



GOVERNMENT OF THE COMMONWEALTH OF DOMINICA

COUNTRY CASE STUDY

THE MEDIUM TERM PUBLIC SECTOR REFORM STRATEGY

**REFORM MANAGEMENT UNIT
ESTABLISHMENT, PERSONNEL AND TRAINING DEPARTMENT**

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ACRONYMS AND ABBREVIATIONS

ARP	Administrative Reform Programme
CED	Customs & Excise Division
COTS	Caribbean Open Trade Support
COPs	Committee of Permanent Secretaries
CSME	CARICOM Single Market and Economy
CWG	Consultative Working Group
DFID	Department for International Development
EADR	Employee Assessment and Development Review
EPTD	Establishment Personnel and Training Department
ESAP	Economic Stabilization and Adjustment Programme
EU	European Union
GDP	Gross Domestic Product
GOCD	Government of Dominica
GSPTAC	Growth and Social Protection Technical Assistance Credit
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communications Technologies
LTARP	Land Tenure and Administration Reform Programme
MEF	Medium-term Expenditure Framework
MTPSRS	Medium Term Public Sector Reform Strategy
NDC	National Development Cooperation
NGO	Non-Governmental Organizations
OECD	Organization of Economic Cooperation and Development
PAM	Public Administration Modernization
PRGF	Poverty Reduction and Growth Facility Program
PSDP	Public Sector Development Programme
PSs	Permanent Secretaries
TDE	Total Domestic Exports
VAT	Value Added Tax

1 INTRODUCTION

1.1 **Country Profile.** The Commonwealth of Dominica (short name Dominica) is situated between Guadeloupe to the North and Martinique to the south, at approximately 15.3° North and 61.2° West, making the island the most northerly of the sub-regional Windward Islands grouping. Located in the middle of the Lesser Antilles, with a total land area of 750.6 km² (290 sq. miles), Dominica is also the largest Windward Island. In 2001, the population was 71,079¹. With a population density of 94.7 persons per km², Dominica is the least populated Windward Island. The ethnic composition is varied, with the major ethnic group of African descent. European descendants, Europeans, Syrians and Chinese are also represented. In addition, Dominica is the only Caribbean Island with an Amerindian population of Caribs located in the north east of the island. The Carib Territory is home to the Kalinago (Carib) Indians.

1.2 Dominica's climate is classified as humid tropical marine, with average temperatures of 27°C (80°F). Dominica is a very high rainfall country, with an average rainfall of 175 inches per year during the wet season. Rainfall increases from the leeward side eastward towards the central parts of the island where it reaches approximately 400 inches annually. This makes the country susceptible to landslides. Dominica is also vulnerable to hurricanes. Within the last 15 years the social and economic infrastructure of the country were severely affected by a number of hurricanes.

1.3 Dominica is characterized by very rugged and steep terrain. This mountainous topography has made it difficult to clear the lush vegetation and has contributed greatly to the island's dramatic beauty and the conservation of its natural resources. Forests and arable land, which is estimated at 22.6% and 27.8% respectively of total land area, along with an extensive network of surface and underground water, make up the major natural resource base. Dominica also possesses hydroelectric energy sources, and extensive marine resources including impressive coral reefs.

1.4 Dominica is a Republic with a non-executive presidency and a parliamentary government. It has a unicameral House of Assembly with 30 members (21 elected, 9 appointed). Tradition dictates that elections be held every five years of the last elections, but legally, elections are to be held five years from the first sitting of parliament plus a 90-day grace

¹ CSO Population Census 2001

period. There is universal suffrage for adults (18 years and over). The President, as Chief of State, is elected by the House of Assembly for not more than two five-year terms. The President appoints the Head of Government, the Prime Minister. The Cabinet of Ministers is appointed by the President on the advice of the Prime Minister. The last general elections held May 5, 2005, were contested by three parties. The elections were won by the Dominica Labour Party with the majority votes of 52.08%. The other two parties, the United Workers Party and the Dominica Freedom Party received 43.6% and 3.15% of the votes respectively. The parliamentary seats won by political party are 12, 8 and 0 respectively, with 1 independent.

1.5 **The Economy.** Dominica's economic growth is based on the utilization of its land resources and on the productive initiatives of an educated and healthy labour force of approximately 33,000². The small domestic market however, makes economic growth highly dependent on exports. The country experienced average, but relatively stable economic growth during the mid-eighties to early nineties, mainly as a result of the banana industry, the main source of the country's exports and the largest contributor to agricultural employment. However, with the advent of the phased elimination of preferential access to the European Union (EU) for banana exports, the positive growth experienced during this period was not sustained and the annual growth rate decreased to 0.52% per annum³ over the 1994 – 2003 period.

1.6 Decline and/or stagnation characterized the major productive sectors, agriculture, manufacturing and tourism, and Dominica suffered from a cumulative output loss of 10 % from 2001-2003. This was mainly as a result of a series of adverse exogenous shocks, decreasing banana earnings due to trade liberalization; global economic contraction; the catastrophic events of September 11th and their depressive effect on tourism; and a sharp contraction from the once promising financial offshore sector due to Organization of Economic Cooperation and Development (OECD) scrutiny.

1.7 This resulted in a sharp deterioration of the nation's fiscal position, as government revenues (excluding grants) declined by 2.7%, and public sector debt stock increased sharply from 81% of GDP in 2000 to 122% of GDP in 2003 as the GoCD borrowed heavily for investment to counteract the effect of declining production. In an effort to halt this economic decline the GoCD embarked on an Economic Stabilization and Adjustment Programme (ESAP)

² CSO Labour Force Survey, 1999

³ CSO 2004 Economic Indicators

supported by a Stand-by Arrangement with the IMF in 2003. This was aimed at restarting growth and reducing un-employment related poverty through significant strengthening of the fiscal position and an overall structural reform strategy, including a comprehensive debt-restructuring programme. Many aspects of the structural reform strategy were crafted into a Medium Term Public Sector Reform Strategy (MTPSRS).

1.8 The ESAP appears to have yielded positive results. In 2004, real GDP grew by 3.5 % as the unused capacity in the economy was reactivated. Output growth in 2004 was broad-based, with transportation, agriculture, manufacturing and construction all showed signs of a robust recovery from the 2001-03 collapse. Credit growth accelerated sharply to an annual growth of 7% and inflation averaged out at 1½% for the same period. Export growth remained modest at approximately 9%, while imports rose sharply⁴, reflecting the economic recovery and higher energy prices. The value of Total Domestic Exports (TDE) moved from EC\$104.3 million in 2003 to EC\$106.9 million in 2004.

1.9 Preliminary figures suggest that the projected continued growth of at least 3% for 2005 was realized⁵. However, during 2005, the banana industry and the non-banana agricultural sector continued their decline. The tourism sector also registered a decline in 2005, with total visitor expenditure decreasing by 7.7%, and cruise ship arrivals declining by 21.46% from 2004 to 2005. However, water production registered an increase of just over 50 million gallons. The manufacturing sector registered a slight increase of 2.2% and there was a record increase of 49% in the export of construction materials. The year saw continuing improvement in central government's fiscal position with revenue increasing by 11% from EC\$231.7 million in 2004 to EC\$257.2 million in 2005.

1.10 **Dominica's Medium Term Challenges.** The challenges facing Dominica are those related to attaining growth in the economy that is pro-poor. These challenges are economic, social, political, and environmental. Some of them emanate from external forces that are beyond Dominica's control, such as the continuing effects of trade liberalization and globalization; and from regional integration, i.e., the CARICOM Single Market and Economy (CSME) and OECS economic union. These forces make it imperative that Dominica's competitiveness be increased by making better use of comparative advantages and improving the human capital from

⁴ CSO Quarterly Economic Indicators

⁵ MEF Aug. 2005, MoFP

education and training. This entails creating jobs which will employ persons in the rural areas where poverty is most pronounced; investment in agriculture, community tourism, human resource development and skills training; and improving the environment for private sector development.

1.11 The major challenges going forward include the following:

- Reducing government's financing requirements to sustainable levels and reducing public sector indebtedness through continuing good fiscal management;
- Continuing reform of the public service so as to provide more cost effective and customer driven services;
- Reducing poverty levels through growth and employment, while simultaneously improving the targeting of social protection programmes;
- Improving the legal, judiciary and land administration systems for swift enforcement of property rights and contracts;
- Improving the planning, execution and effectiveness of the public investment programme;
- Enhancing the enabling environment for private sector investment;
- Creating of a dynamic private sector that becomes the "engine of growth" in the economy. This in itself presents challenges that relate to:
 - Increasing private sector investment, both foreign and domestic, in the economy;
 - Increasing the productivity of the labour force and fostering entrepreneurship; and
 - Modernizing the financial sector and focusing on domestic finance and investment.
- Improving the protection and management of the natural environment.
- Improving national productivity and competitiveness.

1.12 A number of institutional and cultural factors that lower productivity and competitiveness have been identified through tripartite (government, the private sector and the Unions) discussions and consensus. These include resistance and poor attitude to change, low entrepreneurial and marketing skills, and remnants of a culture of dependency, among others. Removal of these impediments over the medium term is a daunting challenge and can only be accomplished with commitment and a determination by all social partners to succeed.

2 BACKGROUND TO PUBLIC SECTOR REFORM IN DOMINICA

2.1 **Introduction.** Public sector reform is an activity which is engaging the efforts of many countries throughout the world. Although there are variations in context and content from country to country, there is general consensus that the broad objective of public sector reform is to institute changes intended to improve performance in the organisation for increased efficiency in service delivery.

2.2 In developing countries the notion of public sector reform became widespread in the 1980's due to pressures from the donor agencies, and shaped by three key ideas:-

1. Reducing the number of public sector employees in order to generate much needed savings for capital investment and services;
2. Improving control and accountability in central government;
3. Achieving greater efficiency in operations of public sectors in terms of systems and processes.

The need for reform has been, therefore, a common theme among Caribbean countries during the last two decades as it was recognised that public sector reform is a sine qua non for effective social reform.

2.3 **The Administrative Reform Programme.** Dominica's efforts at public sector reform commenced in the 1980's with the commissioning of a "manpower and organisations and methods study" by the Government of Dominica in 1985. The objective of the study was to improve the efficiency and effectiveness of the public service. The activities under the project involved a review of the existing structures, methods and manpower in the public service in order to design and introduce reforms which would strengthen the service's capacity to achieve its targets, without any increase in personnel. The project was executed in three phases.

2.4 The first phase of the project was aimed at development of a job/post information base through the process of job analysis. This was structured so as to meet the needs of functional areas of personnel management such as job evaluation, performance appraisal, wage and salary administration, manpower planning etc. The second phase encompassed areas such as organisational structures, procedures and personnel policy, with a focus on consolidation of personnel records, development of procedures manuals, review of filing systems among other

activities. The third phase consolidated efforts in job analysis and evaluation and focused on legislative reform

2.5 This project ended into what was commonly known as the Administrative Reform Programme on ARP. Some of the highlights of achievement of the project were:

- The introduction of a new appraisal system
- The conduct of a job evaluation exercise
- Centralisation of personnel information on all public officers
- Implementation of a new filing system
- Development of job descriptions and standards for public service jobs
- Development and delivery of local training programmes for public officers

Evaluation of the ARP showed that the programme placed heavy demands upon public service functionaries in the context of actual implementation of activities and in conceptualising functional analyses and reorganisation plans for their departments.

2.6 The programme was reviewed in 1990 during a policy makers retreat. The retreat with the theme "new visions for the ARP and productivity in the public service" was attended by the political directorate as well as senior public officers. The output was expected to provide new impetus to the reform effort. Some of the actions for implementation proposed were:

- Proactive legislative reform;
- Establishment of an equitable wage and salary administration system;
- Comprehensive training and development;
- Appropriate ministerial and departmental restructuring;
- Enhanced management of the ARP;
- Timely and effective information and communication;
- Recruitment and career development for productivity and professionalism.

2.7 The role of the Establishment, Personnel and Training Department (EPTD) was seen as critical to the successful implementation of the ARP. The Department was expected to, among other things:

- Update the relevant laws, rules, regulations and orders which create the legislative framework to be able to achieve effectiveness;
- Institutionalise the training function and to establish and make operational a public service training centre;

- Improve, update and make operational a systematic performance appraisal system throughout the public service for all employees;
- Coordinate the inputs into the preparation of annual training plans and programmes for the public service.

2.8 Although there was some measure of achievement with respect to these specific actions, there was again a felt need in 1996 to further review the reform effort as the consensus appeared to be that the ARP had not delivered the gains in efficiency and effectiveness anticipated. A visioning retreat workshop was convened in January of 1996 with the support of the British Development Division in the Caribbean as it was known then. Representatives of all major stakeholder organisations, senior government officials and the political directorate participated with a view to arriving at consensus on strategies for renewal and advancement of public sector reform.

2.9 **The Public Sector Development Programme (PSDP).** Following this initiative, a Public Sector Development Programme Project was developed and approved for funding by the Department For International Development in the Caribbean (DFID). The project focused on three major areas:

- Legislative review
- Performance management
- Development of management information system

2.10 This strand of work further consolidated on-going efforts at modernizing management systems, processes and procedures to make service delivery more efficient and effective. By this time, new buzzwords such as globalisation and trade liberalization were in use, requiring the review of the role of government as a catalyst for development.

2.11 Some successes were achieved in specific areas. However, despite all the best efforts at engendering an organizational culture that was innovative, proactive and not focused on rigid adherence to rules and detailed procedures, review of the PSDP revealed that it had not delivered the gains anticipated in terms of general efficiency and effectiveness. At the sector level, many positive changes had taken place; however, there were still gaps in terms of the desired levels and standards of competence and quality of service.

3 THE MEDIUM TERM PUBLIC SECTOR REFORM STRATEGY (MTPSRS)

3.1 **Context of the MTPSRS.** As mentioned earlier, by 2001 the effects of globalisation and trade liberalization had taken their toll and economic output and employment growth declined steadily. There was a general loss of confidence amongst investors and the GoCD faced increasing challenges as it struggled to implement the necessary actions required to stabilise the fiscal and economic situation.

3.2 As a result, current levels of public expenditure were no longer affordable and the costs of maintaining the current public sector staff and service levels were unacceptable. There was an urgent need for fundamental structural adjustment in Dominica in order to provide a basis for future growth and an acceptable minimum level of public services since earlier reform efforts, although successful in some areas, failed to fully address the underlying economic weaknesses.

3.3 Thus in the 2002/2003 Budget address, the GOCD launched the International Monetary Fund supported “Economic Stabilization and Adjustment Programme (ESAP)’ to address the serious economic situation stemming from increasing fiscal deficits and difficulties in servicing the public debt. By the end of the year 2002, the GOCD did not meet some of the agreed targets of the ESAP. Economic activity continued to decline and the public sector continued to accumulate arrears. Given the risks of an emerging budgetary and financial crisis, the GOCD strengthened its policy framework, and continued negotiations with the IMF for a revised programme of assistance and support under the ESAP. In its review of the situation, the IMF proposed the following two-stage strategy to resolve the problems facing Dominica.

- The first stage consisted of a strengthened short-term program for 2003 to improve the prospects for an orderly adjustment, including additional financing on appropriate terms to close the financing gap, and elaborated a comprehensive medium-term program.
- The second stage consisted of measures to reestablish a basis for growth and implementation of a debt strategy to ensure medium-term debt sustainability, to be supported by a three-year Poverty Reduction and Growth Facility Program (PRGF).

3.4 This proposal was accepted by the GOCD, which made the commitment to a strengthened policy framework to be implemented in two phases. In the first phase the emerging budgetary financing crisis was dealt with through a mix of policy adjustment measures and donor financing. In the second phase, a more comprehensive structural reform program was developed in an effort to foster growth and ensure debt stability.

3.5 The program involved dialogue with national, regional and international partners to develop a medium-term framework for recovery. This framework included the five-year Medium Term Public Sector Reform Strategy (MTPSRS) from 2003 to 2008 which is intended to support the overall goal of resuscitating and sustaining growth in the economy.

3.6 **Strategy Overview.** The Strategy comprises of the following:

- An overall reform philosophy and approach
- A clearly defined set of reform themes in pursuit of an overall goal.
- Strategic Objectives for each of the themes
- The definition of activities and measurable outcomes to address each of the Objectives
- A time and resource bound implementation plan with clear identification of responsibilities and resources for implementation
- A comprehensive performance management framework
- An outline of the required institutional and implementation arrangements to manage and monitor the strategy
- An outline of the analytical framework for monitoring and evaluation.

3.7 **Consensus and Political Commitment.** The strategy was developed in part at a national Consensus Building Workshop convened in January 2003. It advocates a well defined partnership between Government, interest groups and civil society in order to achieve effective and sustained coordination of the reform process, and outlines a clear framework for accountability and performance. The strategy was adopted by Cabinet in April 2003 and signals Government's commitment and responsibility for implementation of the strategy and achievement of desired results.

3.8 **Strategic Goal.** The overall goal of the strategy is to achieve fiscal and broader economic stability, and dynamic, accountable efficient and effective public service to provide a strong basis for the sustainable and integrated political, social and economic development of Dominica.

3.9 **The Key Components of the Strategy are:**

1. Public Administration Modernization
2. Economic Management

3. Enhancing the Enabling Environment
4. Rationalisation of Social Services

3.10 Public Administration Modernization (PAM). This area concentrates on the continuing reform of laws, systems and processes for public administration. There is emphasis on the review of Government's roles and functions and continued improvements in manpower planning and control, and the management of performance in the public service. This component focuses on building an effectively managed and directed public service through work on improving governance, policy and decision making, strengthening management capacity, defining the appropriate role of government and establishing accountability and communication mechanism to improve transparency. The PAM theme has assessed and is continuing to assess options for cost reduction, such as outsourcing of non-core central services and rationalization of service delivery. The coordination and implementation of these activities are aptly supported by a Public Service change management structure.

The strategic objectives of this component are:

1. To development effective, participative public sector management, policy development and decision making processes and systems including strong political leadership.
2. To define models for service delivery standards, levels, mechanisms and procedures that are effective, efficient, innovative and affordable and in line with the needs and realistic expectations of the people of Dominica.
3. To develop a high performing, accountable modern public sector, characterized by strategic leadership, highly and appropriate skilled and qualified personnel, within an effective performance management culture and rewards framework.
4. To improve accountability and governance through modernized processes and practices.

3.11 Economic Management. The introduction of effective public expenditure management tools and techniques is critical to the process of economic recovery and growth. This theme has allowed for the development of modern and comprehensive expenditure management systems including the improvement of macro-economic analysis, the development of a medium term expenditure framework (MEF) and the institutionalising of a comprehensive debt management system. The MEF is reflected in the recently approved Medium Term Growth and Social Protection Strategy (MTGSPS), which provides overall policy direction over the 2005 – 2010

period. The extension of computerized financial management systems and reform of the tax and procurement systems are also included. Ongoing improvements in financial systems and reporting are geared towards supporting greater transparency and improved governance.

The Economic Management theme seeks to:

1. Establish a modern integrated and comprehensive institutional and regulatory framework for efficient public expenditure and revenue management and economic development;
2. Introduce effective and efficient revenue and expenditure management policies, systems and processes within a nationally agreed policy framework and development agenda;
3. Strengthen the accountability, audit and review mechanisms to assess and improve economic management and performance.

3.12 Enhancing the Enabling Environment. The emphasis in this component is on defining and strengthening the role of growth-related government services in private sector development. This includes improving the environment for domestic and external investment, improving the performance of the ports and customs services for increased trade facilitation, and increasing access to the legal and judiciary systems. Strengthening of the relationships between the public and private sectors is central to the success of this component as this is envisaged as the first step in the formulation of a comprehensive policy for private sector development. Simultaneously the capacity of the private sector will be enhanced to identify and articulate problems and solutions for an improved business environment.⁶ There is general streamlining of regulations and procedures relating to private sector activities and redefinition the role of the public sector outside of the central government, to realign it towards the requirements of private sector-led growth.

The main objectives of the Enabling Environment theme are to:

1. Increase investment by the private sector in the economy;
2. Establish an environment that is dynamic, responsive, supportive and conducive to sustainable and diversified private sector and broader social, cultural and economic development;

⁶ These measures emanated from recommendations from a DFID study and from a government task force to advise on institutional arrangements for enhancing private/public sector dialogue. The DFID study was entitled: *A Scoping Study for Strengthening the Enabling Environment in Dominica*, by Oxford Policy Management, Oxford, 2001.

3. Seek national consensus on the role and scope of government in relation to private sector development.

3.13 Rationalization of Social Services. This area focuses on the development of an effective and affordable system of social safety net and social services. Although Dominica has relatively very good social indicators these have come at a high cost. There is a need to strengthen safety nets to improve design and targeting and to ensure that the benefits of human capital investment are maintained.

3.14 There is a scope for rationalization of the delivery of social services across the country and a need to reduce unit costs in these areas. Consideration is being given to cost recovery options for health care and other services. The current large number of poorly targeted social security benefits must to be more clearly aligned to need; and new challenges such as increases in HIV/AIDS, other emerging diseases, drug and substance abuse and other social problems demand innovative community-based responses.

The strategic objective of this component is:

1. To develop a national framework of social services and social safety net that are equitable, efficient, effective and affordable, without distorting incentives for economic performance and individual self-sufficiency within the Dominica development agenda.

3.15 Implementing Arrangements. One of the key lessons learnt in the implementation of past public sector reform programmes is that effective implementing arrangements is a major determinant of the degree of success of reform initiatives. Thus implementing arrangements must:

- provide strong ownership, leadership and management of the reform process at all levels;
- include effective coordination arrangements to prevent duplication or inconsistent activities; and
- provide a clear framework for accountability and performance measurement.

3.16 Institutional Arrangements. To ensure the above a number of institutional arrangements were put in place, to include:

- Formal adoption of the Strategy by Cabinet on April 2, 2003;

- Cabinet retains oversight responsibility for the Strategy and achievement of the desired results;
- The responsibility for implementation is vested in the Minister for the Public Service, who has also been appointed by Cabinet as the Reform Champion. The Minister is responsible for the reform agenda at Cabinet level and will communicate to the various publics on the progress and status of change initiatives.
- The responsibility for the detailed implementation of each of the reform themes is delegated to the relevant line Ministry.
 - The Establishment Personnel and Training Department in responsibility for the implementation of the Public Administration Modernisation component;
 - The Ministry of Tourism, Industry and Private Sector Relations is responsible for the Enhancing the Enabling Environment component.
 - The Ministry of Finance and Planning is responsible for the Economic Management component.
 - The Ministry of Education, Human Resource Development, Sports and Youth Affairs is responsible for the Rationalisation of Social Services component. This ministry is also strongly supported by the other Social and Human Development Sector ministries, the Ministries of Health and Social Security and the Ministry of Community Development, Gender Affairs and Information.
- A number of Working Groups, Task Force or committees have been or are to be appointed to assist with and provide guidance to the implementation of the reform components.
 - A Steering Committee has been established comprising of the Permanent Secretaries of the four implementing ministries to provide support to the implementation of the PAM.
 - A Joint Consultative Working Group for Customs Reform has been established to provide guidance to the reform activities at the Customs and Excise Division.
 - The Land Tenure and Administration Reform Programme (LTARP) Task Force has been appointed by Cabinet to oversee the direction and implementation of the LTARP
 - A Cabinet Paper has been submitted which seeks to establish the Consultative Working Group (CWG). The CWG is expected to improve the quality of dialogue and build partnership between Government and the private sector, and give proper focus, guidance and coordination to private sector development policies

and programmes within Government. The group will also monitor the implementation of activities as outlined in the Enhancing the Enabling Environment component.

- The proposed Social Sector Working Group will provide guidance to the reform activities in the social sector under the Rationalisation of Social Services component.
- A Public Sector Reform Task force has been appointed by Cabinet and is responsible for the overall **monitoring, evaluation** and performance review of the reform process. The Task Force is independent, interdisciplinary and includes representatives from the private sector, trade unions, civil society and the public sector. It receives reports on work plans and performance from those responsible for implementation and provides the focus for ensuring effective partnership in the reforms and efficient coordination and delivery of the planned outcomes
- The Reform Management Unit is responsible for coordinating, providing leadership to, monitoring, and evaluating the reform process. The Unit also serves as the secretariat for the various committees, task force and working groups involved in the reform process. The RMU's major responsibility is to ensure that the MTPSRS is appropriately funded and implemented in a timely manner. Initially the Unit was strengthened with two advisors who assisted in the implementation of private sector development and public sector modernization activities.

3.17 Prioritizing Strategic Objectives. The Medium Term Public Sector Reform Strategy is a five-year plan, which sets out prioritized strategic objectives. These strategic objectives are supported by a series of inter-related activities with clearly measurable contributions to the achievement of the desired outcomes. A detailed work plan identifies the nature of the activity, the timing or phasing, responsibility for implementation, resources and support required and performance measures. Table 2 shows the Strategic Objectives, the priority ranking of the performance targets and an evaluation of progress towards achievement (*A=achieved, P=started/in progress, N=not started, U=unsatisfactory outcome*).

Table 2. Strategic Objectives and Performance Targets

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	PRIORITY	STATUS
<p>Public Administration Modernisation *</p> <p>To develop effective, participative public sector management, policy development and decision making processes and systems, including strong political leadership.</p>	<ul style="list-style-type: none"> • Performance agreements in place and enforced for all Permanent Secretaries and Heads of Department (Output) • Time taken for Cabinet approval of policy decisions reduced to one month from submission (Outcome) • Time taken for implementation of Cabinet decisions reduced (Outcome) • Participatory mechanisms in place and operational (Output) • Amendments to administrative law enacted and implemented (Output and outcome) • All Corporate Plans derived from national development strategy and based on agreed outcomes (Output) 	<p>1</p> <p>2</p> <p>3</p> <p>4</p>	<p>P</p> <p>A</p> <p>P</p> <p>A</p> <p>P</p> <p>A</p>
<p>To define models for service delivery standards, levels, mechanisms and procedures that are effective, efficient, innovative and affordable, and in line with the needs and realistic expectations of the people of Dominica.</p>	<ul style="list-style-type: none"> • Role of government review completed and recommendations adopted (Output) • Service delivery standards in place in all areas and efficiency improvement targets agreed (Output) • Rationalisation of local service delivery implemented (Output) • Fixed cost of social service delivery reduced (Outcome) • User surveys demonstrate acceptance of service delivery standards (Outcome) • Specific targets on access and service quality achieved (Outcome) 	<p>1</p> <p>2</p> <p>3</p>	<p>P</p> <p>P</p> <p>P</p> <p>U</p> <p>P</p> <p>P</p>

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	PRIORITY	STATUS
<p>To develop a high performing, accountable, modern public sector characterised by strategic leadership, highly and appropriately skilled and qualified personnel, within an effective performance management culture and rewards framework.</p>	<ul style="list-style-type: none"> • Manpower planning and career development systems in place and improvements in appointment of qualified staff reported (Output) • Modern public service ethics and conduct codes adopted and complied with (Outcome) • Performance management and disciplinary systems demonstrate accountability for performance and improved efficiency (Outcome) • Remuneration systems are explicitly linked to rewards (Output) 	<p>1</p> <p>2</p> <p>3</p>	<p>N</p> <p>P</p> <p>A</p> <p>N</p>
<p>Economic Management *</p> <p>To establish a modern, integrated and comprehensive institutional and regulatory framework, for efficient public expenditure and revenue management and economic development.</p>	<ul style="list-style-type: none"> • Modern public finance legislation enacted (Output) • Financial regulations updated and adopted (Output) • Regulatory bodies operational (Output) • Agreed National Development Agenda (MTGSPS) in place and informing budget allocations (Outputs) 	<p>1</p> <p>2</p> <p>3</p>	<p>P</p> <p>P</p> <p>P</p> <p>A</p>
<p>To introduce effective and efficient revenue and expenditure management policies, systems and processes within a nationally agreed Dominica policy framework and development agenda to link the budget cycle to development plans.</p>	<ul style="list-style-type: none"> • PSIP informing all decisions and budget preparation (Output) • MTEF informing all decisions and budget preparation • Budget deficit target level achieved (Outcome) • Debt levels targets achieved (Outcome) 	<p>1</p> <p>2</p> <p>3</p>	<p>A</p> <p>A</p> <p>P</p> <p>A</p>

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	PRIORITY	STATUS
<p>To strengthen the accountability, audit and review mechanisms to assess and improve economic management performance.</p>	<ul style="list-style-type: none"> • Performance management shows increasing compliance with budgeted levels and expenditure in line with priorities (Outcome) • Audit and review process producing timely feedback and best practice advice (Output) 	<p>1</p> <p>2</p>	<p>A</p> <p>P</p>
<p>Enhancing The Enabling Environment *</p> <p>To establish an environment that is dynamic, responsive, supportive and conducive to sustainable and diversified private sector (including NGOs) and broader social, cultural and economic development.</p>	<ul style="list-style-type: none"> • Tripartite consultation and planning process in place (Output) • Legislative and regulatory reform completed (Output) • Increased revenue collection targets achieved (Outcome) • Unemployment targets achieved (Outcome) • GDP growth targets achieved (Outcome) • Investment level target achieved (Outcome) • Economic data shows improvements in GNP/ GDP figures and increased levels of investment (Outcome) • Education, labour and trade policies reflect local economic development priorities (Output) 	<p>1</p> <p>2</p> <p>3</p>	<p>P</p> <p>P</p> <p>P</p> <p>P</p> <p>A</p> <p>P</p> <p>P</p> <p>P</p>
<p>To seek national consensus on the role and scope of government in relation to the private sector.</p>	<ul style="list-style-type: none"> • Consensus developed and adopted (Output) 	<p>1</p>	<p>P</p>

STRATEGIC OBJECTIVE	PERFORMANCE TARGETS	PRIORITY	STATUS
<p>Rationalisation Of Social Services *</p> <p>To develop a national framework of social services and a social safety net that are equitable, efficient and affordable, without distorting incentives for economic performance and individual self-sufficiency.</p>	<ul style="list-style-type: none"> • Pensions and social security systems reformed (Output) • Public service terms and conditions rationalised (Output) • Public assistance provided on the basis of means testing or justified need (Outcome) • Percentage of identified poor receiving assistance targets achieved (Outcome) • Benefits incidence of social services targets achieved (Outcome) • Overall expenditure on social services reduced by rationalised service delivery within agreed service delivery standards (Outcome) • Cost recovery mechanisms introduced for health care and non-core services (Output) • Target for share of public health financing from user fees reached (Outcome) • Secondary school completion rate target achieved (Outcome) • Universal Secondary Education achieved (Outcome) 	<p>1</p> <p>2</p> <p>3</p>	<p>P</p> <p>P</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p> <p>N</p> <p>P</p> <p>A</p>

3.18 Reviewing the Role of Government. The Government of Dominica is committed to continuing the comprehensive reforms it has pursued over the last few years. These reforms have yielded positive results, such as growth of the economy, improved service delivery and strengthening of the framework for governance of public finances. To consolidate the gains made and to sustain the improved growth performance the Government recognizes that there is a need to continue efforts at reform in order to achieve the objectives of 1) a relatively smaller, more efficient, and better paid public service; 2) a private sector playing the dominant role in the economy. Thus government must remain committed to a reduced role in the provision of

services in order to accommodate improvements in the delivery of core services within levels of affordability.

3.19 Organizational/Functional Reviews. In an effort to achieve the above objectives, reform activities center on streamlining the structure and function of Government Ministries/Departments and autonomous public sector agencies, namely:

- Finance and Planning and specifically
 - the Customs and Excise Division;
- Agriculture, Fisheries and the Environment;
- Education, Human Resource Development, Sports and Youth Affairs;
- Community Development, Gender and Information and specifically
 - the Government Information Service
 - the Cultural Division
 - Local Government
- Health and Social Security and specifically
 - Dominica Social Security
- The Ministry of Communications and Works now disaggregated into two new Ministries – Public Works & Public Utilities and Housing, Lands, Telecommunications, Energy and Ports;
- The office of the Cabinet Secretary and specifically
 - the Government Printery and
- the Registry Division and Magistrates Court of the Ministry of Legal Affairs and Immigration

The autonomous agencies include:

- The National Development Corporation
- The Dominica Export Import Agency

3.20 The reviews have resulted in the reorganization/restructuring of a number of the organizations named above, including the accommodation of completely new structures and functions such as the implementation of the Value Added Tax (VAT) and the establishment of the VAT Implementation Unit in the Ministry of Finance and Planning; the reduction of the planning function of the Ministries of Agriculture and Education resulting in the closure of the Planning Units in both Ministries; the provision of tertiary education through a statutory

organization, the Dominica State College; and the reduction in the level of services provided by the Local Government Division of the Ministry of Community Development. The overall role of government in the provision on non-core services was also assessed resulting in the decision to outsource government's janitorial and security services, to commercialise/privatize some operations of the Ministry of Agriculture and those of the Government Printery and to merge existing institutions to increase efficiency of service delivery. New internal organizational structures are also now being developed to implement recommendations made, example the strengthening of the office of the Secretary to the Cabinet to include policy research and analysis functions. Organizational reviews are continuing, with a number of proposals being put forward for streamlining operations and improving service delivery mechanisms of public institutions.

3.21 Structural Changes. Of major importance are the structural changes that have been accomplished to date. An annual review process of an overall medium-term policy framework to guide performance management within the public sector has been institutionalized. The Policy Framework reinforces the links between the planning and the budget process by bringing together all core planning documents and commitments entered into which identifies the policies and priorities of the Government of Dominica. The revised 2005/2008 Policy Framework was primarily guided by the policies and priorities detailed in the draft MTGSPS.

3.22 Other major structural changes include the restructuring of the tax system; the institutionalizing of the new corporate planning and budget process; the complete automating of financial management systems; the implementation of a comprehensive debt restructuring programme; complete implementation of universal secondary school education system; the reduction of the public sector wage bill; and the extension of the retirement age in the public service. These accomplishments were all accompanied with extensive legislative reviews and amendments, and in some cases drafting of new laws altogether. The structural changes implemented, however, have not all yielded positive results. Although there has been a greater level of efficiency and increased productivity in a number of areas, there has also been a weakening of capacity in some areas, notably planning in some ministries.

4 KEY CHALLENGES OF THE PUBLIC SECTOR REFORM PROGRAM

4.1 Program Conditionalities. The implementation of the MTPSRS has not been without its challenges. Of note are the conditionalities which must be met for the continuation and completion of the program. There has to be continued commitment at all levels to achieving the objectives of the program, and in particular government must remain committed to a reduced role in the provision of services and to adjustments in the wage bill in order to achieve the objectives of 1) a private sector playing the dominant role in the economy and 2) a relatively smaller, more efficient, and better paid public service. Continued cohesiveness supported by adequate and timely financing should ensure timely implementation of activities. Many of the activities of the Strategy are funded under grant funded projects which in themselves have specific conditions which must be met for the release of funds. Much of the continued funding of the projects is also dependent on Dominica's continued implementation of an IMF-supported programme.

4.2 Implementation Issues. The MTPSRS takes on a 'whole of government" approach based on the following underlying principles:

- It is adopted as a core part of the national development and policy agenda and touches on all parts of the economic and social development framework.
- It defines the scope, nature and extent of government activity;

The Strategy is designed to provide strong ownership, management and leadership for the reform process at all levels (political, administrative and civil society), and includes effective coordination and implementing arrangements. The latter are intended to prevent duplication or inconsistent activities. As a result, clarity is provided to the roles, responsibilities and functions of the different agencies. Agency cooperation and collaboration which has ensued has contributed greatly to the successful implementation of the program thus far.

4.3 The Strategy provides a clear framework for accountability and performance measurement. The Strategic Objectives identified previously are supported by a series of inter-related activities with clearly measurable contributions towards the achievement of the desired outcomes. These activities are detailed in a series of work plans. The format of the work plans identifies the nature of the activity, the timing or phasing, responsibility for implementation, the resources or support required, the approach and the associated performance measures. Although some activities were defined in detail at the start of implementation, others are refined

or developed after the outcomes of preceding activities, example organizational reviews. The achievement of each Strategic Objective is measured against specific performance targets.

4.4 The coordination and implementation of the Strategy is challenging given the comprehensive nature of the program. It requires a significant amount of input and commitment from a broad range of stakeholders, which may not be forthcoming at all times. The RMU, which is a relatively small Unit and therefore suffers from capacity constraints to coordinate such a comprehensive program, has had to depend to a large extent on technical assistance provided through projects or friendly governments. The RMU is continually challenged to introduce innovative ways to keep the reform agenda at the forefront of public sector policy priorities and to increase ownership of and participation in public sector reform activities. These include a continuous public information campaign, awards programmes and continued involvement in the activities of the Change Management Committee and in the implementation of activities celebrating the contribution of the Public Service to national development.

4.5 **Financial Management Issues.** The years of declining growth in Dominica coincided with the country's fiscal crisis, characterized by a current account deficit, unsustainable levels of public debt, and an inability to meet Government's financial obligations. As a result the government had to implement an economic reform programme (one of the components of the MTPSRS) with four major elements:

- **A collaborative comprehensive debt restructuring programme** with creditor participation with oversight provided by the Eastern Caribbean Central Bank (ECCB). Over 90% of creditors have participated in the programme, with continuous effort exerted to try to reach agreement with all remaining non-participating creditors;
- A **fiscal stance** that is consistent with reducing the public debt burden to sustainable levels. This was centered on measures to reduce the wage bill and the size of government to affordable levels. A 4% stabilization Levy was imposed on the working population for a period of one year and public officers' and parliamentarians salaries and allowances were reduced. This element also entails a number of measures such as outsourcing, the creation of semi-autonomous agencies, commercialization of particular operations and privatization.
- **Fiscal reforms** are also being undertaken to improve the transparency and effectiveness of the tax regime and the budgetary process. This includes the

implementation of the more broad based Value Added Tax (VAT) system and improved processes and systems for tax revenue collection and the implementation of a comprehensive automated budget management and control system. Over the last three years pre-budget discussions and presentations have been held with the general public and for the first time this financial year, an explanatory brochure on understanding the budget was developed and published by the MoFP.

- The economic reform programme also focuses on improving the **enabling environment for private sector investment**. This seeks to re-orient the public sector investment programme towards the provision of physical and human capital investment.

4.6 The above activities were implemented along with comprehensive legislative reviews, and the enactment of new or amended legislation. However, implementation has not been without its challenges. Measures targeted at wage bill reductions were met and are still being met with strong opposition by the main public sector unions and much time had to be spent to allay fears of employees with regards to redundancy and unemployment. The latter were lessened by efforts made by government to ensure continuing employment of displaced employees with the new private sector contractors or the formations of companies owned by the employees themselves, thus providing space for development of private sector businesses.

4.7 Additionally, initial efforts at institutionalizing corporate planning and the new budget management and control measures were met with resistance and suspicion. At this stage much effort is still being expended to firmly institutionalize the linkages of policy priorities to corporate planning and budgeting. Innovativeness and persistence are the words to be used to describe the MoFP success at crafting and implementing a debt restructuring programme that most creditors bought into.

4.8 **Performance Management and Culture.** The implementation of reform initiatives and improvements are set within a comprehensive performance management framework, the main features of which are:

- The development of a national policy framework to identify priorities and guide planning and performance;
- The strengthening of links between short term planning (Corporate Plans) and resource allocation (the budget process);
- The development of the linkages between policy priorities and individual performance at all levels; and

- The introduction of a performance management and reporting system for Permanent Secretaries (PSs) that will review performance at regular intervals throughout the year.

The framework is graphically illustrated below.

4.9 As indicated earlier satisfactory progress has been made in the implementation of activities which form part of the performance management framework and the first three elements are in their final stages of completion. The performance management system for PSs form part of the Public Administration Modernisation component and calls for the preparation of draft Performance Agreements for all Permanent Secretaries against which they will be evaluated through an objective evaluation method. Implementation is ongoing, with draft Performance Agreements developed for all PSs based on individual ministry/department corporate plans and submitted for their perusal and agreement.

4.10 The Performance Management System for PSs has generated sustained interest at the level of Cabinet, however some concerns were expressed regarding (1) the level of involvement of the portfolio minister in the evaluation of the PS's performance and (2) current spending limit restrictions under the financial authority allocated to the PS, which is felt limits the amount of control the PS has in achieving performance targets. Recommendations to address these two issues were made (1) the adoption of a panel approach for evaluation and (2) the development of more realistic plans in keeping with the financial resources allocated.

4.11 **Human Resource Issues.** A strategy for reform of the public sector would be completely devoid of rational if it did not adequately address human resource management and development issues. The MTPSRS details a number of activities to be undertaken in this area which of necessity forms part of the overall performance management framework. Individual employee work plans, on which an employee performance is assessed, are developed from Ministerial/Departmental corporate plans/work plans. The Employee Assessment and Development Review (EADR) in conjunction with other criteria such as succession plans, qualifications and experience form part of a proposed selection matrix which is to be used as the underlying merit principle in selection, pay, classification and advancement. A similar system already exists for recruitment.

4.12 The PAM component also includes activities dealing with staff development, training and education. Work on workforce planning and career development has begun with the development of succession plans and a workforce planning model. Implementation is at the

4.14 The major challenge faced in dealing with human resource management and development issues in the public sector is the difficulty related to maintaining objectivity in the performance assessment process given the small size of the country and the familial/social relationships within the public sector. Other challenges related to reaching consensus on the legislation being reviewed and in programming the specific criteria required for the advancement Selection Matrix.

4.15 **Leadership.** In an effort to overcome the major challenge mentioned in the previous paragraph systems have been put in place for the appointment of senior public officers based on merit and more often than not this obtains. Leaders are more frequently appointed on the permanent establishment due to the practice of selection from within the public service that caters for advancement. This practice is to be strengthened by the succession planning programme currently being implemented in Ministries and Departments, however, adoption has been rather slow. There have also been instances of contractual appointments in senior management positions. It must be noted, however, that the Dominican Constitution allows for a Prime Ministerial veto on appointments of senior public officers namely PSs and senior professional advisors.

4.16 The issue of leadership has been implicitly incorporated into the work plan of the MTPSRS and leadership sessions have been organized although not executed satisfactorily. To strengthen this process mentoring programmes for leadership positions have been recently introduced. However, because of the slow adoption of the succession planning process organized capacity building at the middle management level for succession to senior executive positions is limited. Adoption is expected to increase with the implementation of the Management Development Programme.

4.17 Another key challenge which limits the development of leadership within the public service is the protracted time period it has taken to institutionalize the performance appraisal system for PSs. Performance appraisal must provide the basis for disciplinary or dismissal action due to poor performance or improper behaviour. All public officers, including PSs are disciplined according to the legislation governing the public service and through the Public Service Commission Regulations. Although elucidated in the legislation, these provisions are seldom used. The recent legislative review has sought to facilitate increased efficiency and

productivity of public officers, and improved management of the public service by delegating minor disciplinary measures to the PSs.

4.18 **Service Delivery Issues.** The activities planned for implementation in the MTPSRS are all basically geared to achieving one outcome – improved efficiency and productivity within the public service leading to improved service delivery. The underlying premise is that of fostering cultural and attitudinal changes which would lead to the delivery of more customer oriented/focused services. A number of service delivery improvement initiatives have been undertaken to address the service delivery problems identified, particularly in the social sector, the judiciary system and in growth related government services such as customs, agriculture and investment promotion. A mix of measures including institutional reviews, rationalization exercises, legislative amendments, customer satisfaction surveys, employee assessment surveys and employee awards for excellence in performance and customer service have been undertaken or is ongoing to assist in adequately addressing service delivery issues.

4.19 **Information and Communications Technologies (ICT).** Another method which is being introduced to improve service delivery in the public sector is the use of ICTs. The public service in Dominica has been slow to adopt ICT solutions that could improve service delivery mainly because there has been no central coordination of effort and therefore a haphazard approach has been utilised thus far. However efforts are underway to address this through the formulation of a government ICT policy and development of a detailed action plan; and plans are advanced for the design and development of a GoCD web portal which would accommodate links to all the Ministerial/agency websites that have been developed individually. In addition, a voice and data network linking all major government offices has been established, albeit with a number of teething problems relating to the ability of the service provider to actually deliver the quality of service expected.

4.20 One of the major challenges faced in the introduction and use of ICTs in the public service is the costs associated with computerization. This does not refer solely to the purchase of hardware and software but the whole reconstruction/renovation of plants and the re-organization of work flows and business processes; this is inextricable linked to understanding the ultimate use of ICTs - as tools to improve productivity and service delivery and not the installation of equipment to be used to maintain outdated bureaucratic procedures and processes.

4.21 **Governance Issues.** Two of the underlying principles of the MTPSRS are accountability and good governance. In recent times, and especially as a result of the ESAP, the operations of the public service and the actions of public service functionaries are more exposed to scrutiny. Public expectations are high with respect to levels of integrity and professionalism of public officers, especially senior officers. These were reinforced by the passage in parliament of integrity legislation, the Integrity in Public Service Act, although enforcement has not been operationalised.

4.22 Chief/Senior Executive Officers are also held accountable through the public sector financial auditing system conducted by the independent Audit Department annually. The Audit Department is established by law under the Constitution and reports to a Parliamentary sub-committee, the Public Accounts Committee. Recently proposals have been put forward for improvement in the functioning and effectiveness of the sub-committee. Constitutionally this issue is considered outside the mandate of the MTPSRS, although attention could be drawn to the issue through the appropriate channels.

4.23 Generally the Code of Conduct for public officers is detailed in the present General Orders. These have been revised and amended accordingly and proposed as the Regulations to the new Public Service Management Act, thus strengthening enforcement. In addition, the EPTD, the equivalence of the Ministry of the Public Service, promulgates through various human resource policies and practices, desirable attitudes, values and organizational culture. These are assessed as required behaviours for the public service in the EADR. Additional required behaviours such as management effectiveness and leadership are assessed for supervisors and managers. The RMU through its communications and public relations strategy (including weekly radio programmes, a monthly electronic newsletter and a quarterly bulletin) continue to build awareness of reform initiatives and measures.

5 SUMMARY

5.1 The MTPSRS is the third phase of an ongoing reform process for the public sector in Dominica and was borne out of an economic crisis, which required in-depth structural changes in the operations of the public service. However the approach used for this phase was much more comprehensive and based on lessons learnt from previous reform programmes. Implementation of the MTPSRS is very structured, with the RMU/EPTD providing leadership

and coordination to the reform process. However, implementation of activities remains largely the responsibility of the respective Ministries, Departments or Agencies.

5.2 The degree of success in implementation of the reform measures vary according to sectors and is based on the resource requirements of the programmes and perceived social and political fall-out. In determining the way forward, continuous review of the strategy is required, applying lessons learnt from the activities and approaches which have been successful; understanding the reasons why some reform measures did not achieve the desired objectives; and crafting the approach and implementation of future activities to ensure future successes.