

# PUBLIC SECTOR MODERNIZATION

IN

# ST. VINCENT & THE GRENADINES



## 1. Background

### 1.1 Introduction

**Saint Vincent and the Grenadines**, an independent sovereign state of the Caribbean and part of the Commonwealth of Nations and the Windward Islands, is located at 13° 15 N, 61° 12 W. The country's closest neighbours are Grenada, to the south, St. Lucia to the north and Barbados to the east.

St. Vincent is the largest of the more than 30 islands that comprise the nation, covering roughly 390 sq. km (150 sq. miles). The Grenadines extend 72 km (45 miles) to the southwest. The major islands, north to south, are Young Island, Bequia, Mustique, Canouan, Mayreau, Union Island, Palm Island, and Petit St. Vincent

Most Vincentians are the descendants of African slaves brought to the island to work on plantations. There also are a few white descendants of English colonists, as well as some East Indians, Carib Indians, and a sizable minority of mixed race. The population is estimated to be 109,022 with about a quarter of the people living in the capital, Kingstown and its suburbs and 8% on the Grenadines. The ethnic mix consists of 66% percent of African descent, 19% of mixed race, 2% Amerindian/black, 6% East Indian and 4% European.

The country's official language is English. St. Vincent has a high rate of emigration. With extremely high unemployment and under-employment, population growth remains a major problem. The labour force is estimated at 41,000. Recent data indicates an unemployment rate of 22%.

### 1.2 Government

St. Vincent and the Grenadines is a parliamentary democracy within the Commonwealth of Nations and has a constitutional monarchy whereby executive power is vested in the British monarch, represented locally by a Governor-General who appoints a prime minister and cabinet of ministers. Control of the government rests with the prime minister and the cabinet.

Legislative power is vested in the 21-member House of Assembly. The parliament is a bicameral body with a fifteen-member elected house of assembly and a six-member appointed senate. The governor general appoints senators, four on the advice of the prime minister and two on the advice of the leader of the opposition. The parliamentary term of office is five years, although the prime minister may call elections at any time.

As in other English-speaking Caribbean countries, the judiciary in St. Vincent is rooted in British common law. There are eleven courts in three magisterial districts. The Eastern Caribbean Supreme Court, comprising a high court and a court of appeals, is known as the St. Vincent and the Grenadines Supreme Court. The court of last resort is now the Caribbean Court of Justice which replaces Her Majesty's Privy Council in London.

There is no local government in St. Vincent, and all six parishes are administered by the central government.

### **1.3 The Economy**

By Eastern Caribbean standards, the economy of St Vincent & the Grenadines is not as strong as the economies of its regional counterparts. Agriculture is the main source of income and export earnings with banana production being the main crop. St. Vincent is also the world's leading producer of arrowroot and grows other exotic fruit, vegetables and root crops. Fishing has also been revitalized and a processing complex has been built with Japanese assistance.

Agriculture is especially vulnerable to the unpredictable, often adverse weather patterns of the Caribbean. In addition such reliance on a single crop also makes the economy vulnerable to external factors. St. Vincent's banana growers benefited from preferential access to the European market, however, in view of the European Union's announced phase-out of this preferred access, economic diversification became a priority. To combat these vulnerabilities, the Government of St. Vincent and the Grenadines has been focusing on diversifying its economy away from reliance on bananas.

Tourism is the other main component of the economy. By regional standards, this was relatively late to evolve and was initially hampered by the lack of a suitable infrastructure. This was addressed with the help of aid from the European Union and the industry is now growing rapidly: the most recent figures record its contribution to the economy at US\$90 million.

Recent growth has also been stimulated by strong activity in the construction sector. A small manufacturing sector and an embryonic 'offshore' financial services industry complete the country's economic inventory.

St. Vincent and the Grenadines' currency is the Eastern Caribbean dollar (EC\$), a regional currency shared among members of the Eastern Caribbean Currency Union (ECCU). The Eastern Caribbean Central Bank (ECCB) issues the EC\$, manages monetary policy, and regulates and supervises commercial banking activities in its member countries. The ECCB's primary monetary policy goal is to maintain the long-standing currency peg of US\$1=EC\$2.7.

St Vincent is a member of the regional trading bloc CARICOM and the Organization of Eastern Caribbean States, which is assuming a growing economic role. In addition to the

United States of America and the United Kingdom, St Vincent's main trade links are with Trinidad & Tobago, Barbados, St Lucia and Martinique.

#### **1.4 Foreign Relations**

St. Vincent and the Grenadines is a beneficiary of the U.S. Caribbean Basin Initiative that grants duty-free entry into the U.S. for many goods. St. Vincent and the Grenadines also belongs to the predominantly English-speaking Caribbean Community and Common Market (CARICOM) and the CARICOM Single Market and Economy (CSME).

The country maintains close ties to the U.S., Canada, and the U.K., and cooperates with regional political and economic organisations such as the Organization of Eastern Caribbean States (OECS) and CARICOM. St. Vincent and the Grenadines is a member of the United Nations, the Commonwealth of Nations, the Organization of American States, and the Association of Caribbean States (ACS).

St. Vincent and the Grenadines also maintains close relations with Cuba, which provides a number of scholarships and other exchange programmes for Vincentians, particularly in the field of health care.

#### **1.5 Domestic and International Challenges**

St. Vincent and the Grenadines like other small developing Caribbean nations has been impacted by the implementation of the various trade agreements and in particular, recent reductions in trade prices for banana and sugar production by the European Union has led the government to resort to alternative revenue generating means. Consequently, the declining banana production has forced the country to turn to other sectors such as tourism and financial services to compensate for the failing agricultural economy.

The challenges presented by increased trading blocs, has of necessity driven the government of St. Vincent and the Grenadines and by extension, regional governments to rationalize and harmonize legal and regulatory frameworks.

Like many other Caribbean countries, St Vincent and the Grenadines has fallen victim to drug-related crime - an obstacle to the growth of tourism. The country is the largest producer of marijuana in the Eastern Caribbean and the source for much of the marijuana used in the region. Extensive tracts are under intensive marijuana cultivation in the inaccessible northern half of St. Vincent. The illegal drug trade has infiltrated the economy of St. Vincent and the Grenadines and made some segments of the population dependent on marijuana production, trafficking and money laundering. Efforts are being made to tackle marijuana cultivation and to curb money-laundering,

Natural disasters have plagued the country throughout the 20th century. In 1902, La Soufriere volcano erupted, killing 2,000 people and destroying much farmland. As a

result the economy deteriorated. In April 1979, La Soufriere erupted again. Although no one was killed, thousands had to be evacuated, and there was extensive agricultural damage. In 1980 and 1987, hurricanes devastated banana and coconut plantations; 1998 and 1999 also saw very active hurricane seasons, with hurricane Lenny in 1999 causing extensive damage to the west coast of the island.



## **2.0 Public Sector Reform**

### **2.1 Political Support for Reform**

Since the early 1980s successive governments have placed emphasis on enhancing administrative efficiency and organisational performance in the public service. Governments have sought to achieve national development objectives of improved efficiency, service delivery, productivity and competitiveness.

Government is the single largest employer in the country. Hence, budgeting for the public service's human resources accounts for a significant expenditure from the public treasury. This significantly high wage bill has forced the government to take steps to restructure its operations and focus on accountability, productivity and the efficiency of the public sector.

These themes were re-emphasized in a ten point policy statement of the United Labour Party's 2001 manifesto. In particular, reference was made to modernizing and reforming government to better and more efficiently deliver all services provided by the government.

The themes of good governance continued to be featured prominently throughout the tenure of the present administration. In his 2002 budget address, Prime Minister Dr. The Hon. Ralph Gonslaves stated that government intended to advocate for reform in public administration that must be accountable, transparent, efficient, responsive, financially prudent and conducted in the interest of the people and in accordance with best practices internationally. These themes were again reinforced in subsequent budget speeches of 2003 and 2004 respectively.

Due to government's national development goals and its new focus on public sector reform, the public service, the country's leading employer, has been undergoing strategic reorganisation in keeping with the electoral mandate for change.

## 2.2 The Public Sector Modernization Programme

From its inception in 1987, the Public Sector Reform Unit was set up to be the lead agency for the implementation of reform and improvement in the public service of St. Vincent and the Grenadines.

Public Sector Reform initiatives began in St. Vincent and the Grenadines in the early 1980s and were initiated by governments of the Organisation of the Eastern Caribbean States (OECS) with the support of the Canadian International Development Agency (CIDA), through the Eastern Caribbean Economic Management Project (ECEMP). There have been four (4) phases in the process of implementing reform.

Phase I addressed mainly administrative reforms and was implemented during the period 1984-1987 with a view to improving performance by enhancing the general efficiency and effectiveness of the public service. The primary outcomes for this first phase were:

- Implementation of a job classification system and salary plan for 55 senior posts
- Institutionalization of the classification process through the creation of an Establishment and Job Evaluation Unit within the Ministry of Finance
- The training of public officers in writing job descriptions and evaluations
- The development of an Administrative Reform Unit to manage the process
- The development of a cadre of experienced public officers to assume leadership roles in the management of the change process.

Phase II continued during the period 1988-1989 and concentrated on building institutional capacity to transform the public service into an organisation capable of achieving national goals. The primary objectives of this phase targeted transformation in the following areas:

- Planning and performance management – strengthening the planning and monitoring systems
- Financial management – strengthening the link between planning and budgeting and decentralizing some financial functions
- Human resource management- strengthening human resource planning and empowering managers to take responsibility for decision-making as it relates to the development of human resources
- Information Systems – developing and implementing policies to foster effective information management and in so doing, improve inter-ministerial coordination and collaboration.

Several strategies were identified as a means of transforming the above key areas. For instance:

- Strategic and operational planning with a view to developing a National Development Plan;

- Implementation of a performance management system;
- Development of a financial management system to improve financial management capability;
- Implementation of human resource management system to enhance human resource development in the public service; and
- Rationalization of the job classification structure and compensation policies

Phase III of the reform process began in 1995 and focused on the enhancement of structures and policies relating to financial management. Emphasis was placed on improving tax administration, computerizing the financial administration system, enhancing the financial regulatory environment and developing a performance planning and budgeting system.

Phase IV of the reform process began in 2000 with a diagnostic review of the performance appraisal system with a view to implementing a new performance management system. The new performance management system was viewed as highly objective, transparent, continuous and results oriented. The system was also capable of succession and career planning.

Regrettably there has been limited success in the implementation of the reform process throughout the public service of St. Vincent and the Grenadines. To date a number of the recommendations have never been implemented. For instance, in phase I of the process, there was a failure to effectively implement some of the recommendations outlined in the reclassification study that was completed. Additionally, the Job Evaluation and the Administrative Reform Units were never created as recommended.

Similarly, in the other reform phases, many of the recommendations were not effectively implemented. Additionally, evidence has shown that some common factors have hindered the degree to which reform could be implemented. These factors include:

- Absence of an accountability framework for public sector reform;
- Inadequacy of the management, leadership and technical capability of the public sector reform unit;
- Absence of organisational strategic planning which is required to link organisational and individual objectives to national development.

The activities which were actually completed as part of the holistic reform process were implemented in an ad hoc fashion and have not registered the successes expected. Notwithstanding this, there have been pockets of reform activities occurring in specific ministries/ departments designed to improve how these agencies conducted their business.

The remainder of this discourse will examine the reform initiatives of six public service organisations in terms of their implementation plans, successes and challenges.

## **2.3 Public Sector Reform Initiatives**

## **2.4 The Audit Office**

The Audit Office is charged with the responsibility of ensuring that monies which have been appropriated by Parliament and disbursed have been applied to the purposes to which they were so appropriated and that the expenditure conforms to the authority that governs it. At least once every year, the Audit Office must report on the public accounts of St. Vincent and the Grenadines and the accounts of all officers and authorities of the Government as enshrined in the Constitution of St. Vincent and the Grenadines.

### **Reform Initiatives**

The Audit Office has undertaken the following three primary reforms within the last five years:

- Enactment of new legislation
- Value for Money Auditing
- Organisational Restructuring

### **Reasons for reform initiatives**

The reforms undertaken were spurred by a number of factors:

- Membership of the OECS and ECEMP - reform initiatives undertaken by OECS are replicated from country to country given the similar political, economic and social circumstances which exist within OECS countries. Eastern Caribbean Economic Management Programme (ECEMP) is a regional institution which seeks to enhance governmental operations in its member countries. Hence ECEMP provided training, staff attachment programmes and technical assistance to Eastern Caribbean countries.
- Change in Government- with the 2001 change in government there was a renewed focus on the principles of good governance and accountability. As a result the Audit Office had to ensure that its operations conformed to these principles and that in so doing it achieved its corporate goals.
- Exposure of staff to training and current auditing trends – through the initiatives introduced by ECEMP and other regional partners, staff was introduced to new auditing practices and trends which renewed their professionalism and increased their drive to enhance operational efficiency and effectiveness.
- Membership of Caribbean Association of Auditors and Auditors General – membership of this professional organisation meant that as an organisation, the Audit Office had to ensure that it met the standards of this regional body to safeguard its membership and status.

- Changes in business operations and auditing practices internationally and regionally – with changing international trends, the Audit Office had to ensure that it was not left behind in terms of auditing procedures and practices.
- Introduction of Technology and technological crimes – the increased use of Information Communication Technology (ICT) and changes in ICT has forced the Audit Office to enhance its ICT operations in relation to auditing procedures. In addition, the increased technological changes has introduced a new dimension to the criminal element whereby more crime is committed using the technology. To be technologically savvy therefore became a necessity of the Audit Office in terms of conducting auditing investigations.

### The New Audit Act (2005)

In 2005, a new bill was presented to the House of Assembly as a step to improving accountability and strengthening the mandate of the Director of Audit. The new Act defines the duties, responsibilities and the authority of the Audit Office and empowers the Director to inter alia:

- conduct Value for Money Audits;
- submit special reports to Parliament on any matter of importance or urgency that in his opinion should not be deferred until the presentation of the annual report; and
- audit the books and accounts of statutory bodies or exercise oversight of these audits.

The new Act also seeks to correct an anomaly whereby the Audit department was previously required to submit its programme budget for approval to the Ministry of Finance, a department which it is required to audit. The new constitutional mandate therefore seeks to protect the independence of the Audit Office.

### Value for Money Auditing (VFM)

This initiative was undertaken to encourage ministries and departments to be more accountable for programme budgets and how government funds are spent.

VFM auditing seeks to ensure that ministries/departments use resources with:

- Economy - services are appropriated at the best price and value;
- Efficiency - resources are used efficiently
- Effectiveness - results are achieved and that some positive impact is achieved as a result of the programme.

The VFM programme was initiated in 2003 and began with intense training of the Audit staff. In 2004, two pilot audits of the Government's Contracting Process and the Family Services Department within the Ministry of Social Development were conducted.

In addition to allowing for more involvement of senior managers in respective ministries/departments in the programme budgeting process, VFM allowed the Audit Department to monitor the programme, evaluate the successes and to make necessary recommendations to respective ministries/ departments. For instance the Home Help Service offered by the Family Services Department was improved as a result of recommendations made by the Audit Department under the VFM programme.

### Organisational Restructuring

To adequately carry out its additional functions which are included in the new Act, the Audit Office was forced to look at the deployment of its personnel.

Previously, the structure of the organisation tended to be hierarchical, with the Deputy Director assuming direct responsibility for the Senior Examiner-Accounts, all the Audit Officers and the Driver/ Office Attendant.

Since the Act places the additional responsibility for the auditing of statutory bodies and conducting VFM audits with the Audit Office, there was a need to deploy staff to maximize operational efficiency. The new structure therefore takes into account these additional duties and delegates responsibility for audits of statutory bodies, revenue making departments and service departments to the Deputy Director while an Assistant Director has responsibility for planning, development and support. The Office now comprises the below listed four (4) sections, three of which are headed by Audit Managers who report to the Deputy Director and the other by the Assistant Manager:

- Statutory Bodies Audit
- Revenue Departments
- Service Departments
- Planning, Development and Support

The above four units each comprise 1 Audit Officer III, 2 Audit Officers II, 5 Audit Officers I. The Planning, Development and Support Unit also has responsibility for the two clerk/typists and the 2 Drivers/ Office Attendants.

### **Challenges**

The department has only registered two main challenges in the implementation of the modernization initiatives. The first challenge pertains to the implementation of the Smart Stream computer software programme. Unfortunately Smart Stream has not been fully operationalised to facilitate information technology auditing, which is a critical component of the functions of the Audit Department.

The lack of adequate accommodation and space, as with other government departments, presents a daily challenge to the staff as they seek to achieve organisational objectives under other than suitable working conditions.

## **2.5 Inland Revenue Department**

The Inland Revenue Department (IRD) initiated its reform programmes during the mid nineties. The Caribbean and in particular the OECS countries had started to feel the effects of trade liberalization on national economies. Increases in trading blocs and the fall of the Soviet Union meant that markets were opened and preferred trade arrangements were being sidelined.

As the primary revenue generating government agency, Inland Revenue Department in recognising that the country would be losing money as a direct result of not collecting border taxes because of the increases in the number of trading blocs, decided to undergo a process of organisational assessment and corporate planning aimed primarily at determining how it would re-engineer its operations to maintain the country's financial stability. The strategic planning process highlighted the fact that the department needed to streamline its tax systems in respect of technology and business procedures in order to sustain the country's income which was primarily generated from the collection of border taxes, a source of income which threatened to dry up as a result of trade liberalization policies resulting from the increased prevalence of trading blocs.

As a result of the strategic planning process, the department placed significant emphasis on the principles of good governance, accountability and productivity and in so doing targeted the following areas to be restructured:

- Re-organisation of department and computerization of office procedures
- Continuous on the job training and professional development for staff
- Adoption of a team approach to conducting business
- Implementation of a performance management culture
- Public Awareness / Community Campaigns and Implementation of Customer Service Standards
- Re-modeling of physical plant

### **Re-organisation of department and computerization of office procedures**

To become more efficient and effective in its operations, a complete restructuring programme was implemented which started firstly by flattening the structure of the organisation. It was determined that due to the hierarchical reporting structure, decision-making tended to be lengthy and complex and often negatively affected the department's productivity. Moreover, with the structure, in some instances, there tended to be unequal allocation of departmental functions thereby resulting in some tasks being overlooked and or duplication in other areas. Thus a number of units were created and assigned responsibilities for the different aspects of tax administration. This made unit heads more responsible and accountable for unit work plans.

To compliment the restructuring process, the manual procedures were fully automated to improve efficiency and effectiveness in the administration of taxes. The automation of all manual systems meant that tax procedures were also re-engineered. For instance, all tax

related forms had to be redone and systems put in place to analyse/ calculate this information on the computer system using appropriately designed software.

### **Continuous on the job training and professional development for staff**

A necessary corollary to the reengineering of business operations was the development of the organisation's human resources. A significant amount of energy was therefore placed in training staff to use the new computer systems and creating a learning organisation. By extension, staff members were encouraged to pursue their studies, such that to date almost every staff member is a graduate or pursuing undergraduate studies.

In addition, in-house training sessions are conducted on a regular basis, on topics designed to keep staff abreast of changing trends in tax administration.

### **Adoption of a team approach to conducting business**

The department has also adopted a team approach to conducting its business. Since the creation of individual units to oversee respective aspects of tax administration, the team approach to work plans has been readily adopted and accepted. Furthermore, regular team meetings are held as well as staff meetings where teams are encouraged to share with the entire staff their successes, issues and concerns so that all units are aware of each other's responsibilities.

### **Implementation of a performance management culture**

For quite some time, and even before the public service wide launch of the Performance Management Development System, IRD has been using a performance management system, which places emphasis on key results areas. Employees are given annual targets which are set in accordance with unit and organisational work plans. The employee's performance is reviewed on a quarterly basis and in instances where the employee has achieved all the agreed targets, incentives/bonuses are rewarded at the end of the year. The reward system also comprises opportunities for further training and professional development, commendations, and employee of the year awards. Consequently, employees are driven to perform and assume a more professional approach to the performance of tasks thereby resulting in IRD being regarded as the 'flagship of the public service'.

The department also utilizes coaching methods to help employees who are not meeting the set targets, to improve their performance.

### **Public Awareness Campaigns and Implementation of Customer Service Standards**

Part of the reason why IRD is regarded as the 'flagship of the public service' has to do with the image it projects to the wider community and its public relations promotions. In an effort to educate people regarding the new requirements of the new forms (introduced

as a result of computerization of procedures) and to change the widely held perception that its only role was to collect taxes from people which also carried some negativity, the department engaged in a robust campaign to educate the public about its role and importance to the financial viability of the country. In addition to engaging in charitable events in the various communities and the schools, the department's public relations efforts include:

- A weekly radio programme entitled "As a Matter of Tax" which seeks to educate the public on tax matters
- Community / Town Hall sensitization seminars entitled "Make your Taxes Less Taxing: Ask How, Comply Now"
- Visits to communities
- Annual Tax Week in March – aimed to provide citizens with assistance in filing their income tax returns

Linked closely to its public awareness campaign, is the implementation of a customer service charter also aimed at improving its professionalism, productivity and the public's image of the department. These standards - which include inter alia, the greetings to be used with telephone callers and visitors, the number of times a telephone should ring before being answered, the time period for acknowledgement of correspondence and dealing with queries - are tested from time to time by an independent agency or via the public through customer service surveys. By increasing its customer focus and the public relations campaign, the department has achieved success in terms of improved public compliance and a reduction in the negative reputation and perception of its role.

### **Re-modeling of physical plant**

The physical plant has undergone some changes in an effort to make the environment more conducive to business for staff and customers. The waiting areas were outfitted with chairs for visitors to the office, the entire office was air-conditioned and work stations were changed in accordance with the ergonomic office requirements. It was felt that this needed to be done since staff members spent most of their time at work and therefore needed to be comfortable in order to be more productive and efficient.

### **Challenges to Implementation of Reforms and Its Successes**

There were some challenges experienced with the implementation of the reforms in the department. In the first instance some resistance was met by staff some of whom viewed the changes with suspicion. On reflection it was felt that this situation may have existed because not all staff members were involved in the corporate planning process and therefore could not understand the need for such changes. To counter the suspicion and resistance, management conducted a series of consultative sessions with staff which sensitized them to the international and regional occurrences which were impacting on the country's development, the department's role in the development of the country and the importance of their individual roles towards the achievement of the department's mission.

Despite these consultative sessions, there was still some resistance to the automation of the organisation's procedures as this meant abandoning manual systems and using information and communication technology. Overcoming this resistance was done through training of staff but even in some instances, where staff members blatantly refused to use the technology, management enforced that it had to be used and went as far as to remove manual systems from the possession of some individuals.

Another challenge experienced is in the form of disciplining staff. Although the department possesses some degree of autonomy in the recruitment of staff, the administering of disciplinary action is done by the Chief Personnel Officer, in accordance with public service regulations. Often time, this process has proven to be lengthy and time consuming and on occasion has been compounded by political interference.

With the implementation of the new tax procedures some resistance was met by the public and external government departments. The vibrant public awareness campaign helped to overcome the resistance met by the general public. However with regard to other government departments the process of change was at times arduous. For instance some departments which needed to interact with IRD were slow in changing their systems to complement the computerized procedures being used by IRD and this often resulted in some friction between the departments and in some instances, in time and resource wastage. However, as public sector modernization efforts were increasingly implemented throughout the public service, such situations became the exception rather than the rule.

Notwithstanding these challenges, IRD has achieved a significant measure of success. Most notable successes have been the timely compliance of the public in the return of income taxes and more efficient business operations as evidenced from the increasing amount of taxes collected annually.

## **2.6 Ministry of Health and the Environment**

The Ministry of Health has been embarking on three major reform initiatives:

1. Amalgamation of the Environmental Health Services Department and the Environmental Services Unit.
2. Milton Cato Hospital Reform- The Hospital Authority Bill
3. Implementation of a National Health Insurance Scheme

### **Amalgamation of the Environmental Health Services Department and the Environmental Services Unit.**

As a result of the findings and recommendations of a study undertaken under the auspices of the Pan American Health Organisation (PAHO), the Ministry of Health recognised the need to amalgamate these two departments under its portfolio to create a single Environmental Services Unit. PAHO indicated that there were a number of areas where functional collaboration was needed between the two agencies which had been operating separately, and thereby compromising the organisation's efficiency and effectiveness in these two related areas.

It was therefore felt that the amalgamation of the two agencies would provide an enhanced regulatory mechanism within the Ministry of Health with regard to the management of the country's environmental services. Thus instead of operating as fragmented agencies, the two would be able to pool their resources and capabilities to collaborate, support, regulate and manage issues relating to the environment and environmental health services.

### **Challenges**

Neither of the two agencies was adequately staffed in terms of manpower allocation and qualified personnel. In the case of the Environmental Health Services, the staff did not have the desired professional qualifications while the Environmental Services Department did not have the desired staff complement to achieve the organisation's mandate. While the amalgamation was therefore the solution to this dilemma, it presented another challenge of upgrading the qualification base of those persons from the Environmental Health Services Unit.

Again, PAHO recommended a three-tiered programme aimed at upgrading the qualifications of personnel within the Environmental Health Services to bring them on par with their counterparts in the Environmental Services Department. The first tier entailed a preliminary course of study at the St. Vincent and the Grenadines Community College; the second tier was the UWIDITE programme and the third tier involved a relevant degree programme at the University of the West Indies.

## **Timeframe**

It is expected that by 2007-2008, all staff would have undertaken the training. Notwithstanding this, the amalgamation process is expected to be completed by 2007.

## **The Creation of a Hospital Authority**

The Milton Cato Hospital is the country's only hospital. For many years the hospital has been heavily subsidized by the government of St. Vincent and the Grenadines and has not been generating revenue to adequately sustain its operations. Thus in 2001, just after the accession to power of the current ruling party, a proposal was made to the Government advising of the necessity to convert the hospital to an authority and privatize its operations in order to achieve financial sustainability and relieve the country and its taxpayers of some of the financial burdens associated with the management of the hospital. At that time the proposal was not accepted.

Since then analyses were undertaken of the hospital's human and financial resources and the findings were presented once again to the Government. The studies found inter alia that the hospital was losing revenue, there was a lack of accountability and transparency in its financial operations, and that efficiency had been compromised. This time the proposal to convert to a hospital authority was accepted and plans are on stream to proceed with the conversion. Thus far the requisite Bill has been laid in Parliament.

## **Challenges**

The Ministry of Health had several consultations with unions aimed at obtaining their support and collaboration with the conversion process. It was recognized that the conversion process would have implications for employees who would now have to determine whether they prefer to remain in the general public service or work with the hospital authority.

Unfortunately union support has been lukewarm and sporadic resulting in labour management relations being strained and directly impacting on employee perception of the reform initiative. The Ministry of Health is in the process of outlining a communication strategy to inform employees of the need for the conversion, its benefits in terms of enhancing productivity, personal and organisational effectiveness and to assure them of their roles within the new hospital framework.

The Ministry of Health has also recognized that due to manpower limitations, consideration will have to be given to re-tooling and retraining the current complement of staff to prepare them to perform within the new hospital environment.

## **National Health Insurance Scheme**

Another area of reform relates to the planned implementation of a National Health Insurance Scheme which will be tied to the National Insurance Scheme. This initiative stemmed from government's realisation that a number of citizens could not afford to pay for medical health services, even those which were subsidized and offered within the public health system at a minimal cost. It is therefore envisaged that a component of citizens' contributions to National Insurance Scheme would be paid to the National Health Insurance Scheme in order to allow them greater financial access to necessary medical services.

This initiative received consultation by a number of the country's social partners in particular, the non-governmental organisations, unions, insurance companies and the citizens. A number of town-hall and public meetings were held around the country aimed at sensitizing citizens to the benefits of the initiative and seeking their feedback. From all reports, this initiative was received favourably and to date legislation has been drafted and is awaiting final vetting and approval. It is expected to implement this reform within the next two years.

## **2.7 Customs and Excise Department**

### **Restructuring of Organisation**

As a result of a strategic planning process, Customs and Excise Department saw the need to undergo an organisational restructuring. At that time organisational efficiency was compromised by inter alia, lengthy decision-making processes, as every decision was channeled to the Comptroller of Customs, inequitable distribution of tasks resulting in either the duplication or overlooking of tasks, all of which were directly attributable to the hierarchical organisational structure.

To overcome this, additional units were created and are now headed by Assistant Comptrollers who have been given delegated authority to oversee and manage the unit's respective functions. Linked to the creation of units, was the creation of additional posts and the subsequent re-allocation of duties to ensure that each area of customs administration received adequate attention to ensure organisational efficiency and effectiveness.

This restructuring exercise has led to increased productivity, enhanced efficiency especially in terms of decision-making, greater accountability and improved professionalism and employee morale.

There was no evidence of registered resistance to the restructuring exercise as staff agreed with the changes to the staff complement as the majority of them agreed that the work was not equally distributed.

### **Establishment of the Intelligence Unit**

The Intelligence Unit was created as a result of a recommendation by the World Customs Organisation (WCO) aimed primarily at enhancing enforcement procedures within customs organisations throughout the Eastern Caribbean. The Unit was created to enhance law enforcement procedures by gathering intelligence to aid in crime detection and prevention and in so doing the unit collaborates and shares information with local, regional and international law enforcement entities.

### **Challenges**

The implementation of this unit did not follow a smooth path. In its initial stages, staff viewed its creation with suspicion and regarded it as a method of 'spying' into the affairs of their private business. This perception by staff was attributable to the methods used to set up the unit and to recruit its staff. The unit was created without consultation with the entire staff and without informing them of the need for its creation and benefits. Added to that, the staff which was handpicked reported directly to the Comptroller of Customs and as such members of this unit were viewed as an illustrious elitist group within the organisation.



information/knowledge acquired with colleagues in in-house discussions and learning sessions. By doing this the Training Unit has been able to create a learning organisation and to monitor the impact of the training received and in some instances to assess, albeit not via scientific or objective measures, the returns of the investment.

### Benefits/ Successes

Since the establishment of a training unit, the Customs and Excise Department has been able to realise success in terms of the following:

- better utilization of managerial resources with the creation of the post of Training Supervisor. Previously, training matters were routed to the Deputy Comptroller who also dealt with all personnel related matters, thereby often resulting in decision-making bottlenecks and the inadvertent overlooking of some matters;
- training is delivered in accordance with the demands of the environment to meet immediate needs of the organisation;
- the staff are well trained and as a result execute their duties professionally;
- staff are kept up-to-date with new systems and procedures as a result of training received in a timely manner;
- it has proven to be more cost effective to conduct training as opposed to sending officers overseas on a piecemeal basis; and
- the organisation has more autonomy with regard to the budgeting and provision of training as it does not have to rely on central government for funding or training. This means that the department does not need to compete with other government agencies for training funds and can therefore provide training in the areas needed.

### Challenges

Notwithstanding the above successes, the following challenges have been experienced:

- Lack of / Insufficient trained trainers – the training unit is a relatively small unit, comprising four officers including the supervisor. Consequently, trainers are recruited from among the ranks of customs officers, who though knowledgeable in their respective areas of expertise, lack trainer and training delivery skills which at times

compromises the professionalism of the training course.

- Lack of needs analysis and evaluation of training -

again, due to manpower constraints, the unit has been unable to implement the critical aspects of the training cycle i.e. conducting needs analysis and evaluating training impact. Without performing these critical training related tasks, the organisation has no objective evidence about what are the actual needs of the organisation and its staff. Moreover, without putting systems in place to evaluate the impact of the training and measure on the job changes due to training interventions, there is no reliable justification for the significant investment made in training annually.

- Financial cuts to training budget

By establishing a training unit, the Department has been given some degree of autonomy with regard to determining its annual training budget. However, internally training competes with other organisational programmes and activities and when cuts have to be made, the training budget is almost always the first to suffer.

### **Modernisation of the Customs Information System - Implementation of Asycuda++**

The Customs and Excise Department is currently embarking on a process to upgrade the current computerized system –Asycuda 2.7 to Asycuda ++ as the former system has now become obsolete. Acycuda contains a number of administrative reform and facilitation components which will reduce and simplify further operational procedures and documentation within the Customs and Excise Department.

Asycuda aims to:

- improve the efficiency and effectiveness if customs operations;
- provide the government with the information necessary to formulate and conduct macro-economic and fiscal policy;

- provide other users with information with which to monitor and control trade and revenue;
- provide Customs and Excise Department with additional management information on trade and on individual traders.

### Expected Benefits

The upgrade to Asycuda ++ will result in faster clearance of cargo, improved legitimate trade and revenue control and accurate up-to-date information on trade in goods. In addition, Asycuda will also allow for:

- the introduction of modern practices such as the use of risk management and electronic filing of customs declarations to facilitate trade and enhance control;
- a high-level of harmonization in operational procedures in all areas of customs administration which in turn will provide traders with clear rules;
- the provision of electronic data interchange links and services to exchange information among customs, the trading community and government agencies; and
- a high quality statistical and trade monitoring mechanism will be facilitated with timely and more accurate information.

### Perceived Challenges

In order to successfully implement Asycuda ++, there needs to be inter alia an intense public awareness programme to educate staff and the wider trading community about the system's benefits and training to enable customs officials to use the system effectively. These factors coupled with the financial constraints, presents challenges to the implementation of the upgraded Asycuda system. Thus far, however, the government of St. Vincent and the Grenadines has committed to its implementation and an implementation plan has been outlined and will be rolled out incrementally.

## **2.8 Ministry of Education**

In 2002, the Ministry of Education conducted a sectoral planning exercise aimed at improving education and educational services which were offered at the time. As a result of the process, the following reform initiatives were identified and have been ongoing since then:

- Universal Access to Early Childhood Education
- Modernisation / Amendment of the Education Bill
- Universal Access to Secondary Education
- Adult Literacy Crusade
- Technical Vocational Training & Youth Empowerment Programme
- National Assessments
- On the job Professional Training for Teachers

### **Universal Access to Early Childhood Education**

Currently education at all levels is not compulsory in St. Vincent and the Grenadines. Prior to 2002, a number of children in the age range of 3-5 years old were not given access to early education since a number of the kindergarten schools were privately owned and parents could not afford the tuition fees. As a result, government instituted a number of early childhood centres throughout the country. These centres were given guidelines which sought to add performance measures within their operations and operators were provided with curriculum guidance and training in early childhood education to allow them to efficiently and effectively manage the centres.

### **Modernisation / Amendment of the Education Bill**

The amendment of the Education Bill seeks to correct an anomaly which currently exists whereby primary level education will now be made compulsory for all children at the primary level. Over the years, a number of children slipped through the cracks especially where parents were unable to sustain their education and they therefore ended up liming on the streets or getting into trouble with the law. To reduce the occurrence of this situation, amendments to the current Education Bill have been made and the Bill is currently receiving consultation. It is expected to have this Bill passed by 2007.

### **Universal Access to Secondary Education**

UNESCO and other international agencies provided the Government of St. Vincent with technical assistance and funding to undertake a number of studies on the status of its secondary school education. Consequently, it was decided that all students of secondary school age should be given access to a secondary school education regardless of their social status. The goal was to grant this universal access by 2015. However the Ministry of Education was able to implement this initiative by 2006.

## **Technical Vocational Training & Youth Empowerment Programme**

One of the drawbacks of not enforcing universal access to secondary education was that boys were often sidelined. To counteract this, technical and vocational education was introduced to provide those children who did not have secondary education or those who were not very successful in the academic studies with technical skills. The programme used the competency based approach which purports that if the student is given excellent instruction and adequate time to grasp the material, he or she will be able to master the skill that was taught. Hence, the technical vocational programme also allows its students who are not successful to re-enter the system to be re-trained until they can be certified.

The teachers' union estimated that between 8 and 10 percent of secondary school-age children did not attend school during the year. Thus as a supplement to secondary school, the Government sponsored the Youth Empowerment Program, which was an apprenticeship programme for young adults interested in learning a trade. Approximately 500 youths were enrolled in this program, earning a stipend of about EC\$400 a month, to which private sectors employers contributed additional amounts in some instances.

## **Adult Literacy Crusade (ALC)**

The Adult Literacy Crusade is an initiative which was established in 2005 and funded by central government, to allow adults who are functionally illiterate to alter that situation by learning to read and write. The ALC also emphasizes life skills to its clients by teaching them inter alia, how to complete certain necessary forms.

## **National Assessments**

In 2006, the Ministry of Education for the first time introduced the concept of continuous national assessment in the school system. This initiative provides continuous assessment of children's learning development at the following four levels:

- Grade 2
- Grade 4
- Grade 6
- Grade 9

Grades 2 and 4 assessments occur at the pre-school and the primary levels of education respectively; grade 6 assessment at age 11+ and is done via the Common Entrance Examination; and grade 9 assessment occurs at 3<sup>rd</sup> form of secondary school and is done in conjunction with Caribbean Examination Council (CXC).

This system ensures that a child's performance is continually assessed from pre-school and in so doing creates profiles on the children to track their development. This allows the child's weaknesses to be identified at an early stage to allow for early corrective action.

## **On the job Professional Training for Teachers**

By extension, the process of continuous national assessment also provides indicators to assess the teacher's performance and productivity. For instance, if a child fails at any stage of an assessment, the teacher becomes accountable for the failure and must take responsibility as this is taken as a direct reflection of the teaching skills. Thus teachers are provided with guidelines and standards which they are expected to use. To ensure that teachers are competent to meet the standards, the Ministry of Education has insisted that all teachers, whether trained or untrained, must go through a process of on the job teacher training which seeks to ensure that they are equipped with the necessary skills to achieve results in the classroom. The on the job training is conducted by the Teachers Training College and the programme is accredited by the University of the West Indies.

## **2.9 Public Sector Reform Unit**

### **Introduction of the Performance Management Development System (PMDS)**

One of the key reforms initiated by the Public Sector Reform Unit (PSRU) was the implementation of the Performance Management Development System (PMDS). In 2000 a review of the then existing performance appraisal process was conducted and it discovered that the system was largely subjective, lacked continuity, was not transparent and was not linked to ministerial /departmental strategic objectives.

#### Perceived Benefits

The hallmarks of the new PMDS were identified as the development of individual work plans, setting targets, establishing performance standards, measuring productivity and continuous assessment and feedback.

In comparison to the existing system PMDS was viewed as highly effective, transparent, merit-based, results oriented and more capable of succession and career planning – all of which are deemed critical for improvement of the public service and by extension the country.

Thus, the successful implementation of PMDS would result in the following positive outcomes:

- The linking of individual performance to the key tasks and key results for each agency;
- Encouragement of and the appraisal of the development of employee competencies;
- Provision of opportunities for improved dialogue between employees, supervisors and managers;
- Improvement in work planning;
- Clarification of authority, responsibility and reporting relationships in order to ensure accountability and transparency;
- Recognition and reward of good performance through incentives and opportunities for career development; and
- Appraisal of the performance of all employees in an open, objective, fair and consistent manner.

Unfortunately, PMDS was unsuccessfully implemented throughout the entire public service in 2000. A review committee was subsequently established to investigate the reasons for its failure, and cited the following as among the general problems:

- a high degree of uncertainty about the role of the PSRU and the autonomous Services Commission Department (SCD) in the management of the PMDS, especially in view of their limited collaboration;
- the lack of drive and support among senior public officers due to the perception that it represented an increased workload;
- public service wide-scale implementation of PMDS as opposed to using a phased implementation approach;
- inappropriate training and follow-up throughout the public service;
- limited training (1 day) for the users of the system which was inadequate to ensure a thorough understanding of PMDS;
- the absence of standardised job descriptions and in many instances, strategic plans;
- the absence of unclear appeals procedures;
- the absence of a rewards / recognition strategy;
- the unsuitability of the system to all categories of public officers who by the nature of their job positions, possess different required behaviours; and
- the absence of a communication strategy to sensitize public officers and enhance the buy-in process and in so doing reduce the tendency to suspicion.

Following the findings of the review committee, it was decided to make another attempt at implementing PMDS in 2006. Consequently, the approach to implementation has been amended in some areas and includes the following actions:

- the use of a pilot in three departments to test the system;
- the provision of training to the departments in the pilot process for the duration of three days;
- the standardisation of job descriptions for the respective pilot departments; and
- the standardisation of required behaviours per sector – for instance, teachers, nurses and police have different requirements and the measurement of those behaviours have been standardised.

## Challenges

Notably, what is still outstanding is a clear definition of the role of SCD vis a vis the PSRU with regard to the management of PMDS. Moreover, an appeals procedure and a rewards system still have not been outlined. While training of the pilot staff has been increased to three days, there is still no adequate plan in place to provide technical assistance and follow up to the departments after the training. In addition, a public relations / sensitization strategy has not been enunciated and to date there still appears to be a lack of widespread support and buy-in for PMDS and thus the cloak of suspicion still remains to some extent.

Added to the above, the timeframe for implementation appears on the surface to be unrealistic as the current plan is to roll out to the entire public service by 2007 on an incremental basis. While rolling out incrementally in itself may not present a problem, there is still the challenge of providing technical assistance to ministries/ departments after they have undergone the training to ensure full understanding and application of the system.

## **New Public Service Act**

Another priority reform is the enactment of a new Public Service Act. This Act seeks to embody the Civil Service Orders and Public Service Regulations. However, since many of the current regulations are obsolete, a comprehensive review of both documents is currently being undertaken to assess relevancy. The entire process is expected to be completed by the end of 2007.

## **Public Service Week**

Within the last three years, the PSRU has been organising a week of activities annually, which are designed to develop camaraderie among public officers. Activities are structured to allow officers to socialize and at the same time to learn something about the role of other selected government agencies. Activities include sporting events, concerts, exhibitions, staff exchange programmes and public lectures.

## **Procedural Manuals**

The Unit has also dedicated some resources to assisting ministries and departments develop procedural manuals for various organisational functions. Thus far the process has only been piloted within two departments due to limited manpower resources.

## **Customer Service Charters**

The PSRU has also engaged in a customer service survey, the findings of which provided the mechanism to launch a service charter. The customer service charter is being

launched with the Immigration Department and it is expected that after the pilot process, the service can be extended to other government agencies.

## **Challenges**

In addition to the many challenges of the PSRU which have already been outlined at section 2.2 of this report, generally, the work of the unit continues to be compromised as a result of a severe shortage of staff as well as staff with specialised skills to lead certain programmes. Consequently, programmes are often initiated in ministries and departments but because of the shortage of staff, follow up and technical assistance after the launch of the initiative have been shortchanged.

Added to the human resource challenge, the unit has not been fully computerized and hence many of its functions are still done manually. This has therefore forced the department to be realistic in terms of the projects it can reasonably undertake given its technological challenge.

## **3.0 Lessons Learned**

It is generally agreed that the main lesson learnt from the reform experience in St. Vincent and the Grenadines, centres on the need to define and specify the role and function of the Public Sector Reform Unit (PSRU).

In earlier diagnostic studies of the public sector reform process, the Unit and its mandate, it was suggested that given the reality of the Unit's circumstances i.e. its limited manpower resources, that the Unit would be more effective and efficient, if agencies across the public service were encouraged to take responsibility for and ownership of the implementation of their own reform initiatives. The PSRU would in turn play a more facilitatory role by providing agencies with strategic policy direction and technical assistance in accordance with national development objectives.

Whilst this has worked to some extent with pockets of reforms being undertaken by individual agencies, the end result has been that with departments moving forward with implementing their own reforms without the involvement of the PSRU, has added to the already existing perception that the Unit is ineffective and unnecessary since in many instances the Unit had very limited knowledge of the details of the respective reform initiatives.

Thus, despite the Unit's more than 20 years in existence, it has been unable to clearly articulate throughout the public service, its role and responsibilities. The result has been that public officers are still relatively unclear about the nature of the role and activities that should be undertaken by the Unit largely because it has been unable to build a

formidable track record of accomplishment to foster the necessary environment which would be favourable to its existence and to public sector reform in general.

With agencies pursuing their own reforms, this has led to a rather piece-meal and ad hoc reform programme and in many instances, there has been little or no indication as to whether reforms were undertaken in accordance with national development objectives. Therefore, it has been agreed that for public sector reform to be successful, reform activities must be part of a comprehensive programme and linked to the nation's development goals.

While the reform programme in St. Vincent and the Grenadines can boast full political commitment and support at the very highest political level, there is a belief that more leverage, visibility and credibility would be achieved if the Unit was placed directly within the Prime Minister's portfolio. Certainly the negative image and misconceptions about the significance of the Unit would be dispelled if it was seen by its governmental counterparts as having a more strategic role to play than currently obtains.

#### **4.0 Conclusion**

The Government of St. Vincent and the Grenadines is fully aware that the country's national development and survival in the global economy is dependent on its ability to achieve its objectives and to transform and modernize its public services

Consequently, significant progress has been made to ensure that certain factors are in place to stimulate and push the drive towards modernization. Factors such as political commitment, the availability of key resources to facilitate planned changes, 'buy-in' by key stakeholders have all made a difference to the process. However, there is still some work to be done.

It is therefore critical that every effort is made to keep abreast of changing trends in the global environment to ensure that policies are adopted which will guarantee the achievement and sustainability of national development objectives.

## References

1. Policy Framework for Public Sector Reform in St. Vincent and the Grenadines, produced by the Centre for Management Development.
2. Extracts from the Audit Department's Corporate Plan and Draft Audit Act
3. Extracts from Customs & Excise Department's Corporate Plan
4. Wikipedia-<http://en.wikipedia.org/wiki/St.Vincent>
5. The Government of ST. Vincent & the Grenadines Official website, [www.st.vincent.gov](http://www.st.vincent.gov).