



<b>1. Project Data:</b>		<b>Date Posted :</b> 02/23/2004	
<b>PROJ ID:</b> P007490		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Jm Pub Sctr Moderniz	<b>Project Costs (US\$M)</b>	56.91	33.05
<b>Country:</b> Jamaica	<b>Loan/Credit (US\$M)</b>	28.4	27.12
<b>Sector(s):</b> Board: PSD - Central government administration (96%), Banking (4%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L4083			
	<b>Board Approval (FY)</b>		97
<b>Partners involved :</b>	<b>Closing Date</b>	12/31/2001	06/30/2003

<b>Prepared by :</b>	<b>Reviewed by :</b>	<b>Group Manager :</b>	<b>Group:</b>
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**2. Project Objectives and Components**

**a. Objectives**

This project was a technical assistance operation aimed at public administration reform. Specific objectives were to: (i) improve the quality of service provided by selected public agencies; (ii) improve the ability of selected Ministries to: (a) formulate sound sector policies, technical standards, and operational norms; (b) effectively monitor and evaluate downstream agencies to ensure that desired policy objectives are achieved; and (c) efficiently perform corporate management functions; (iii) continue the rationalization of the public sector through (a) private participation in the water supply and sewerage sector; and (b) privatization or contracting out of other facilities or services where government has no comparative advantage; (iv) improve efficiency, value for money and transparency in government procurement and contracting; (v) enhance public sector accountability by strengthening internal and external controls; (vi) improve the quality of financial and personnel management in the public sector through computerized information; (vii) prepare the next stage of the modernization process to: (a) extend the reforms initiated by the project in the pilot agencies and Ministries to the rest of the public sector; and (b) introduce other systemic improvements in public sector management.

**b. Components**

Components included civil works (buildings renovation), provision of consulting advisory services, and procurement of computers and software for the modernization of public sector processes. These involved: (1) the modernization of public entities, which included subcomponents for Executive Agencies (EAs) and selected Ministries; (2) Privatization of water supply and sewerage; (3) Government Procurement, Contracting, Internal Control, and Auditing; (4) Management Information Systems; and (5) Project Implementation, Communication Campaign, and Development of Stage II.

**c. Comments on Project Cost, Financing and Dates**

Slow start-up led to an extension of the closing date by 1.5 years. In June 2000, the privatization objective was dropped from the project at the request of the Government. Therefore, items, (iii) (a) and (b) were cancelled from the above objectives and item (2) from the components, which constituted one-quarter of the proceeds of the loan. The Bank and the GoJ agreed to eliminate the privatization component "because the GoJ decided to pursue its privatization objectives using its own resources." The Government had not at that point drawn down any loan funds for this component. Thus, US\$ 6.99 million in project funds for the privatization component was reallocated to the modernization of the Executive Agencies component.

**3. Achievement of Relevant Objectives:**

The listing below excludes the water privatization from the above objectives and components:

i. *Fully Achieved.* The project delivered service improvements in eight public agencies, which accounted for 73 percent of the utilization of project funds; this component initially was intended for 13 government departments; after review, eight were selected to become Executive Agencies (EAs) under the project. This happened in stages:

In 1999, four Government departments were converted into Executive Agencies:

1. Registrar of Companies (ORC) -- formerly a department in the Ministry of Industry, Investment and Commerce. ORC maintains the official registry of companies.
2. Registrar General's Department (RGD) -- formerly a department in the Ministry of Health. RGD is responsible for recording life's events.
3. Administrator General (AGD) -- formerly a department in the Ministry of National Security and Justice. AGD is responsible for administering estates.
4. Management Institute for National Development (MIND) -- reports to the Office of the Prime Minister.

In March 2000, four more public sector departments were converted into EAs:

5. National Environment and Planning Agency (NEPA) -- ensures proper land use controls and regulations are followed

6. National Land Agency (NLA) -- in charge of land regulations and permits.
7. National Works Agency (NWA) -- responsible for maintaining the roads.
8. Jamaica Information Service (JIS) -- reports to the Office of the Prime Minister. JIS serves as a Government broadcasting service.

For these eight EAs, the ICR contains "Output Indicators" in Annex 1 with actual outcomes/indicators of progress shown for mid-2003 (the date of the last PSR). Significant progress is shown, especially in the EAs charging of fees and raising own revenues. Therefore, the impact on the Government budget was positive. The ICR cites significant improvements in the quality of services. For example, ORC established a help desk to assist small and medium enterprise to comply with statutes and regulations. The turnaround time for registering companies was cut from ten days to one day. Customer satisfaction at AGD increased from 50 percent in 1998-99 to 98 percent in 2002-03. Similar improvements were recorded in the other EAs. In each case, the Government granted the EAs greater financial and managerial autonomy and the project supported their modernization process. Each EA recruited a Chief Executive Officer, who was held accountable for implementing performance-based contracts. Each EA conducted Citizens Charter surveys to assess customer satisfaction. EAs had flexibility in imposing and increasing user fees or raising the charges for registrations/permits/land titles, etc. The first four EAs listed above achieved significant revenue growth. Customer satisfaction in these EAs increased from 83 percent in 1999-2000 to 95 percent in 2002-03 and substantial operational efficiencies were recorded. However, the indicators in Annex 1 have only the actual numbers achieved in 2003, with no baseline comparisons or targets, so it is difficult to conclude on the extent of progress achieved under outcomes.

Significant achievements for the four other EAs were also recorded. JIS contracted out some of its information services, NEPA processed permits more quickly, and NLA processed land titles more efficiently (no trend line figures given). The Government established the NWA as a separate Public Works Department. Through user fees, the NWA increased its revenues by about 80 percent in the two years 2001 to 2003. Through a more active road maintenance and rehabilitation program, NWA improved considerably the overall condition of the country's road network.

i. *Partially Achieved.* For seven other ministries or agencies that were to have been modernized under the project -- (i) The Planning Institute of Jamaica (PIOJ: Ministry of Finance and Planning); (ii) Jamaica Customs Department\* (CUSTOMS: Ministry of Finance and Planning); (iii) Office of Titles (Ministry of Environment and Housing); (iv) Town Planning Department (Ministry of Environment and Housing); (v) Survey Department (Ministry of Environment and Housing); (vi) JAMPRESS (Office of the Prime Minister); and (vii) Jamaica Promotions Corporation (JAMPRO) -- there are no indicators of outputs or outcomes. Managerial and operational reforms were made to JAMPRO, the Customs Department, and Ministry of Transport and Works.

The Borrower's Evaluation states that "limited progress has been made in the strengthening of Ministries". The reforms to the Ministry of Transport and Works moved to the implementation stage -- the Ministry was converted into a modern policy ministry that should provide a suitable benchmark for the full modernization of other Ministries.

ii. *Partially achieved.* Improve efficiency/value for money -- institutional and legal improvements were made to the procurement framework (see below under shortcomings).

iv. *Partially achieved.* Public sector accountancy was improved. The Internal Audit Directorate (IAD) was strengthened and the project supported the development of a training manual, guidelines, and staff training to improve the capacity of the Auditor General's Office (AGO) to carry out Value-for-Money (VFM) audits (see below under shortcomings).

v. *Partially achieved.* Personnel management in the EAs was improved, but less so in the Ministries.

vi. *Partially achieved.* Government drafted a ten year reform program for public administration reform.

The component for Executive Agencies (item i) represented the bulk of the (revised) project, and it is judged satisfactory. Items ii to vi together accounted for only 27 percent of project funds and therefore do not bring down the overall satisfactory outcome.

#### **4. Significant Outcomes/Impacts:**

The most significant outcome overall is that the public sector reform progress was kept going, despite major economic shocks (floods, the post-Sept. 11 impact on tourism, and macroeconomic difficulties). The model for reform of the public sector agencies (converting them into efficient service agencies) was adopted from the successful reforms that were implemented in the U. K and New Zealand in the 1980s-90s. This is a substantial achievement, and was quite different to what had been tried in Jamaica before. Jamaica's population has conveyed feedback regarding the improvements seen in services and accordingly it has shown willingness to pay fees charged by the EAs. The Government plans to continue and expand the public sector modernization program, possibly through a follow-up Bank operation or through other donor sources.

#### **5. Significant Shortcomings (including non-compliance with safeguard policies):**

1. The Mid-term Review (MTR) of June 1999 mentions that the Government decided to request cancellation of the water privatization component, but it gives no real explanation for the dropping of this component (see below under ICR comments).

2. Problems in using the performance indicators from the SAR prevailed during project implementation. Several of the later PSRs mention that no baseline or targets were established at the beginning of the project for each of the agencies (in fact the agencies had not yet been selected). This compounded the inability to track progress and to measure actual performance later. The indicators that were included in the SAR (Annex 3) stated for example that the number of processed registrations would be "ten percent up, or the waiting time would be ten percent down, with no baseline determined. The MTR mission should have agreed on an actual set of indicators. In the last three years of the project, greater attention was focussed on the indicators and a set of targets was agreed as reflected in Annex 1 of the ICR.

3. Counterpart funds were listed as a problem in some years. The ICR does not have clear information on the actual counterpart funds that materialized. Once the civil works (i.e. water supply component) was dropped from the project, the need for counterpart funding became less important. Some of the funds were used for renovation of government buildings in ministries that were

associated with the project. In all, the Government contributed about ten percent of the agreed counterpart funds contribution to the project -- the need for such was less after the water component was dropped.

4. Under the components Procurement, Contracting, Internal Control and Auditing, and Management Information Systems, the ICR cites "marginally satisfactory progress." The recommendations of the Country Procurement Assessment Review (CPAR) of late 2000 were not implemented, because of the Government did not accept the consultant's output for the preparation of the standard report that would have evaluated the procurement systems. The recommendations made under the Value for Money Audits were only partially implemented, due to weakness in the capacity of the AGO.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome :</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability :</b>	Likely	Likely	The reforms under this project are likely to be sustained, if the monitoring indicators that have now been developed are maintained.
<b>Bank Performance :</b>	Satisfactory	Satisfactory	Supervision was satisfactory overall, but a usable set of monitoring indicators should have been agreed at the MTR to replace the project design indicators.
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

1. The ICR lists five lessons that were learned under the project, with which OED concurs: macroeconomic stability is critical, financial autonomy is necessary, public sector incentives need to be well aligned, internal accounting systems need to be improved, and delays need to be avoided in recruiting qualified managerial and technical staff

2. It is important to situate this project in the context of the overall reform record of Jamaica's public administration sector, which is discussed in OED's Country Assistance Note of December 1998. The experience learned on earlier projects (investment loans and T/A projects) showed that it is essential to have commitment to the project at the top layers of Government. The Borrower appreciated the outcome of this project -- this is well reflected in its comments section.

3. The importance of having usable monitoring indicators cannot be over-emphasized. Not only is it necessary for project implementation, it is also critical to being able to carry on the public administration reform program over the long term

**8. Assessment Recommended?**  Yes  No

**Why?** An in-depth PPAR would be useful, as part of a review of public sector reform loans in the region, or as part of a global study on civil service reform. The PPAR should relate the findings on this project to the Country Assistance Note on Jamaica (OED, December 1998).

#### 9. Comments on Quality of ICR:

The ICR is clear and comprehensive. The Annex 1 progress indicators (with actual values) for project monitoring that were developed towards the end of loan implementation do not provide trend data. Nevertheless, the indicators (covering eight EAs) should be used to strengthen sustainability of the reform process and they should be expanded to other EAs.

The dropping of the water privatization component deserved more explanation. Essentially, the Government decided to re-assess the merits of the privatization of water services. Consultant advice that was requested by the Government drew a distinction between water generation and water distribution, and between water services for different categories of users, e.g. the important tourism sector as a priority. As a result, the Government decided to proceed on a pilot basis in selected areas and to use concessional funds instead of the Bank loan for this part. Thus, one quarter of the loan was reallocated and could be productively used.