources make it difficult for governments to achieve results effectively and on time when implementing projects" International Bank for Reconstruction and Development (IBRD) [2014]⁵.

1.06 Based on the foregoing, there have been growing concerns about the region's ability to achieve business and economic development objectives and policy priorities. PMDUs have been identified as a mechanism through which these objectives and priorities can be fast tracked. This paper examines the recent successes and trends in PMDUs as a response to the implementation challenges that the Region faces. PMDUs, sometimes referred to as Implementation Units, are discrete units placed at the center of governments. They have a clear mandate to use the authority of the Chief Executive (Prime Minister or President) to ensure that a Government's stated priorities are realised within a given timeframe and that actual results are delivered relatively quickly, in a clearly identified and limited number of priority areas. They are also mandated to remove obstacles to achieving outcomes, and to closely monitor and track progress of these outcomes from beginning through to end. The success of PMDUs elsewhere has been based on a combination of:

- (a) an existing organisational performance framework;
- (b) a limited number of high-profile priorities; and
- (c) high-frequency data to monitor progress (WB, 2017⁶).

⁴ CDB, *Development Effectiveness Review*, Paper BD63/17, (2017).

⁵ IBRD, *Regional Partnership Strategy for the Organisation of Eastern Caribbean States (OECS)*, (Report Number: 85156-Latin America and the Caribbean (LAC), 2014).

⁶ WBG, *Driving Performance from the Center: Malaysia's Experience with Performance Management and Delivery unit (PEMANDU)*, (Global Knowledge and Research Hub in Malaysia, 2017).

In many instances, PMDUs have been designed to support heads of governments (HOG) in transforming economies, and improving governance and public service delivery.

1.07 PMDUs are widely adapted to different country circumstances and government structures but are normally relatively small units, with a team of highly-skilled experts. Some units are stand-alone additions to government structures (e.g. Colombia and Peru), while others form part of a broader transformation agenda (e.g. Canada and Sierra Leone), (Gold, 2017). Approximately 25 countries worldwide have established PMDUs during the last two years, at both national and regional levels, (Gold, 2017⁷). The global experience shows, however, that while the number of units have increased, some have underperformed, closed or, in a few cases, been re-introduced by successive governments. Notwithstanding, there are a number of successful cases (e.g. UK and Malaysia) which have helped to shape the recent proliferation of units. They provide a number of lessons learnt and strategic directions upon which the art and science of delivery⁸ can be the change agents for government service delivery. In light of the potential benefits of PMDUs, a number of agencies, including aid and international agencies⁹, have been supporting this initiative via financial and technical assistance (Gold, 2017).

1.08 The paper is organised as follows: Chapter 2 provides an overview of the literature on PMDUs and outlines the conditions necessary for success and applicability to the Caribbean context. Chapter 3 explores a framework for establishing similar systems in the BMCs and proposes a number of initiatives for the CDB and other multilateral agencies to provide the necessary support. Chapter 4 illustrates the role of capacity building in the PMDU process and Chapter 5 concludes with the key findings of the paper.

⁷ Gold, Jennifer; *Tracking Delivery, Global Trends and Warning Signs in Delivery Units*, (London: Institute of Government, 2017).

⁸ Dorr, N., *The Art and Science of Delivery*, (McKinsey & Company, 2013).

⁹ See Appendix 3

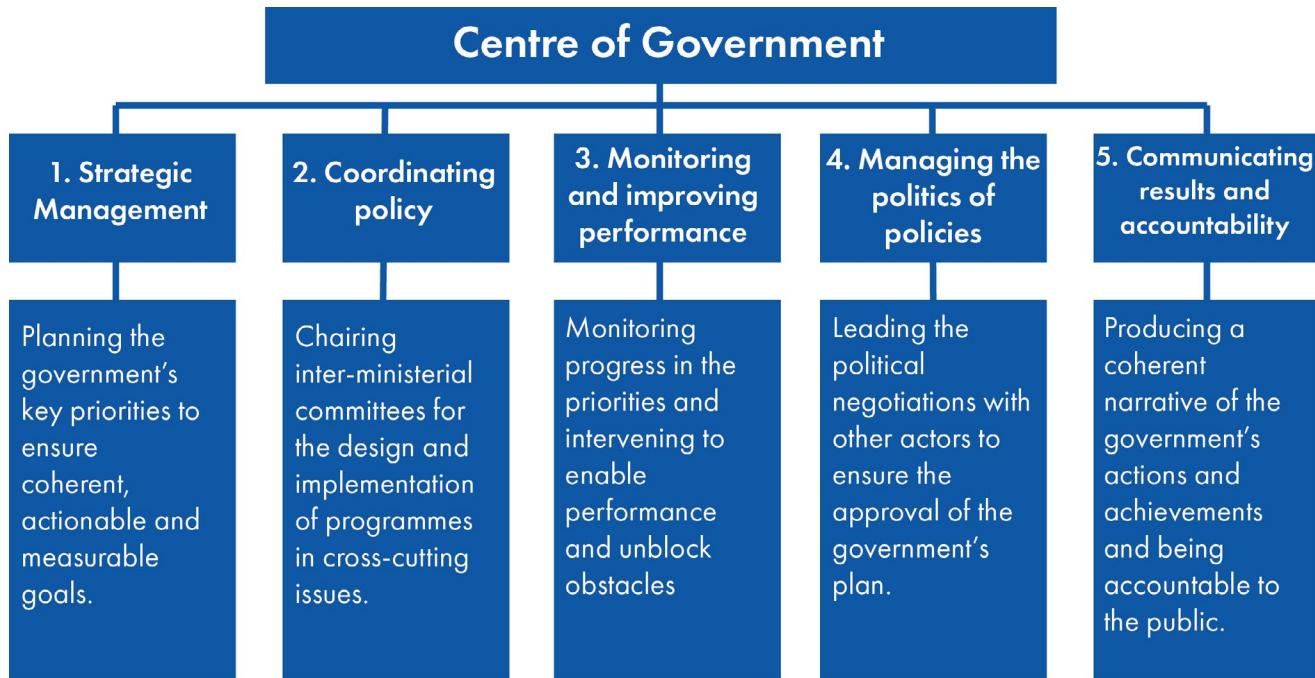


CENTRE OF GOVERNMENT AND DELIVERY UNITS

The Centre of Government

2.01 The Centre of Government (COG)¹ is not a new concept in government but has become more important with an increase in demand for a greater coordination of policy and increased emphasis on achieving citizen-oriented outcomes (Alessandro et al. 2014). Over time, this role has led to the creation of planning offices that essentially support the chief executive for planning, coordinating, monitoring, and communicating government priorities (Alessandro et al. 2014). They are distinguished by their location within the structure of government and more specifically by the functions they performed. In the context of the Caribbean, COGs can be associated closely with Ministries of Finance, having budgetary authority and being integrally involved in planning and monitoring government policies and actions. However, generally COGs have focused mainly on advising and supporting policy formulation with less attention to implementation (Gold, 2014).

Figure 1: Core functions of the Centre of Government



Source: Martín Alessandro, Mariano Lafuente, Carlos Santiso, 2014

2.02 Over the past 50 years, Latin America and the Caribbean (LAC) countries, particularly the Caribbean, have achieved significant improvements in socioeconomic performance. This is reflected in an increase in living standards, life expectancy, literacy and school enrolment. A series of external shocks from the early 2000s have in part reversed some of the advances made. Sustainable economic development and growth, quality of education and persistently high levels of poverty continue to confront many countries.

2.03 Against the backdrop of low education outputs, inequality and high poverty levels, the LAC region, since the early 2000s, has witnessed growing demands to combat these widespread social ills with limited fiscal

¹ COG performs five core cross-cutting government functions: strategic management; coordinating policy; monitoring and improving performance; managing the politics of policy; and communicating results and accountability.

capacities and high debt levels. Coupled with the population's limited capacity to pay for health, education and essential services, there was a need for increased efficiency in the allocation and use of public resources. This resulted in an increasing emphasis on achieving results. The international development community operating in LAC called for an adoption of results-based management system with an increasing focus on Management for Development Results (MfDR)² as a critical factor in strengthening development effectiveness, while ensuring and monitoring progress toward the Millennium Development Goals (MDG). For example, in the Paris Declaration, donors and partner countries committed to using the MfDR to strengthen the linkages between strategies and budgets; to establish results-oriented reporting and assessment frameworks; to align country programming with partners' assessment and monitoring framework; and to harmonise reporting requirements.³

2.04 Within this context, the IDB set up its Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV)⁴ in 2005. PRODEV was designed to offer countries in the LAC region the financial resources, technical tools and knowledge to implement initiatives aimed at placing the results that governments are committed to achieving at the very core of public management; (IDB, 2010).

2.05 Similarly, in 2005 the CDB allocated resources via its Special Development Fund 6 (SDF 6) to provide support for MfDR to BMCs. The Bank's results agenda was focused on accelerating the progress towards MDGs and country-specific targets. In doing so, CDB joined IDB's PRODEV initiative. During SDF 6 and 7 periods (2005-2012), TA operations were focused on strengthening public sector capacity in project management, strengthening MfDR, and also improving the statistical capacity needed to adequately measure, monitor and assess progress towards MDGs. Country Strategy Papers (CSP) were designed to address capacity constraints in terms of good governance, public sector management, poverty reduction, MDG programming and project implementation, particularly in areas where CDB was considering investment project operations.

2.06 Despite the progress made across BMCs in terms of improved public sector management, the expansion of education and increased access to technology, citizen dissatisfaction with public services remained high. According to Alessandro et al. (2014), there are still gaps and obstacles that limit the effective and efficient delivery of key government programmes, particularly in the social sectors. Furthermore, a gap continues to exist between the policies enacted and their effective implementation. This was corroborated with an index to measure the capacity of the public sectors in LAC to implement the MfDR, (Kaufman et al., 2015⁵). The index focused on a results-based public administration and examined five key parts of public policy administration: planning; budgeting; financial management; administration of programmes and projects; and M&E. The study found that in general all 24 countries in the Region that participated in the study improved their performance over the period 2007 to 2013, scoring highest in the area of public financial administration and the lowest in the areas of budgeting by results and M&E. (Kaufman et al. (2015).

2.07 As a result, MDBs operating in the Region shifted focus toward strengthening the strategic COGs; namely those organisations directly supporting presidents and prime ministers in terms of the needed technical expertise to plan, coordinate government activities, monitor the delivery of key government priorities, and enhance

2 MfDR is a management tool that seeks to optimise the creation of public value, the achievement of government objectives and the continuous improvement of institutions.

3 MFDR. 3rd High Level Forum on Aid Effectiveness; September 2-4, Accra Ghana

4 PRODEV offers participating countries TA grants to help establish and carry out action plan to improve the performance of development projects and programmes. Under the PRODEV agreement, BMCs will work with IDB to design and implement improved systems for managing programmes and measuring and evaluating their results. Among the areas that may be enhanced are: planning and evaluation; project design, execution and monitoring; modernisation of budgetary and financial processes; systems for procurement, auditing oversight and control; and statistics and information systems for managing for results. PRODEV calls for BMCs to play a larger and more proactive role in designing and implementing development programmes based on clear goals and concrete results. http://www.iadb.org/en/news/news-releases/2005-04-08/idb-signs-agreement-with-latin-american-countries-to-improve-development-effectiveness_1599.html?actionuserstats=subscribe&valcookie

5 IDB, Building Effective Government, (2015).

accountability to citizens. For example, IDB⁶ approved a USD 450,000 technical co-operation for The Bahamas to "Strengthen Institutional Capacity of the Office of the Prime Minister (OPM)" in 2013. The objectives were to: strengthen the capacity of OPM to carry out a long-term National Economic Development Strategy (NEDS); and enhance the Bahamas Investment Authority's capacity for assessing the impact of investment projects and their alignment to NEDS. The lack of long-term development planning was identified as a hindrance that prevented investments from being strategically directed to those sectors offering greater development opportunities. This in turn affected the overall performance of the economy.

2.08 Despite the progress made, weak delivery remains one of the greatest challenges facing governments across LAC today (IDB, 2014). An increase in demand for these support systems to improve effectiveness has led to a greater focus on implementation. The key functions performed by these agencies in relation to implementation are: performance management, problem solving and capacity building, (Gold, 2014). This has led to a variation in institutional models across central agencies and countries, all focused on enhancing and improving policy delivery. Some of these have been identified as secretariats and special units, swat teams, centres of excellence and implementation units (Gold, 2014).

Delivery Units: method and application

2.10 PMDUs represent an evolution of COG structures towards greater implementation and delivery. The emergence of PMDUs has been driven by the political and reputational risks associated with governments struggling to deliver on their commitments. One of the earliest examples was the UK Prime Minister's Delivery Unit (UK PMDU), established in 2001 to help strengthen and monitor progress of the Government's delivery of public service priorities through a sustained focus on public sector management and performance. This unit reported directly to the Prime Minister and later the Chancellor of the Exchequer. The PEMANDU of Malaysia was established in September 2009, with a specific mandate to develop and implement the National Transformation Programme (NTP), which was composed of the Government Transformation Programme and the Economic Transformation Programme. PEMANDU was placed directly under the supervision of the Prime Minister's Office. Using its 8-Step Big Fast Results (BFR[®]) process, PEMANDU has achieved tremendous success in meeting the development objectives of Malaysia⁷. BFR is a systematic and structured approach incorporating clear diagnosis, planning, implementation, execution and feedback, in a sequence which ensures transparency and accountability.

2.11 More recently, established units elsewhere have been framed around the UK and Malaysia experiences (See Appendix 5).

The case of the United Kingdom

2.12 The 2001⁸ UK PMDU model was based on the concept of performance management adopted by the New York Police Department in the 1990s (Gold, 2017). The UK system was one of the first to introduce a results-based approach, focusing on a limited number of commitments which were key priority areas for the Government. The objective of the PMDU was to ensure that key policy priorities, especially service reforms, were implemented and reflected in significant tangible performance improvements on the ground (Todd et. al.,

⁶ IDB provides support to its members via TA activities, knowledge generation and study tours/exchange of experiences among practitioners and former practitioners of IDB member countries.

⁷ Using the PMDU approach, Malaysia has completed 5,286 kilometres of rural roads, benefiting 3.5 million (mn) people. They have connected 144,025 rural houses to electricity, lit up the lives of 720,125 people, provided 1.68 million people living in 334,593 rural houses with access to clean water, and restored 79,137 houses. Meanwhile the fiscal deficit has been reduced from 6.6% of Gross Domestic Product (GDP) in 2009 to 3.1% in 2016, while maintaining debt-to-GDP levels below 55%. Gross national income (GNI) has increased from USD8,280 in 2010 to USD10,010 in 2016, 15% short of the target of USD12,475 to attain high income status.

⁸ Referred to as the First Generation Model

2014).

2.13 The core focus was on four departments - the Home Office, the Department for Health, the Department for Education, and the Department for Transport - which were responsible for the Government's priority areas. The UK PMDU attempted to strengthen COG and improve public service delivery using strategic interventions in those areas which were more challenging to deliver. Some of the key areas of success were in improving the national performance of schools; reducing waiting times at hospitals; reducing the rate of unfounded asylum applications; and reducing crime. The main distinguishing characteristics of the model was the regular collection of data to track progress and monitoring through monthly reports to the Prime Minister, quarterly stocktaking meetings and delivery reports. This approach inculcated a culture of routines and accountability, both of which are essential for success (Barber, 2016).

2.14 The UK PMDU went through a number of changes before it was abolished by the new government in 2010. However, because of its success in the early 2000s, the Unit was re-established in 2012 as an Implementation Unit (IU) within the Cabinet Office. Similar to the UK PMDU, this IU was expected to oversee implementation across Government, but focused more broadly on growth and social policy spread across a larger number of departments.

The case of Malaysia: Performance Management and Delivery Unit⁹ (PEMANDU)

2.15 PEMANDU was established on September 16, 2009 as a separate unit under the Prime Minister's Department to oversee implementation and progress of NTP which was made up of the Government Transformation Programme (GTP)¹⁰ and the Economic Transformation Programme (ETP)¹¹. At the broadest level, the goal was to transform Malaysia into a high-income nation by 2020. PEMANDU was staffed by a team of highly qualified and talented Malaysians from both the public and private sectors¹². Malaysia pursued growth policies, while maintaining low levels of debt and developing mechanisms to encourage the private sector to lead the expansion in productive capacity. Malaysia, similar to countries such as Finland and Denmark, took the "road less travelled" to ensure manageable debt levels and a sustainable fiscal position. This included fiscal reforms and fiscal prudence in a measured way to avoid any negative effects on the economy. At the time, only one million out of a population of 30 million people paid taxes. The Government introduced a goods and services tax to broaden the tax base and enacted legislation to set a debt ceiling of 55% of gross domestic product (GDP). The reforms brought about significant improvement in the public finances and debt fell below the target. Second, the Government introduced an ETP as an institutional mechanism to deliver development results at a rapid and efficient rate.

2.16 PEMANDU's BFR methodology broke down high-level priorities into strategic interventions, which were supported by stakeholder consultations (Labs¹³) to design solutions to the policy challenges. Participants were not allowed to leave the labs until a solution was found, priority projects were clearly defined, key performance indicators (KPI) established and, timelines and associated budgets identified. These labs ensured that the NTP was accepted by and owned by Ministries, Departments and Agencies (MDAs). The Unit focused on a limited

⁹ In Malay, PEMANDU also means "driver"

¹⁰ GTP focused on issues related to crime, education and rural infrastructure.

¹¹ ETP was formulated in 2010 and built upon a New Economic Model (NEM) which defined the development path for Malaysia by setting the goal of raising annual income per capita from USD7,590 in 2009 to USD15,000 by 2020. According to data from WB, Malaysia's GNI per capita at the end of 2015 was USD10,570, 15% short of the high-income threshold of USD 12,475.

¹² All members of staff were placed on 3-year contracts.

¹³ Labs are controlled environments where diverse groups of stakeholders come together to experiment on new ways of working. They run for six to nine weeks. There is no hierarchy in the labs, with the aim of breaking silos and encouraging participation. The lab essentially breaks down 30 ft. plans to 3 ft. plans, with detailed step-by-step actions and actors with specific deliverables and timelines, (WB, 2017)

number of well-defined priorities which fell under NTP¹⁴. Policy innovation labs have since been established in other countries¹⁵.

2.17 Seven years after the establishment of PEMANDU, Malaysia is well on its way to achieving its objective of becoming a developed country by 2020. According to WB 2016 data, GNI per capita was estimated at USD 10,010, compared with the High Income Country threshold of USD 12,475. Of significance also, are improvements in infrastructure¹⁶; increases in literacy and numeracy rates; the reduction in crime; and improved fiscal and debt management¹⁷. Malaysia was also able to successfully transform rural communities, creating 2.2 million jobs while reducing and almost eradicating poverty. The performance is remarkable within a macroeconomic environment where the fiscal deficit was lowered (from 6.7% in 2010 to 3.1% in 2016), and the debt to GDP ratio was 52.7% at December 2016, compared with the legislated target of 55%.

2.18 PEMANDU has gained international recognition, and its BFR Methodology and expertise have been adopted in Tanzania, Oman, Andhra Pradesh, India and Ukraine. For example, the Government of Tanzania set up a PMDU based on the PEMANDU model. This was made effective with training and other support provided by staff from PEMANDU who were also seconded to the unit.

2.19 In Tanzania¹⁸, the 8-Step process was renamed the Big Results Now (BRN) programme which, after 14 labs, designed a transformation plan based on increasing exports of maize; improving education outcomes; providing access to electricity and clean water; and reducing the budget deficit. Some aspects of the BRN in Tanzania, for example, water infrastructure, were delivered much faster than that of PEMANDU in Malaysia, notwithstanding funding challenges. BRN-type activities continue in Tanzania with the support of multilateral partners. More recently, in May 2017, the WBG approved USD80mn from the International Development Association (IDA) to support the Government's efforts to provide quality education to millions of primary and secondary school children.

2.110 Broader objectives have also been sought across economic diversification and gender inclusive outcomes. In Oman for example, the focus is on the national development plan with a broad diversification objective which is expected to drive inclusive growth, investment, and job creation. This is envisioned via increased labour participation of women using flexible work times; manufacturing and industrial innovation; increased GDP output and investments in housing and railway tracks. The main sectors identified for this economic transformation are manufacturing; tourism; transport and logistics; mining and fisheries. Similarly, following the establishment of two labs in the state of Andhra Pradesh, 50 million people in India are expected to benefit from interventions in education (both primary and secondary levels); the upliftment of women; housing, water and sanitation; and the streamlining government orders.

The Caribbean Experience in Economic Programme Implementation

A number of initiatives have been undertaken throughout the Caribbean in an effort to improve delivery either at the regional or national level.

14 8 national key results areas (NKRA); 12 National Key Economic Areas (NKEA); and 6 Strategic Reform Initiatives (SRIs), [WB, 2017]

15 Australia-Behavioural Insights Unit est. 2013; Canada-Innovation Hub est. 2014; Tanzania-Delivery Labs est. 2013; UK-Cabinet Office Policy Lab est. 2014

16 At the end of 2015, the Government of Malaysia had completed 5,285 km of rural roads, connected 144,025 rural households to electricity, and provided access to clean water to 1.68 million people, amongst others

17 Fiscal deficit has improved from 6.6 percent of GDP in 2009 to 3.2 percent of GDP in 2015.

18 The Tanzania unit has since closed in June 2017, following a change of Government.

The case of the Caribbean Growth Forum (CGF)

2.21 The CGF, a regional multi-donor project led by the WB¹⁹ sought to address implementation challenges, with a focus on improving growth outcomes. CGF was launched in June 2012, using public-private dialogues to engage the private sector and civil society to shape national and regional reforms and to track the implementation of growth-enhancing activities (Mahmood et al., 2016²⁰). CGF focused on three thematic areas including logistics and connectivity; investment climate; and skills and productivity. CGF has engaged more than 2,500 representatives from business associations, civil society leaders, government, media, the private sector, and indigenous groups who have helped to identify and shape a total of 495 reform actions for participating countries. Of the six participating countries, road maps for implementation were prepared with key milestones assessed at intermittent accountability workshops. The outcomes of the CGF were mixed with approximately 53% of recommendations having been fully or partially completed. The implementation challenges that were identified are; limited financial resources which may have affected progress toward completion reform actions; the lack of or limited feasibility assessments for a wide range of reforms; and limited capacity within government. Additionally, the absence of a regional coordination mechanism was identified as a major impediment for issues related to connectivity and transportation (Mahmood et al., 2016).

The case of Jamaica

2.22 At the national level, Jamaica provides an instructive case study. The Government of Jamaica's (GOJ) implementation of its economic reform programmes (2013-2016), with assistance from its international development partners including CDB, highlights some aspects of the strengthening of the COG and implementation. The GOJ's commitment to generating primary surpluses over the medium term, driven by the need to reduce public debt to sustainable levels, required continuous transformation in the public sector; sustained growth in government revenues; and the judicious management of expenditure.²¹ This has contributed to an improvement in Jamaica's macroeconomic performance over the past five years, with public debt on a downward trajectory, net international reserves almost tripling, single digit current account deficits and improved investor confidence, all supported by several upgrades from credit rating agencies.

2.23 The gains were achieved through the accelerated implementation of macroeconomic policies to entrench fiscal discipline and institutional reforms that tackled growth impediments such as improving the ease of doing business. This is reflected in efforts to strengthen the policymaking process, monitor the delivery of government programmes and improve coordination between the ministries and agencies that execute government policies. The gains of the reforms agenda can be attributed to significant country ownership, engagement of stakeholders, communication of the Government's reform agenda and implementation facilitated by the Economic Policy Oversight Committee (EPOC). EPOC was tasked with monitoring the Government's commitments and progress under its reform programme and reporting to the wider public.²² This was supported by two other innovations of GOJ to augment the implementation agenda. The Public Sector Transformation Implementation Team (PSTIT) resident in the Cabinet Office facilitates improvements in public sector efficiency, and the formation of the Economic Growth Council (EGC) champions a set of initiatives to stimulate economic growth. EGC, via its

19 This was done in partnership with the IDB, CDB, and Compete Caribbean; with support from UK Agency for International Development; the Italian Ministry of Foreign Affairs; the European Union; InfoDev; Competitive Industries and Innovation Programme; Caribbean Export; CARICOM Secretariat, and the University of the West Indies.

20 CGF, Taking Stock of the Caribbean Growth Forum, (2016).

21 Nigel Clarke, "Jamaica's Economic Reform and Growth: Interview with Nigel Clarke", IMF Interview, May 10 2017. <http://www.imf.org/en/News/Articles/2017/05/09/na051017-jamaicas-economic-reform-and-growth-interview-with-nigel-clarke>

22 This approach towards country ownership; has been replicated in Grenada's recently concluded IMF-supported programme.

multi-stakeholders consultation²³, was adopted to create consensus on the set of medium-term growth priorities for Jamaica, some of which were incorporated in the November 2016 precautionary Stand-By Arrangement with IMF. EGC was subsequently tasked with monitoring implementation of the growth agenda (5-in-4)²⁴ and reporting to the Jamaican public on a quarterly basis.

The case of Grenada

2.24 Similar to the Jamaican experience, the Government of Grenada (GOG) implemented its home-grown structural adjustment programme (SAP) with the support and concessional financing from international development partners such as IMF, WB and CDB over the period 2014-16²⁵. The core objectives of the programme were to restore fiscal and debt sustainability, to strengthen financial sector stability and to improve Grenada's growth prospects. Grenada completed the final review of the IMF Extended Credit Facility (ECF) Programme in May 2017. The government met all of the performance criteria and structural benchmarks of the 2014 programme, resulting in sizeable reduction in the public debt from 108% to 83.4% of GDP between 2013 and the end of 2016²⁶; the overhaul of the fiscal policy framework²⁷; the strengthening of the commercial banks' balance sheets; improvements in financial stability and economic growth averaging 5.8% above its 35-year historical growth rate of 3.3%. Another key achievement was increased social spending and improved targeting with the support from WBG. GOG successfully shifted to an improved beneficiary information system that better allocates resources to those most in need, with a cash transfer feature that has started to produce improvements in education attainment.

2.25 Several enabling factors contributed to the implementation of the home-grown SAP. First, the cross-country consultations and broad ownership of the reforms proved successful, with the participation of the trade unions, private companies, the Council of Churches, and non-government organisations in the Committee of Social Partners and the Home Grown Monitoring Committee²⁸. Members were consulted regularly and were involved in monitoring performance. Second, development partners provided extensive technical support for capacity building. Finally, recovery in agriculture, and improved real GDP growth in key export markets and a rebound in tourism to the Caribbean, all contributed to Grenada's real GDP performance over the period 2014-16.

2.26 But despite the achievements in terms of macroeconomic stability and, in particular, the enactment of fiscal rule legislation (FRL)²⁹ over the three-year programme, continued reform efforts are required. The institutional framework which guided the economic programme can be extended to other key national priorities such as improving competitiveness, removing the impediments to private sector activity, revitalising the agricultural

23 The Council met with various groups in Jamaica, including labor unions, academia, civil society, private sector groups, ministries, departments and agencies, multilateral institutions, and diplomatic missions.

24 Economic Growth Council. "Jamaica from Developing to Developed," Ministry of Foreign Affairs and Foreign Trade, Jamaica, Original Publication April 27, 2017, <http://mfaft.gov.jm/wp/wp-content/uploads/2017/05/ECG-Initiatives-Reports-to-the-Nation-1st-and-2nd-Edition.pdf>

25 Grenada's home-grown SAP included multi-donor contributions and surveillance to accelerate implementation of key reforms. IMF approved a USD22 mn, 36-month ECF in June 2014 focused on fiscal consolidation, WB provided three programmatic Development Policy Credit and Loans (DPC/DPL), a cumulative value of USD40 mn to: create sustainable conditions for private investment; improve public resource management; strengthen the banking sector; and boost resilience against natural disasters. Similarly, a lending programme by CDB valued at USD30 million was closely aligned with the DPC series.

26 Of the 24.6% reduction in public debt to GDP, about one quarter was due to comprehensive debt restructuring, another quarter to fiscal adjustment, and about half was driven by growth in GDP.

27 The authorities passed a substantial number of legislative reforms that helped strengthen the fiscal policy framework, including the Fiscal Responsibility, Public Debt Management, and Public Finance Management Acts.

28 IMF, "Grenada Sets Stage for Sustainable Growth", International Monetary Fund, Original Publication May 23, 2017, <http://www.imf.org/en/News/Articles/2017/05/23/NA230517-Grenada-Sets-Stage-for-Sustainable-Growth>

29 This rules-based fiscal framework should lock in discipline and encourage productive government spending for future generations.

sector and reforming state-owned enterprises (SOE) [IMF, 2017]. Continued efforts are needed to strengthen the regulation and supervision of the non-bank financial sector and ensure that the financial system contributes more effectively to private sector growth. Added efforts are also needed to lower unemployment, for example, by strengthening labor market skills and mobility.

The experience of multilateral development banks with delivery units

2.27 In an effort to improve effectiveness and outcomes of in-country projects and interventions, the support of Development Partners³⁰ to PMDUs has increased in the recent past. These interventions have been in the areas of financial and technical support to strengthen governance and by extension to create greater value for money in development aid. For instance, DFID has been engaged in Punjab (Pakistan), Tanzania, and Sierra Leone, while the World Bank has provided support to Tanzania in implementation of key priorities. In addition, internal PMDUs at the level of the President have been established.

2.28 The President's Delivery Unit (PDU) of the WBG was established in August 2013 with the objective of monitoring and tracking progress on specific time-bound targets set by the President of WB. This unit came out of a pledge made by the president to developing countries to change the way that the WBG delivered results such that bureaucracy would be reduced and results could be delivered and measured more effectively. The PDU was launched with 12 targets related to the priorities of the WBG and its developing partners, along with two overarching goals: to end poverty by 2030 and to boost shared prosperity particularly in the developing world. The overarching objective of the PDU is therefore to measure performance and development effectiveness of WB as an institution. The targets monitor a range of indicators related to processes and procedures. For instance, the performance of investment projects, from the time of conceptualisation to approval, and then to disbursement for actual commencement of the project, is a critical performance indicator of development effectiveness. These are based on a number of activities including the time it takes for project approval, the number of processes, the length of a project document and a number of factors which may impact on delivery of any one project outcome.

2.29 The main challenge for the PDU however, is that it is part of a large organisation that is dependent, in part, on countries and other partners who are primarily responsible for the actual project implementation and completion. In many instances, it is difficult to track and measure the performance of partners' in-country, particularly where there are capacity constraints, lags in reporting and a lack of data collection. Hence, the progress of the PDU is limited largely to measuring its key activities and those which can be directly influenced by the group. Similarly a PDU of the Islamic Development Bank was established in December 2014. This unit was charged with responsibility for tracking and monitoring the implementation progress of various institutional strategic initiatives of the Bank including the 10-Year Strategy Framework, and the President's 5-Year Programme and 3-Year Rolling Plan. It also extends to deliverables of the Strategic Partnership Framework between the IADB group and the WB group.

Key lessons from the implementation and PMDU case studies

2.30 This section highlights the key lessons learnt from the case studies on PMDUs examined above:

- 1. The strategic direction** for reforms or change usually originates from the top. The research shows that

³⁰ Organisations that have provided financial and/or technical assistance to at least one PMDU include: Department for International Development (DFID) UK; Swedish International Development Cooperation Agency (SIDA); United States Agency for International Development (USAID); Inter-American Development Bank (IDB); United Nations Development Programme (UNDP) and WB.

in most cases, the HOG through the prime minister or the president articulate the vision and objectives of the PMDU. Strong, visible leadership committed to reform cannot be overstated for the successful implementation of any reform programme.

- 2. The institutional framework and technical capacity** to plan (medium-long term), coordinate and execute activities are critical. This may emanate from a strong organisational structure and culture of reform. These can also be built as in the case of Malaysia and the UK, where PDMUs reinforced a culture of planning, monitoring and evaluation; and managing for development results.
- 3. Clear objectives and priorities** that have been agreed upon are of utmost importance for success (Gold, 2017).
- 4. A Monitoring system** which undertakes periodic reviews, frequent stock-takes and delivery reports, along with quarterly reporting to the public, also contributes to the effectiveness of project or programme implementation. Building confidence and making the process transparent is also important in an environment where confidence in the government is low.



DESIGNING A DELIVERY / IMPLEMENTATION SYSTEM

Conditions for success: How does the Caribbean compare?

3.01 The success of delivery or implementation units depends heavily on secure, strong, highly visible political backing (Gold, 2017). Therefore, they are highly susceptible to political economy and cycles. Political influence can be identified as the main vulnerability factor, which in part determines the longevity and success of DUs. The success of Malaysia's PEMANDU can be associated with the carefully defined 10-year programme which was expected to withstand political influence. Of note is that Malaysia has had a relatively stable government from 2009, when PEMANDU was established, and lasting throughout the period of reforms. Hence, the success of PEMANDU can be associated with a stable political economy environment. By contrast, in the United Kingdom, the unit was abolished in 2010; shortly after the election and transition of power to a new government. A number of units have suffered the same fate, including more recently the units which were established in Tanzania, Chile, Brazil, Mongolia and the Netherlands, (Gold, 2017). Considering the Caribbean political cycle, where the likelihood of a change in government is susceptible to the five-year cycle, any PMDU system which is established will also subject to this vulnerability. Hence, it is important for wide stakeholder buy-in at all levels of government, including opposition leaders, the private sector and civil society.

3.02 Leadership, organisational structure and culture are integral to the success of delivery units, (Gold, 2017). In Malaysia, a history and culture of reform particularly in the public sector dates back six decades. Past initiatives run by various agencies, including the Treasury, and the Malaysian Administrative Modernisation and Management Planning unit commissioned by the Prime Minister's office, preceded the PEMANDU model. These previous initiatives would have contributed to a culture of reform within the Malaysian public service which may have positively impacted the success of PEMANDU.

3.03 Culture change may be the most difficult tasks in any reform programme, hence a pre-existing culture of reform is important for success. Governments around the Caribbean region have undertaken numerous public sector reform and modernisation initiatives. Most of these initiatives have been spearheaded by public service ministries and departments, with measured success. However, the expected change management and the improvements which were envisioned by these various initiatives have not materialised. Hence, the extent to which these are adequate for adapting to delivery unit mechanisms is difficult to assess. However, the importance of leadership cannot be overstated – strong leadership committed to change has the potential to make remarkable differences.

3.04 A clearly defined remit and or prioritisation of objectives that have been agreed upon is of utmost importance for success, (Gold, 2017). It is important that the focus is restricted to a few key priority areas as well as buy-in from key stakeholders, departments and agencies. As noted above, in most instances, the priorities are handed down from the head of government with consultation as in the case of Malaysia. Similarly, national development plans are also used to guide the selection of priorities and to align the key priority areas with a larger development objective as in Tanzania. Within the Caribbean, many governments have adopted national vision plans and or medium term development plans. However, clear implementation strategies remain underdeveloped, and therefore; the desired outcomes and benefits of these plans are not fully realised.

3.05 Active interest, buy-in and commitment of the most senior members of government, to the extent that the delivery becomes a political priority at the HOG, is necessary for a successful unit to be built or operated, Bellver et al (2014). This type of leadership will contribute to the selection of key priority areas, and to refining these into granular projects or tasks with clearly defined and assigned implementation responsibilities, timelines and key performance indicators (KPIs). This will typically require a participatory approach, as in the case of labs; however, this will enable greater ownership of the transformation programme. The location of the unit is equally significant; it serves as a symbolic driver and adds value in terms of influence and practicality. A

combination of these factors, together with a DU equipped with highly competent staff, will contribute to the success of the reform agenda, as well as to the ability of the team to collaborate with the rest of government and the private sector.

3.06 Periodic reviews, accountability and transparency also contribute to the effectiveness of operations using varying stock-take and reporting methods. With advances in technology, collecting data and reporting on outcomes have been shifted from the stock-take meetings, which were introduced by the UK, to the dashboards used by PEMANDU. The key to the stock-take meetings however, remains in the ability to gather and analyse the data so that the intended messages can be clearly articulated to the various audiences. Building confidence and making the process transparent is also important in an environment where confidence in the government is low. In the context of the Caribbean, the availability of reliable statistics remains a key constraint; and therefore, the adoption of any components of a DU must take into consideration the need for developing statistical capacities, data collection and analytical skills.

3.07 Financing for an implementation or delivery unit is an important component which determines the viability and to some extent its level of success. As seen in the case of PEMANDU, salaries were paid at competitive rates in order to attract a core group of highly skilled employees. Equally, funding of key initiatives and projects will require resources at various stages during the process. Hence, financing of PMDUs are essential. They should, to the extent possible, be incorporated in national budget plans to ensure that projects are financed and implemented over any given period. In many instances, especially in the developing world such as in Tanzania, international development agencies have been the key sources of finance for setting up PMDUs, facilitating workshops to identify the priority areas and also financing key projects.

Designing a PMDU

3.08 As the Region embarks on achieving SDGs by 2030, there is an immediate need to ensure that structures, resources and implementation plans are adequate to achieve these targets. At the national and regional level, mechanisms which embody a new way of working, with emphasis on results, monitoring, transparency and accountability must be adopted.

3.09 Consistent with CDB's strategic framework for the period 2015-19, and aligned to the broad objectives of supporting inclusive and sustainable growth and promoting good governance, CDB is committed to supporting a transformational agenda for the region. Increasing the implementation rates of projects, policies and priorities, including national development plans across the Region, is consistent with the Bank's new strategic direction and is necessary to achieving the development outcomes highlighted in the strategy. The transformational agenda perceived by CDB will empower agents of change, using new and existing public administration capacities and processes within country, to improve public service delivery and better citizen outcomes. It is also expected to accelerate implementation of national priorities and strategies.

3.10 In his memoirs, former UK Prime Minister Tony Blair, who is credited with the establishment of the first delivery unit in the UK, remarked that the PMDU "was an innovation that was much resisted, but utterly invaluable and proved its worth time and time again". The decision to establish a PMDU is an explicit statement by a government to ensure that performance management is an integral component of governance. Barber, Kihn and Moffit (2011), identified six elements of best in class performance management and key building blocks for the establishment a PMDU. These building blocks are critical to the success of delivery units. They ensure that the purpose of any delivery unit can be identified and its success justified against the outcomes.

Figure 2: Elements of best in class performance management



Source: Barber et al. 2011

Box 1. Elements of a successful delivery system

Set direction and context

With a clear commitment to implementation from HOG and the desire to establish a PMDU, the Cabinet or HOG needs to set the direction and context of PMDU. This means that implementation priorities across government or for individual ministries are clearly articulated. This also requires Cabinet to clearly lay out what success will look like across government and with relevant partners. At this stage, an institutional diagnostic and country readiness assessment will provide the context and feasible design of the delivery system. This may be a desktop exercise that identifies the legal and institutional arrangements at the centre of government that are critical for the success of PMDU.

Establish clear accountabilities and metrics

Knowing what success will look like, establishing key performance management indicators and balanced scorecards will be critical. However, the establishment of metrics alone will not be sufficient. Appropriate mechanisms that allow the metrics to be cascaded to the appropriate individuals and agencies that are accountable for the implementation of a key priority will also ensure the success of PMDU.

Create realistic budgets, plans and targets

A plan without a budget is only a plan and will not succeed. The decision to establish a delivery unit with clear targets ultimately means that employees will be required to deliver but management fully owns the process. However, none of this will lead to success unless the unit is properly resourced and has an adequate working budget. The work programme must be aligned with the national budget in order to ensure sustainability over time.

Track performance effectively

Effective and timely reporting that has the appropriate level of detail will be critical. However, reporting should not burden the unit or the accountable Ministries or agencies. This step in the performance management process will be critical for accountability and for implementation to be successful.

Hold robust performance dialogues

Any review that is meant to ensure delivery will be challenging. However, stakeholders and those that are accountable must understand that performance reviews are also supportive, focused, fact based and action oriented. Robust performance reviews provide a win-win situation for all stakeholders by ensuring accountability, but also ensuring that targets will be met on time and within budget.

Ensure actions, rewards and consequences

The preceding points, tracking performance and performance dialogues will on their own not ensure delivery. If performance is lagging (indicated at Step 4 above), there will need to be coordinated action to help improve performance. However, critical to this process is the understanding that there will be visible consequences for good and bad performance. This step ensures that accountability is credible and provides the correct incentives for delivering success.

Adapted from Barber et al. (2011)

Figure 3: Identifying the purpose of the delivery unit



Source: Barber, Kihn and Moffit (2011)

3.11 These questions outlined in Figure 3, and in particular how the unit could assist, as well as the building blocks identified above, suggest that the unit must have the appropriate skills and cross government reach and authority to operate effectively. The structure of the unit must allow it to operate with the appropriate level of authority at COG. Depending on the level of readiness following an assessment, the country can adopt a PMDU model appropriate to its institutional context. The mandate of a PMDU, summarised in Figure 4 below, highlights the importance of a unique skills set for the effective functioning of the unit.

Figure 4: Delivery unit mandate



Source: PEMANDU 2017

3.12 The mandate of PMDU will vary depending on the country circumstances. However at a broad level, these units are expected to provide assistance to line MDAs in the implementation of priorities which have been selected by HOG. This will entail stakeholder coordination at various levels. Coordination across government and different stakeholders will enable the PMDU to identify bottlenecks, propose innovative solutions and offer support through their expertise with in-house support through consultancies. This type of support will also lend itself to building capacities at various levels. PMDU will also act as an intermediary between the line ministries, departments and agencies where they actively monitor progress on implementation and report directly to the Head of Government on a regular basis. In addition, transparency and accountability will be integral to the work of the PMDU, with a strong communication strategy by which all activities and results are readily accessible to the public using various media and reporting forums.

3.13 The Delivery Team in collaboration with MDAs will be expected to:

- (a)** Refine the targets, initiatives, milestones and responsibilities.
- (b)** Set up monitoring and tracking tools and processes which may include a combination of dashboards and meeting schedules and performance dialogues with counterparts.
- (c)** Rigorous monitoring of all initiatives.
- (d)** Report on progress both internally and externally.
- (e)** Manage a forensic auditing process that will track the use of funds and measure progress against targets.
- (f)** Active problem solving to resolve bottlenecks and design corrective action.

Delivery unit structure

3.14 Given the indicative mandate and responsibilities of PMDUs, the structure of the units must incorporate operational flexibility. PEMANDU associates provides an indicative structure adaptable to a Caribbean specific model. Flexibility allows the unit to operate independent of Governments' existing processes and procedures with the ability to recruit competent team members at competitive market rates from both the public and private sector. However, the unit is fully focused on delivering Governments' priorities as set out by HOG and Cabinet. Alternatively, an outside government agency or special purpose vehicle (SPV) can be established to achieve the same purpose. Under both options, the unit will be required to maintain a high level of confidentiality which is fairly balanced against transparency and accountability. Combining each of these entities (inside government PMDU and outside government SPV), as in the case of PEMANDU Malaysia, provides the most appropriate structural arrangement for the functioning of the unit (See Appendix 10).

Team structure

3.15 Figure 6 proposes a typical day-to-day delivery team structure for an indicative programme of five priorities for implementation. Each priority area has a "lead" with overall responsibility for ensuring delivery of this key governmental objective. Each lead is supported by the appropriate individuals with the correct skill sets. These individuals will typically function at the appropriate level of authority e.g. directors and deputy directors, managers and analysts. Given the size of Caribbean economies and the budget constraints within the Caribbean, it is envisaged that many of these individuals will operate across priority areas such that a collaborative approach to delivery and organisational synergies could be harnessed. Alternatively, a country could focus on a narrower set of priorities to improve operational efficiency and cost effectiveness. An important principle is to ensure that the structure is flat as this ensures flexibility and innovation when dealing with difficult implementation challenges.

Box 2: Key variations in the delivery unit model

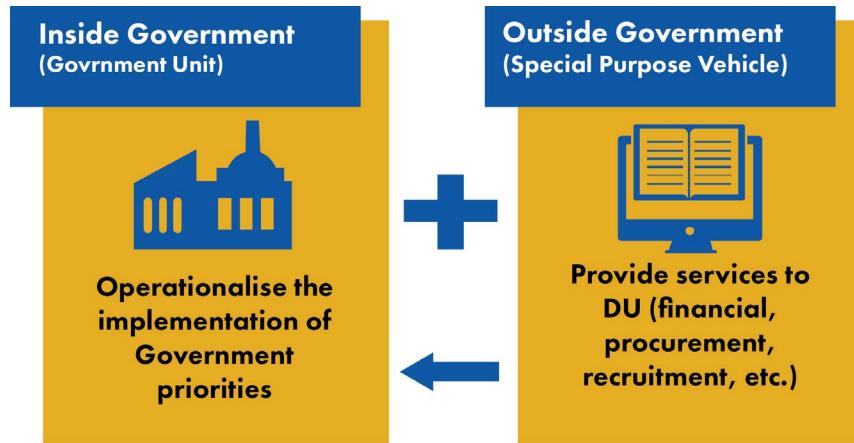
Many countries have adapted the original PMDU from the UK to suit their own national/domestic circumstances and purposes. A key difference is the authority which sets the priorities being pursued. In most instances, these may originate from heads of governments or cabinet offices and in some instances even ministries/departments. These priorities typically emanate from national development plans and sectoral priorities, or may be handed down from the heads of government based on key priorities or current events. These priorities could also be influenced by international donors and partners and collective agreement between the head of government and ministers, (Gold, 2017) as in the case of Malaysia. These factors will determine to some extent the variations in lines of responsibility or ownership, and focus areas or priorities.

Priorities differ from key service delivery targets to high-priority outcomes. In the UK for example, the first DU focused on key service delivery targets in specific departments (health, education, crime/security and transport). When replaced by the Implementation Unit (IU), this unit focused primarily on programs and policies geared towards supporting broad economic growth. This included interventions in broadband, export promotion and housing market interventions. However, in Canada, the focus is on outcome targets (expanding the middle class and building a diverse, inclusive Canada), which form part of 11 horizontal priorities and which cut across various agencies and departments. In countries such as Kenya, the key outcomes are related to major projects such as infrastructure development, including roads. In Australia, the Cabinet Implementation Unit is responsible for the feasibility assessments of all medium and high –risk policy proposals submitted to Cabinet, (Gold, 2014).

Variations also exist in methods of implementation, reporting and tracking progress. In some instances such as the UK, delivery notes, delivery reports and stock-takes were used, however, this has evolved overtime to the adaptation of new innovative tools using technology via online dashboards for example. Notwithstanding, stock-take meetings and Cabinet meetings continue to be of significant importance for tracking progress and maintaining authoritative focus and momentum. The approach used for tracking delivery is also important for the approaches to solving problems. In the UK for example, the DU used “deep dive” reviews along with stock-take meetings to brainstorm solutions. In the case of Malaysia however, labs were used for problem-solving, employing a recursive methodology that proved to be a useful tool to bring together a diverse set of stakeholders to find solutions, especially when bottlenecks arose. The success of delivery units, depends heavily on having access to the relevant data that allows the unit to track progress against stated outcomes. Data and the use of technology to collect and monitor that data allows stakeholders to assess performance against stated objectives in real time. Any divergence must be addressed quickly to ensure that targets are met in a timely manner.

Delivery units have proven to be flexible to change and innovation, with a number of units having applied new methodologies and technologies to transform their operations. One of the most useful innovations has been in the use of monitoring systems and the level of transparency embedded within these units. The level of transparency will influence in part, the applicability and use of technology and innovative means of verification and accountability. Technology has enabled many units to collect and analyse data with greater efficiency and at unprecedented speeds. These have been facilitated by the use of smart-phones and tablets as in the case of Punjab, Pakistan, where the data from the field are fed directly onto a centralised dashboard (Gold, 2017). Equally, heat maps and real time performance dashboards are among the new data visualization techniques that have proven useful for countries such as Malaysia. The methods used in resolving problems also vary across jurisdictions from stock-takes with heads of governments to innovation labs and “deep dive” reviews. Malaysia uses a combination of stock-takes with the head of Government with innovation labs both before and during the implementation stage to remove bottlenecks. Stock-takes bring heads of Government and departmental officials together to discuss results and find new ways of resolving challenges and bottlenecks while labs bring together experts and stakeholders.

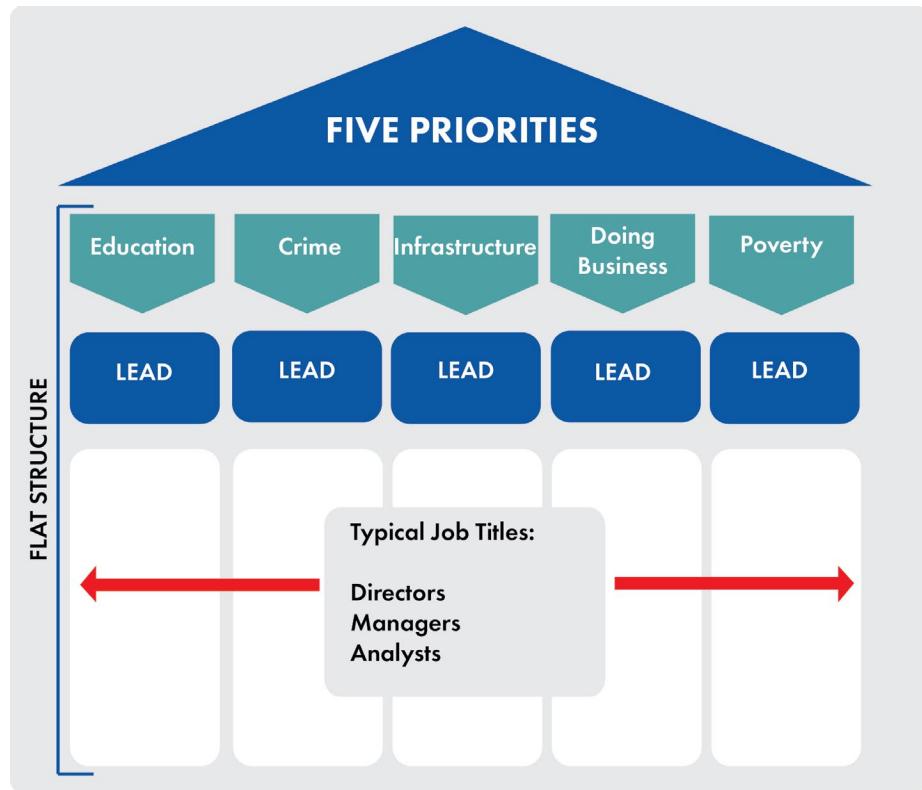
Figure 5: Delivery Unit Establishment



Source: PEMANDU, 2017

3.16 The size and composition of the PMDU team will depend on the number of priority areas, the project scope and the capacity of officers within the public service. It is envisioned that capacity building will be a mandatory component in developing the delivery units using the assistance of professionals and/or consultants. In some instances, the consultancy help may extend to the actual implementation of priorities, with a view to transitioning full responsibilities to the respective ministries, departments and agencies after sufficient capacity has been built.

Figure 6: Indicative team structures with five implementation priorities



Source: Adapted from PEMANDU, 2017

Financing: technical assistance and funding for Delivery Units

3.17 CDB proposes a phased approach to establishing PMDUs, starting with pilot countries. The successful implementation of interventions depends greatly on strong commitment to reforms on the part of top political leadership, transparency and a high degree of accountability. These pilots will aim to implement at least five strategic priorities from national development plans or priorities. The primary method of help will be in the form of TA, using grants and loans to support this initiative. Other financing methods using the current pool of instruments will be explored over time to support actual implementation. It is envisaged that a consulting firm or team of consultants with experience in setting up similar agencies around the world will provide the support services in the design and implementation of this initiative.

3.18 The building blocks identified above may require member governments to seek the appropriate level of TA to perform the country readiness assessment and initial institutional diagnostic. In seeking to establish PMDUs within the Caribbean, a country diagnostic will be useful for stocktaking so as to provide insights and guidance on the process and in setting priorities. The most important stage, which begins with setting policy priorities, requires full engagement of HOGs and Cabinet to ensure that there is buy-in at the highest level. Stakeholder buy-in is also important for the programme to be successful, as it involves input from multiple agencies and departments in the public and private sector. A key component, tracking performance through appropriate metrics, will also require an improvement in data collection and monitoring. Given the status of data collection in the Caribbean, improved mechanisms for monitoring and data collection will also be required. Development partners, in collaboration with CDB, may be called upon to provide TA funding for these initial steps when establishing a PMDU. This support will require strong partnerships with other development partners and agencies, including consultancy firms to provide the range of services required while building capacity.

3.19 In order to finance this initiative, CDB will seek to establish a PMDU Support Facility which will provide financial and TA in three key areas:

- (a)** Diagnostic assessments and identifying/setting of key priorities.
- (b)** Design and establishment.
- (c)** Country specific systems.
- (d)** Implementation of the key projects or priorities.

Next steps - the process to implementation

3.20 This initiative being proposed by the CDB will seek to endow the Offices of HOGs with an innovative and efficient PMDU or IU that will support the public service in delivering concrete and measurable initiatives. These units will be dedicated to implementation and delivery of top priority actions, identified by HOGs as critical to improving public service delivery and country level growth and competitiveness. The impact of these units will not only be restricted to implementing concrete and measurable priorities in the short term, but will also demonstrate that a new way of working can provide an impetus and lessons for longer-term development planning and delivery.

3.21 The process of implementation of PMDUs in the Caribbean would itself adopt a variation of the "labs" concept and would involve five key steps discussed below. These are intended to begin the process of focusing the minds of stakeholders on taking an action, in this case setting up delivery units, from concept to actual implementation.

Figure 7: Next steps, technical assistance and cooperation



Step 1: The Country Diagnostic will be a consultative process which engages stakeholders from key agencies including cabinet members, high-level civil servants, and private sector partners. The objective of the diagnostic will be to:

- (a)** Determine the mission, goals and objectives of the unit (to set the priorities);
 - (b)** Establish the core responsibilities of the unit;
 - (c)** Assess existing legal, institutional and financial frameworks;
 - (d)** Determine how the Centre of Government operates and existing organisational frameworks;
 - (e)** Assess existing human resource capacity within the public service;
 - (f)** Determine the internal organisational chart (needed profiles for the unit, roles and responsibilities);
 - (g)** Determine the legislative and regulatory steps needed to establish the PMDU, if any; and
 - (h)** Determine the technical needs and financial resources required for a PMDU to be established.

Step 2: High-level workshops should be organised following the diagnostic to allow a general discussion on the findings. The workshops will also seek to share and discuss the priorities that have been identified. They will seek to gain broad stakeholder buy-in at this point.

Step 3: Design of the unit will be informed by the diagnostic and workshops. The structure will be determined by the level of capacity and the priorities identified by the Head of Government.

Step 4: Establishing the unit will require funding resources. Funding requirements will be influenced by the size and mandate of the unit. This phase will be strongly supported by CDB in collaboration with other partners who will be in a position to offer technical and financial support.

Step 5: Some of the anticipated areas for TA include:

- (a)** Preparing operational manuals that will outline the mechanisms for coordination with different MDAs;

- (b)** Developing monitoring and evaluation systems that will allow the PMDU and other parties to monitor progress;
- (c)** Developing a communication strategy to ensure transparency and accountability;
- (d)** Building the capacity of the delivery team, including the partner agencies and MDAs;
- (e)** Providing support to the PMDU team, agencies and other institutions during implementation.





4. EDUCATION AND TRAINING

4.01 Over the last decade, several capacity development initiatives have been undertaken by regional institutions to bridge the gap between the political leadership and ministry officials to improve planning and implementation of their national development priorities. Many of these programmes provided platforms upon which capacity building for PMDUs can be developed.

4.02 In 2016/17, CDB re-launched its training programme in Public Policy Analysis and Management (PPAM) and Project Cycle Management (PCM)¹ to help governments of its 19 BMCs manage more effectively policies, programmes and projects, in addition to helping them achieve their development goals. Traditionally, CDB has provided training in these areas, creating alumni of more than 1,500 representatives of governments across the Caribbean. Between 1980 to 2002, and during the years 2003 and 2004, the Bank provided funding to a number of public sector agencies to assist BMCs with the preparation of Public Sector Investment Programmes (PSIP), and national development plans or projects. This assistance equipped public sector personnel with a set of best-practice tools and enhanced their skills in PPAM and PCM. Due to increased demand for the training an additional 550 persons were trained in PCM over the period 2007 to 2009.

4.03 In addition, the Caribbean Leadership Project (CLP)² housed at the University of the West Indies (UWI) Cave Hill Campus, through its leadership development training, seeks to strengthen the next generation of Caribbean leaders in an effort to support governance reforms and regional development³. The project works with public sector institutions across 12 Caribbean member states to identify and train potential leaders; to more effectively manage, motivate and train their human resources⁴. As at July 2016, 117 regional public sector leaders, at the permanent secretary level received leadership training and the creating of a regional leadership network/community of practice in Leadership Development.

4.04 Using a combination of the training programmes available, CDB has a key role, in collaboration with CLP, UWI and other partners like PEMANDU, to broaden the scope of the existing programmes. Such an initiative can facilitate a more targeted approach towards training in transformational leadership and technical capacity aspects of the "how" to implement development priorities. Equally a cadre (in terms of alumni from similar/ previous programmes) of professionals already exists as a low-hanging fruit for which an online "transformative leadership and implementation" knowledge platform could be developed, using blended learning with case studies and other materials, videoconferences, webinars, and on-line chat forums for delivery across BMCs. A community of "new" Caribbean leaders could be created across CDB BMCs, employing tools tailored to the leadership skills and needs required at each level of government ministers, senior public officials and leaders within the private sector and/or civil society.

4.05 CDB in collaboration with UWI Open Campus and PEMANDU Associates has begun the process of developing an online course entitled Leading Transformation to Achieve the Sustainable Development Goals).⁵

1 The PCM programme includes topics such as Results-Based PCM; Project Appraisal; Risk Management; M&E; Capacity Development – Managing Technical Assistance (TA) Projects; and Procurement. The PPAM programme includes (in addition to some of the above) Policy Analysis, Policy Implementation; and PSIP Management.

2 Funded by the Government of Canada in 2008/09 for twenty million Canadian dollars (CAD20 million) for a seven-year project

3 Government of Canada, Project profile – Canada-Caribbean Leadership Program (CLP), <http://w05.international.gc.ca/projectbrows-er-banqueprojets/project-projet/details/a033472001>

4 The expected intermediate outcomes for this project include trained leaders of national and regional public sector organisations; who are able to influence their departments to effectively implement human resource management, foster economic development and work towards regional integration; and the establishment of a Caribbean Centre of Leadership Excellence (CCLE) to deliver a sustainable, coordinated regional approach to leadership and economic development consistent with global best practices.

5 At the Caribbean Action 2030 Conference held at The UWI, Mona from June 28 to 30, 2017, the University signed a Memorandum of Understanding with the Malaysian management consulting company, PEMANDU Associates to engage in joint research and training activities dedicated to building capacity on implementation and delivery of development outcomes and strengthening development. <http://www.open.uwi.ePMU/uwi-and-undp-call-caribbean-youth-get-involved-conversation-sustainable-development-region>

The course is expected to cover the major disciplines within the field of leadership, results-based management, research in sustainable development, data-driven decision-making and implementing change in support of SDGs. The customised course will seek to incorporate the academic expertise of the State University of New York System (SUNY) and UWI faculty (via the SUNY-UWI Centre for Leadership and Sustainable Development), as well as specialised knowledge and practical experience of PEMANDU Associates. The course will seek to fill the existing implementation gap by providing a means of going beyond the theoretical concept of the SDG Agenda and focusing more specifically on building technical capacity around implementation. It will focus primarily on maximising limited resources (human, financial, institutional, etc.) of Small Island Developing States (SIDS), and on managing the process of operationalising SDGs. This will be centred on building a culture committed to the “discipline of execution” through systematic goal-setting, monitoring, reporting and recursive re-alignment of strategy and resources. This is absolutely essential if Caribbean SIDS are to achieve the SDGs by 2030. This initiative is expected to form a critical component of the programme of TA and support that CDB will provide to BMCs in improving implementation across the Region.

5. CONCLUSION

5.01 Sustainable growth and economic development is an all-hands-on-deck collaborative effort among all stakeholders. It is critical that governments have clearly articulated vision plans and medium-term development strategies. These plans and strategies should be formulated and written in consultation with all social partners, including members of civil society, trade unions, the private sector and all arms of government, including the Opposition. These should be supported by well-articulated implementation plans, prioritised through the budgets and supported by strong M&E systems. Communication with all stakeholders is also necessary to ensure that responsibility is shared and development outcomes can be improved.

5.02 Improved policy and project implementation rates across the Region are necessary to accelerate better development outcomes. Also needed is improvement in governance, which is critical for economic transformation, improving competitiveness, promoting inclusive, sustainable growth and ensuring an overall systemic reduction in poverty. Throughout the Region, there is a need to move the policy landscape beyond formulation and planning towards a greater focus on implementation. Hence, PMDUs provide an option for governments and their agencies to strengthen their capacities while raising implementation rates. These units tend to support COGs with a focus on key areas such as performance management, problem solving and removing bottlenecks. They have the potential to provide support and be a catalyst for development in a number of areas related to improving economic management, including PSIP; debt and fiscal management; strengthening evidenced-based policy-making; promoting competitiveness and innovation through policy reforms; and contributing to long-term policy planning and development.

5.03 It is true that a PMDU on its own will not transform and improve implementation rates. However, a PMDU that is established with firm support from the HOG that has the right skills, focuses on key development priorities, and that encourages government at ministerial level to embrace a new level of accountability could be transformational for the Caribbean. PMDUs, with the right support, could therefore provide the catalytic force required to inculcate a new culture of implementation in the Region. The following five questions, taken from Figure 11, highlight how PMDUs can transform high level vision documents and development plans into meaningful implementation plans and improved development outcomes.

- a. What are you trying to achieve?
- b. How are you trying to achieve it?
- c. How do you measure success?
- d. How will you change course if you are not on target?
- e. How can the PMDU assist?

5.04 More importantly, PMDUs could be the mechanism to help governments shift focus from policy formulation towards implementation. With PMDUs, implementation becomes the new mantra in the Caribbean. The concept of PMDUs may also be applicable at the regional level to address key priorities related to regional integration.

5.05 Thus, while policy implementation and PMDUs are not entirely new, they provide an innovation in the context of the Caribbean. If designed, staffed and financed adequately, these units can be catalysts for development in the Region. However, they should not be seen as a panacea to the implementation challenges faced across member states. They must be fit for purpose in the Caribbean context, focus on country-specific priorities and provide support to existing departments and agencies for better service delivery. The process must also be embraced as an ongoing recursive process that will not be abandoned when bottlenecks hinder

progress.



Implement

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APPENDIX 1

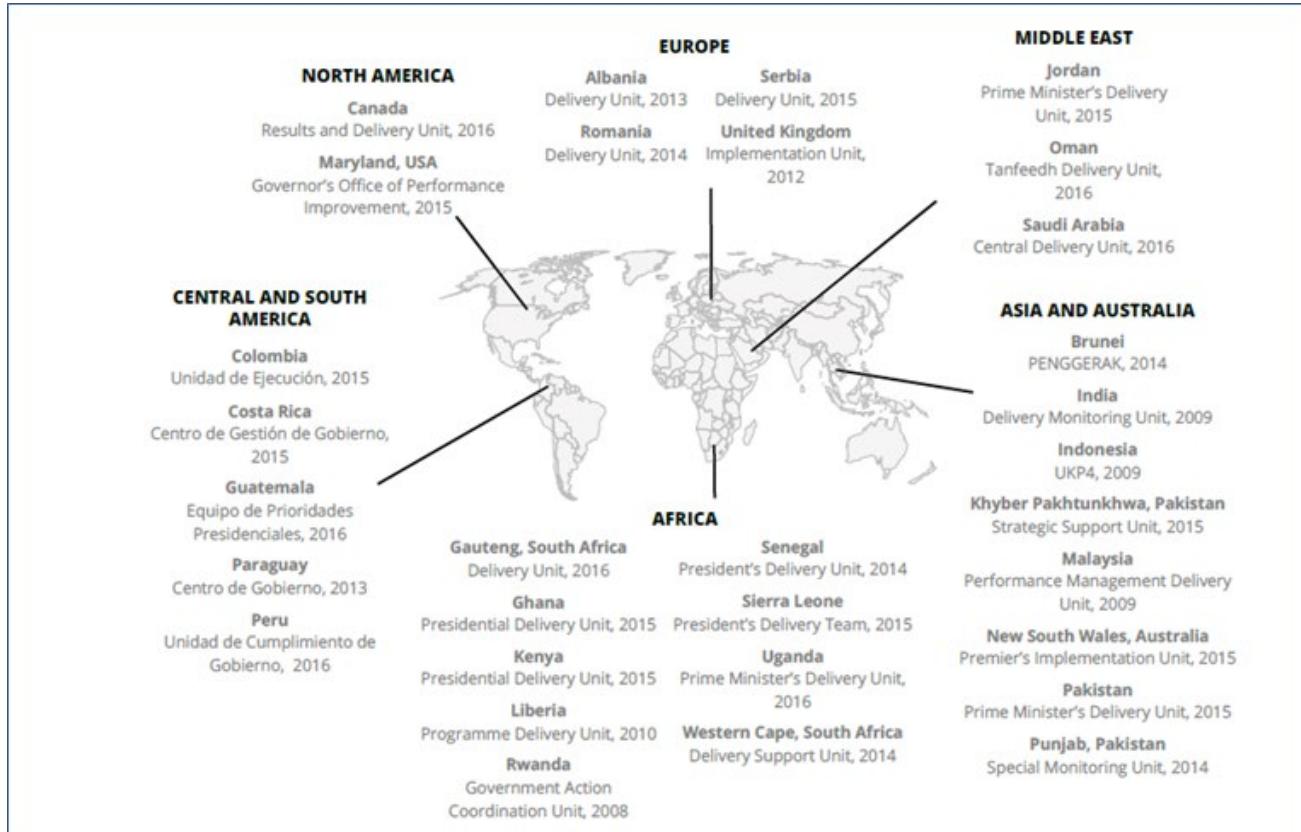
HUMAN DEVELOPMENT AND INCOME CATEGORY

	2015 HDI Index	HDI Classification	2016 GDP per Capita (USD)	World Bank Income Category
HAI	0.49	Low	1,784.1	Low Income
GUY	0.64	Medium	7,872.9	Upper Middle Income
BEL	0.71	High	8,219.9	Upper Middle Income
JAM	0.73	High	8,975.7	Upper Middle Income
SVG	0.72	High	11,270.5	Upper Middle Income
DOM	0.73	High	11,374.6	Upper Middle Income
SLU	0.74	High	11,782.9	Upper Middle Income
SUR	0.73	High	13,988.2	Upper Middle Income
GRE	0.75	High	14,115.8	Upper Middle Income
BAR	0.80	High	17,100.2	High Income
BAH	0.79	High	24,555.2	High Income
ANT	0.79	High	25,156.5	High Income
SKB	0.77	High	25,939.6	High Income
TT	0.78	High	31,870.3	High Income
ANG	n/a	n/a	21,879.58	n/a
BVI	n/a	n/a	30,144.48	High Income
CAYM	n/a	n/a	62,131.95	High Income
TCI	n/a	n/a	25,121.79	High Income

Source: WEO database, April 2017; UNDP, 2016

APPENDIX 2

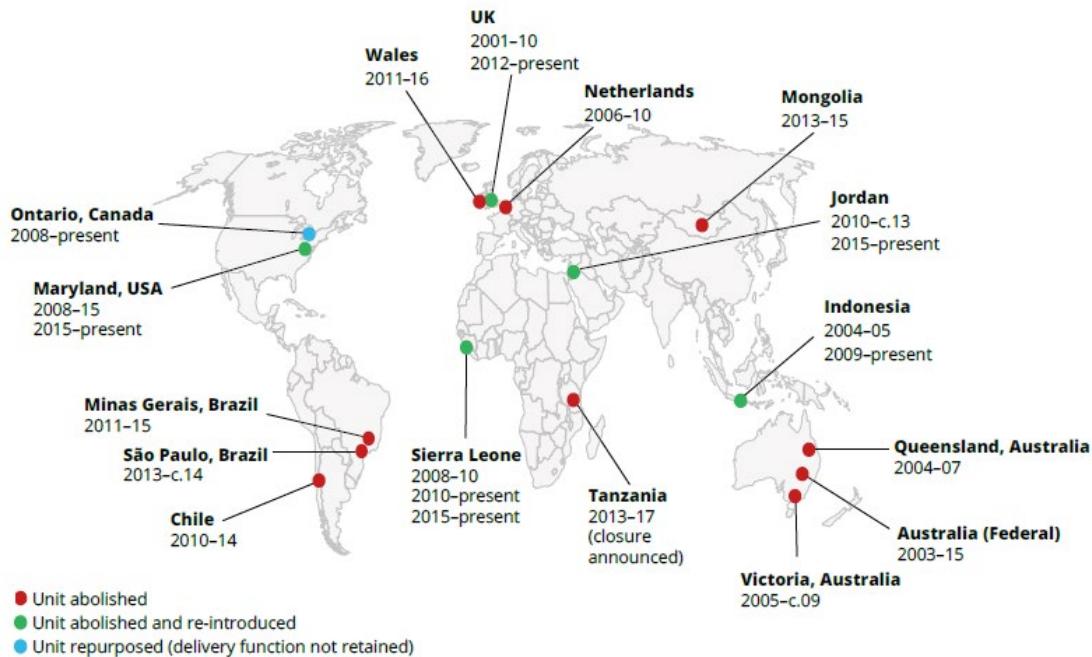
LOCATION OF EXISTING CENTRE-OF-GOVERNMENT DELIVERY UNITS (NATIONAL AND REGIONAL LEVELS)



Source: Gold, 2017

APPENDIX 3

LOCATION OF PAST DELIVERY UNITS



Note: Sierra Leone created a new delivery unit (the President's Delivery Team) in 2015 but has not disbanded its former delivery unit, the Strategy and Policy Unit. Despite its name, the Strategy and Policy Unit operates as a delivery unit and does not carry out strategy or policymaking functions.

Source: Gold, 2017

APPENDIX 4

TECHNICAL ASSISTANCE FOR PMDU BY INTERNATIONAL ORGANISATIONS

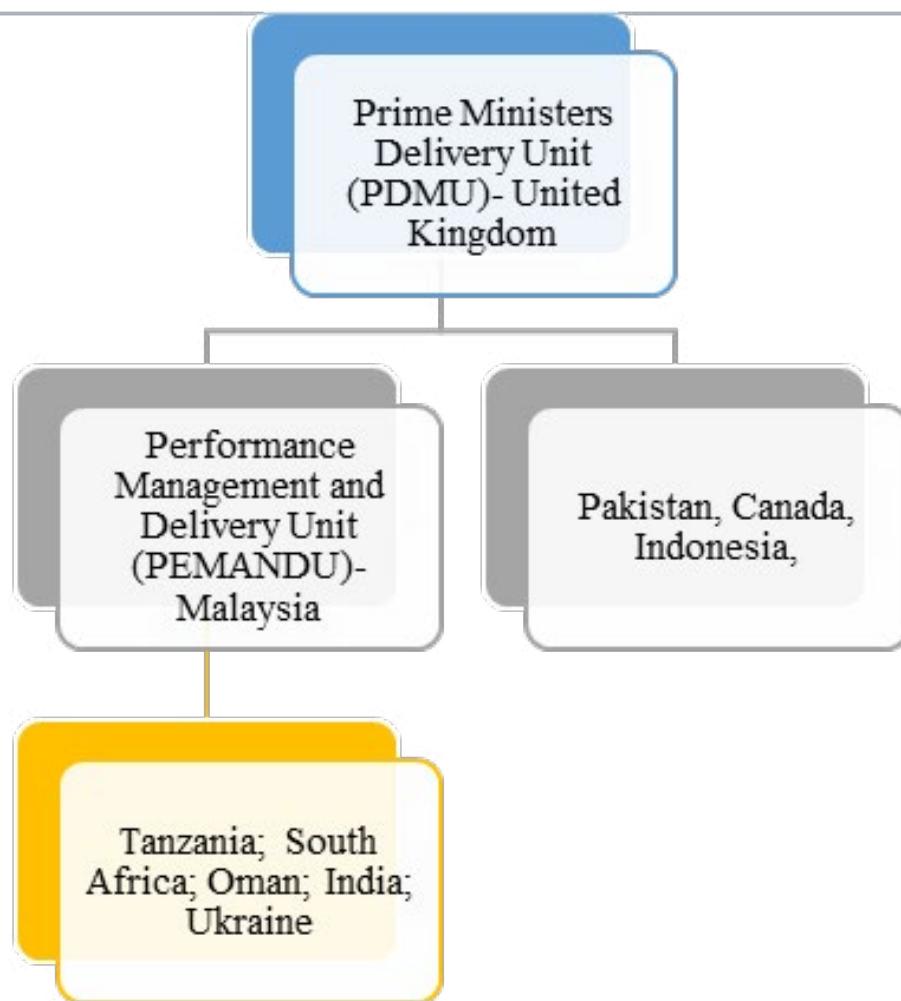
National aid agencies	International organisations	Consultancies	Other
<ul style="list-style-type: none">• Department for International Development (DFID), UK• Swedish International Development Cooperation Agency (Sida)• United States Agency for International Development (USAID)	<ul style="list-style-type: none">• Inter-American Development Bank (IDB)• United Nations Development Programme (UNDP)• World Bank	<ul style="list-style-type: none">• Adam Smith International• Africa Governance Initiative (AGI)• Boston Consulting Group (BCG)• Delivery Associates• Deloitte• Gatsby Charitable Foundation• Isos Partnership• McKinsey• PricewaterhouseCoopers• Tony Blair Institute for Global Change	<ul style="list-style-type: none">• British Council• European Union (EU)

Notes: (1) This table does not include self-employed individuals who have acted as consultants. (2) Some consultancies are charitable foundations, while others operate on a commercial basis. (3) The governance programmes and activities funded and run by the AGI began transitioning to the Tony Blair Institute for Global Change in March 2017. AGI is expected to cease operating sometime in 2017. The consultancy services previously undertaken by Tony Blair Associates have already been incorporated into the Tony Blair Institute for Global Change.

Source: Gold, 2017

APPENDIX 5

EVOLUTION OF DELIVERY UNITS AROUND THE WORLD



Source: CDB

APPENDIX 6

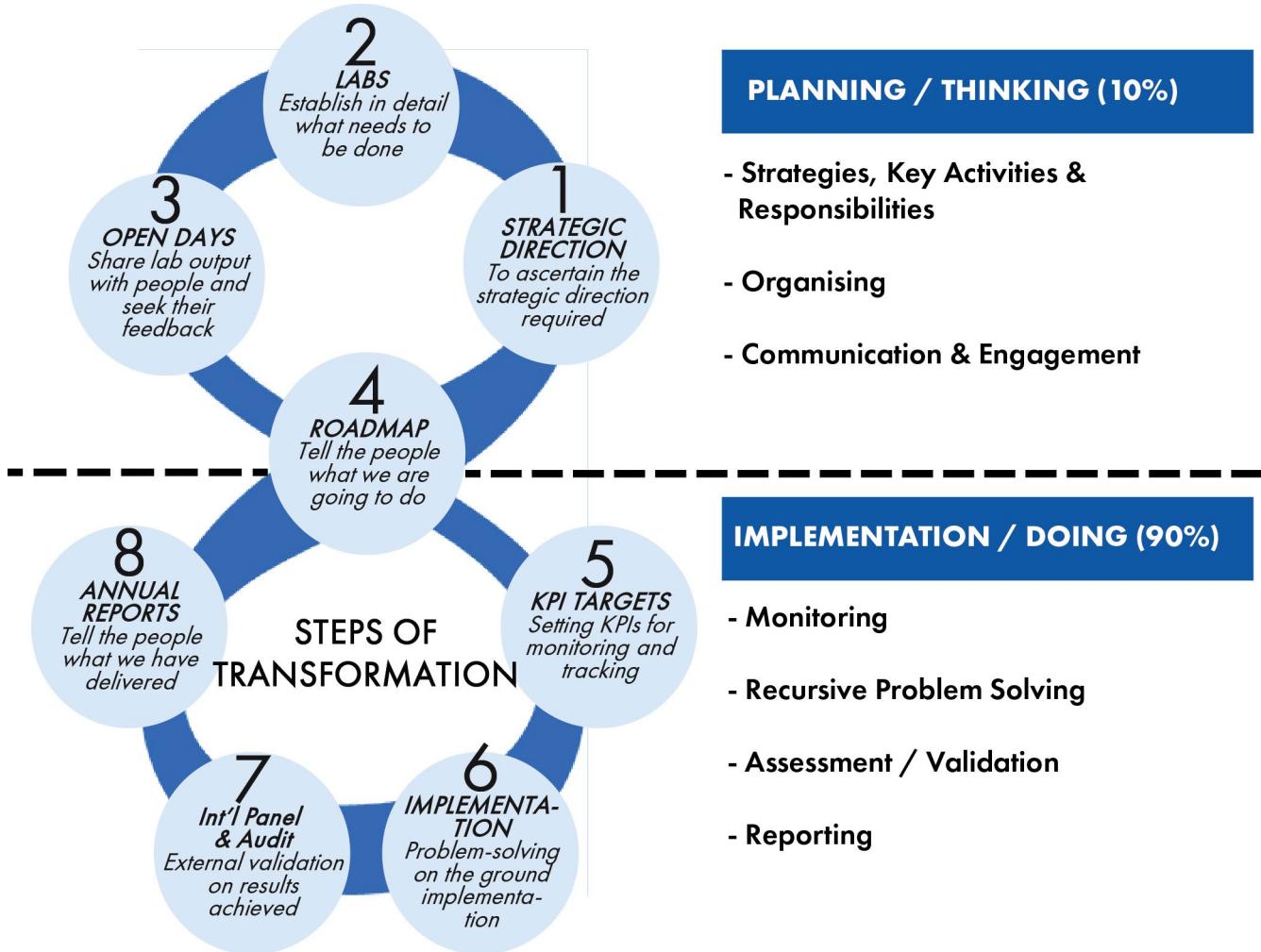
EASE OF DOING BUSINESS RANKING: 2017

Ease of Doing Business Ranking (2017)		Regional Average	Best Regional Performance	New Zealand
Starting a Business	Time (Days)	28	10 (Jamaica, St. Vincent)	1
Dealing with Construction Permits	Time (Days)	166	80 (Haiti)	93
Getting Electricity	Time (Days)	62	18 (St Kitts)	58
Registering Property	Time (Days)	96	17 (St Lucia)	1
Getting Credit	Depth of Credit Information Index (0-8)	1	7 (Jamaica, Guyana)	8
Paying Taxes	Total Tax Rate (% profit)	37	27.9 (Suriname)	34.3
Trading Across Borders	Cost to Export (USD)	560	335 (Barbados)	337
	Cost to Import (USD)	852	265 (Guyana)	367
Enforcing Contracts	Time (Days)	795	476 (Antigua)	474

Source: World Bank, 2017

APPENDIX 7

MALAYSIA'S TRANSFORMATION USING THE 8 STEP PROCESS



Source: World Bank, 2017

This process can be described as follows:

➤ **Step 1: Setting the strategic direction and ascertaining commitment (Leadership and Commitment)**

This step is essentially a workshop with the political leadership to first ascertain commitment to reform, a critical pre-requisite upon which the success of the transformation effort relies, and second, to set the strategic direction or key priorities.

This workshop is conducted with the entire cabinet. The key point here is “priorities”, that is while a government has the mandate to solve many problems and so it must, it can elect to choose areas in which it wishes to focus on or expedite in order to achieve a set of objectives. These priorities must at all times be reflected in the budget. In the case of Malaysia, their main goal was to achieve high income status as defined by the World Bank by 2020. (this is GDP per capita of 15 000 USD per year)

➤ **Step 2: Facilitate Laboratories (Labs) (*Detail*)**

This step involves a gathering of the best and the brightest individuals from government, the private sector, and academia and putting them together in a room for six to eight weeks. Several labs are run usually by sector. For example, in Malaysia, the “Economic Transformation Lab” was split into 12 sectors including a “Greater Kuala Lumpur” lab as a separate entity or sector. From these labs 131 entry point projects were developed. Chief Executive Officers of companies committed to investing USD 406 billion which was estimated to produce a Gross National Income of USD 250 billion per year and produce 3.3 million jobs.

The labs essentially have two purposes: (1) to develop the priorities set by the cabinet in the form of very specific projects/actions to achieve key performance indicators and (2) to identify problems and constraints to implementing these projects. The advantage of this method is that the solutions developed within the lab are usually specific to the country and sector and thus more appropriate. They also involve the key stakeholders. Another advantage of this is it is a way to get the private sector more directly involved in the development of the country by removing or reducing specific constraints that slow or decrease their propensity to invest. As an example, suppose there exist ten regulations that might be important in certain aspects. A general investor friendly government might be tempted to remove all ten regulations at great social, financial, and/or political cost. If prohibitive enough, these costs could conceivably stall reform altogether. Further suppose, however, that out of these ten regulations, in the context of a lab, it is discovered that only two of these regulations truly constrain companies from investing. In this case, the government could focus and remove just those two. This is the precise solution, to the problem as opposed to a general solution.

➤ **Step 3: Open Day (*Transparency*)**

The general public is invited to view, listen to the ideas, discuss, and participate. In Malaysia up to 13,000 attended.

➤ **Step 4: Publish the Road Map (*Delivery*)**

Publishing development plans is viewed as a mechanism that forces or ensures delivery. PEMANDU publishes a 601 page document or road map. This document is very detailed and very specific. Specificity is the key take-away point here. In this document they publish details such as the exact length of roads they intend to construct or how many trees are required to plant to make Kuala Lumpur a green city, or perhaps the number of families required to emerge from extreme poverty to meet the poverty target. For the purposes of accessibility, PEMANDU also publishes a 55 page summarized version of the document, and a 6 minute video for those less inclined to read.

➤ **Step 5: Assign Key Performance Indicators (KPI) to each ministry (Accountability)**

After publication KPIs are assigned to ministries and reviewed in the middle of the year. Accountability can only be achieved if individual ministers are named as responsible for the achievement of targets. Even within ministries persons are assigned specific responsibilities. Naming leads to ownership and responsibility. An example that was provided in the workshop was tourism. One target was to raise the number of visitors from China by a certain proportion. The minister responsible for this KPI achieved this by removing visa requirements for Chinese tourists.

➤ **Step 6: Implementation (D-M-S: Do it relentlessly, Monitor continuously, Solve recursively)**

Every Friday reports on the progress toward achieving KPIs are produced by PEMANDU. In these reports they highlight progress, document constraints and problems and reach out to the assigned individuals to check with them and problem solve. At the end of each month there is a larger steering committee meeting where individuals who are responsible for particular tasks are called to account for and/or explain the problems and constraints. Although in the workshop it was stated and highlighted that this process usually causes individuals to solve problems prior to steering committee meetings. The steering committee, however is a higher level meeting designed to solve problems that have not or cannot be solved at a lower level.

Monitoring is a key component of this stage, designed to enable a recursive implementation process. It promotes problem solving and progress review. MDA officials, along with PEMANDU staff continuously set, track and adjust KPIs. This collaboration is also extended to KPI reporting. A dashboard is used to monitor KPIs on a weekly basis, allowing for any delays in implementation to be addressed at the inter-ministerial monthly steering committee. It has the potential to escalate to the semi-annual, problem-solving meeting chaired by the Prime Minister if unresolved. However, in most instances issues are resolved before this stage.

Overall, PEMANDU serves in an advisory role to help with any issues that may arise during the process of implementation.

➤ **Step 7: External Audit (Verification)**

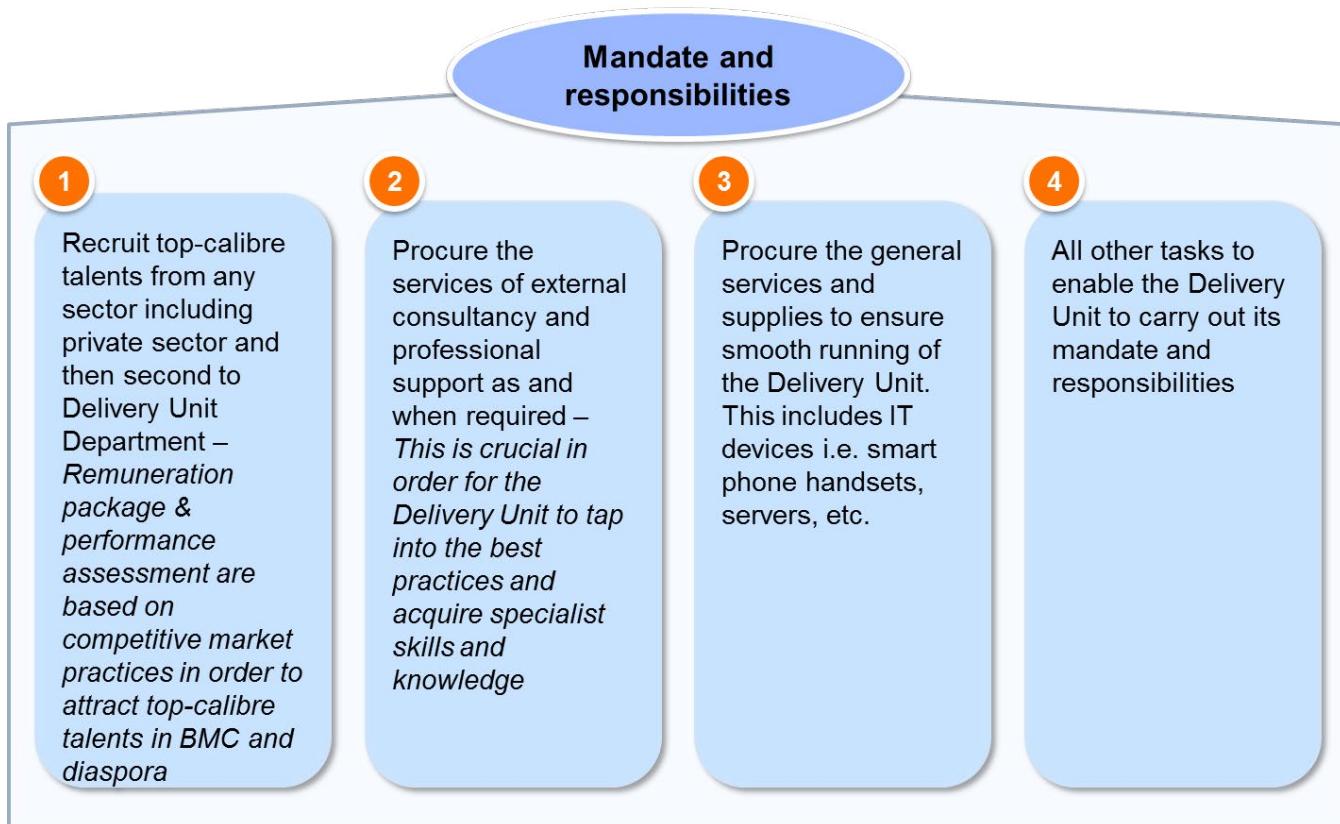
All results achieved are externally validated. Malaysia has used PricewaterhouseCoopers (PWC) to do this. If the Government claims it has constructed 800 km of road, PWC verifies this result through an audit process. This is important for credibility of the process.

➤ **Step 8: Publish Annual Report (Publish)**

The last part of the process is to publish an annual report that reports all the successes and importantly all failures. At the end of the year the Prime Minister and the CEO of PEMANDU meet with each minister of government responsible for a KPI. The minister is not permitted to bring advisors, permanent secretaries, or any other staff member. The minister must account themselves for the performance of the ministry in achieving the KPI. Ministers are then scored on their performance and ranked. These scores and rankings are published in the annual report. The public is able to see the best and the worst performers.

APPENDIX 8

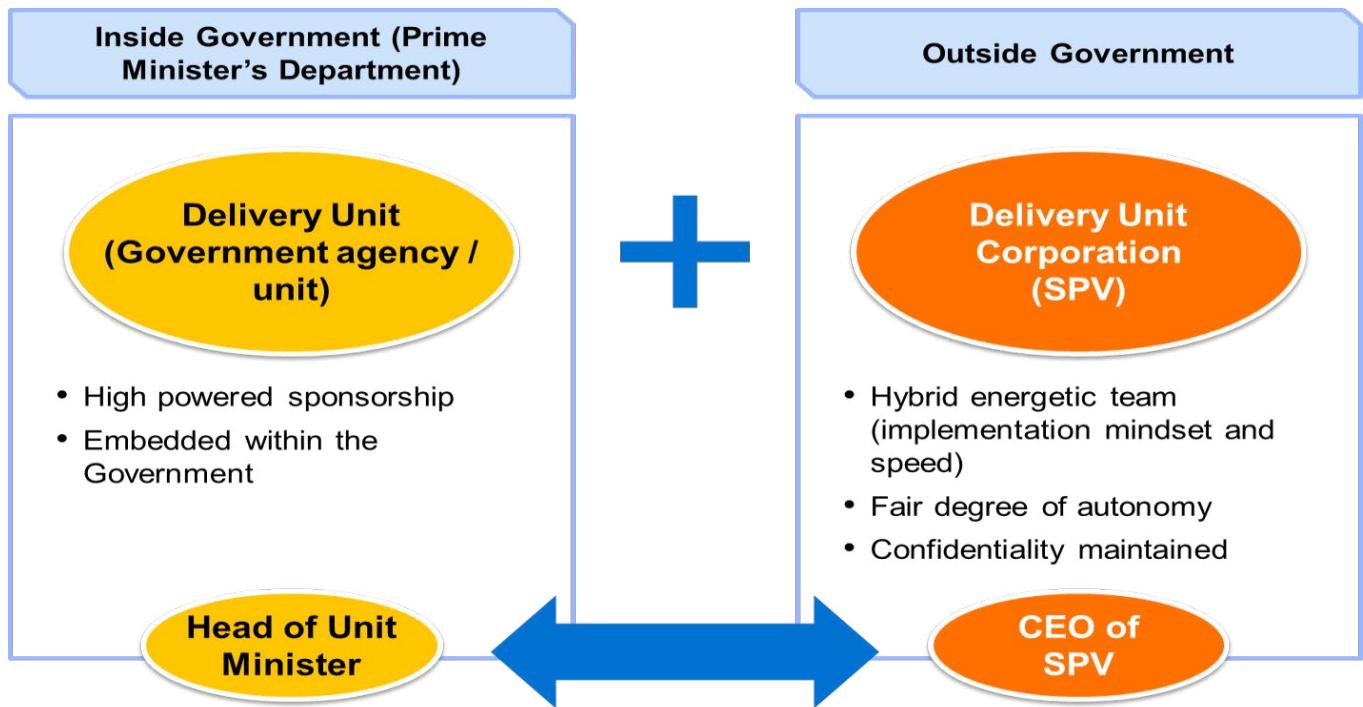
MANDATE AND RESPONSIBILITIES OF A SPECIAL PURPOSE VEHICLE



Source: PEMANDU, 2017

APPENDIX 9

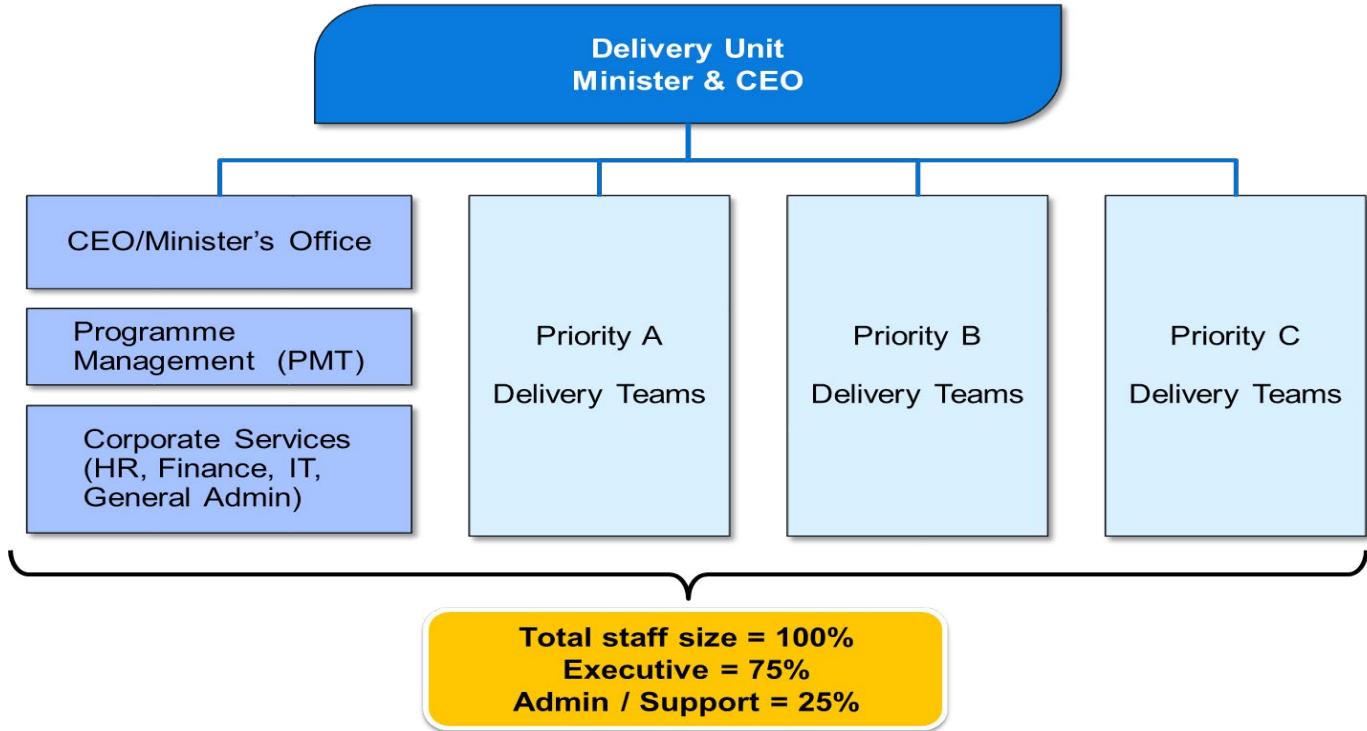
INDICATIVE DELIVERY UNIT STRUCTURE, COMBINED APPROACH



Source: PEMANDU, 2017

APPENDIX 10

DELIVERY UNIT STAFF STRUCTURE



Source: PEMANDU, 2017

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