Document of the Inter-American Development Bank

**Barbados**

**Deployment of Cleaner Fuels and Renewable Energies in Barbados**

**(BA-L1012)**

**NPC Institutional Analysis**

This document was prepared by the Project Team

# Introduction

The Inter-American Development Bank (IDB) is preparing a loan operation (Loan BA-L1012) for the Government of Barbados (GOB) to support the deployment of cleaner fuels and renewable energies in the country. This operation will be a loan to be executed by the National Petroleum Corporation (NPC) of Barbados and the main objective is to support Barbados’ energy security by enhancing the energy sector as well as promoting the introduction of cleaner fuels such as natural gas (NG) in form of liquefied natural gas (LNG) and the implementation of smart energy solutions such as photovoltaic power systems (PVs) for NG production activities and design of new smart and green energy public buildings.

The Inter-American Development Bank (IDB) hired Jed Bailey to give technical assistance for the preparation of the required analysis for the Loan BA-L1012. This technical assistance includes this report assessing NPC’s institutional capacity using the IDB’s Internal Control – Institutional Capacity evaluation form.

## Report Structure

This Institutional Analysis Report presents a summary assessment of NPC’s institutional capacity (section 2), the methodology and sources used for the analysis (section 3) and a detailed assessment of NPC’s institutional capacity across the various component of the IDB institutional capacity assessment form. These components include:

* Planning systems (section 4)
* Administrative systems (section 5)
* Personnel management systems (section 6)
* Goods and services management systems (section 7)
* Financial management systems (section 8)
* Internal control systems (section 9)
* External control systems (section 10)

# Summary assessment of NPC institutional capacity

NPC’s institutional capacity was assessed based on the information gathered through the IDB Internal Control - Institutional Capacity evaluation form, documents provided by the NPC, and interviews and discussions with senior NPC management. NPC has robust policies and procedures in place and fosters a culture of implementing established procedures when managing critical business processes. Each of the seven components noted above was assessed to be at a Satisfactory level of development with a Low Risk indicator, with the exception of the planning and administrative systems, each of which was assessed to have both a Medium level of development and a Medium Risk indicator.

Key strengths across the various components included well established procedures for managing annual planning, delegation of tasks, and implementing activities to meet annual goals across each department. Senior management’s deep domain expertise and long experience working at NPC, as well as strong and cordial relationships among senior staff and between departments are also major components to NPC’s institutional capacity. NPC has also established suitable electronic systems, including accounting, procurement, and inventory control, and periodic physical verification that the data in the systems corresponds to the physical assets and inventory. The staff members responsible for data entry and system operations are familiar with the programs and are separate from the staff members that perform audits and physical verifications.

The most important weakness in most categories is the lack of formal documentation of company policies, procedures, process flows and lines of communications. As a relatively small company, NPC senior staff has frequent interactions across department lines and coordinates activities through both formal and informal channels. As many members of senior management have been in their positions for much of their career, most institutional knowledge remains unwritten and resides in the collective experience of the senior management team. The lack of formal documentation places the institution at risk should key members of staff leave without passing on their knowledge. The pending amalgamation with BNOCL also poses a risk to NPC’s institutional capacity as changes in personnel, responsibilities, and reporting lines could disrupt the current informal interactions. Without clear documentation of processes and policies, new employees or those in new roles may not know where to go in order to learn the established way of doing business at NPC.

The identified weaknesses can be mitigated through more complete documentation of NPC’s current policies and procedures. Specific processes that require documentation include:

* Annual planning and budget preparation processes, including the personnel involved, roles and responsibilities, process flow (such as a flow chart clarifying the order of each step, interdependencies between steps, and the time required to complete each step), and any specific models or methodologies used
* Updates to the current operating manual, including an organizational diagram showing the areas of activity and their functional relationship, levels of authority and supervision, advisory functions, and lines of communication. The updated operating manual should also include procedures for periodic updates or validation and be approved by the Board.
* Project-specific personnel, roles, responsibilities, and procedures related to the loan operation’s execution, procurement of the required goods and services, financial management, and ongoing monitoring and evaluation by the project execution unit (PEU)

Throughout the NPC-BNOCL merger it will be important to monitor any changes in the established policies, systems, processes, and execution of activities under each seven key components noted above. Change in key personnel, roles, responsibilities, and reporting lines may also affect the company’s institutional strength.

# Methodology and Information Sources

This institutional assessment was guided by the IDB Internal Control – Institutional Capacity evaluation form. This form is structured as a questionnaire that reviews a company’s institutional structure, processes, documentation, and implementation across the multiple categories noted above. The form was used as a guide for interviews with key NPC staff and for gathering supporting documentation.

In addition to informal discussions with the NPC team, the IDB team held three formal interviews focused on specific areas of the Institutional Capacity evaluation form:

* July 5, 2016: Denise Salabie, Russel Franklyn and Jed Bailey met with James Browne and Birchmore Scantlebury to discuss NPC’s financial management systems, internal controls and external controls.
* July 7, 2016: Jed Bailey met with Damien Catlyn to discuss goods and services management and planning systems
* July 14, 2016: Jed Bailey spoke with James Browne to discuss planning, administrative, personnel, and goods and services management.

In addition to the interviews with NPC staff, the IDB team reviewed internal NPC documents related to management and administration processes. These documents include:

* NPC annual reports and financial statements
* NPC annual budget reports
* NPC Project Unit Detail document
* NPC Policy Procedures (Personnel and Administration)

# Planning Systems

The planning systems assessment centers on the procedures and documents that are in place to guide corporate planning and programming activities and the actual execution of the established procedures.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s planning systems.

## Data sources

Data regarding NPC’s planning systems procedures and implementation come from the company’s annual reports from 2010, 2012 and 2013; draft financial report from 2015; annual budgets from 2013-2016; and, discussions with James Browne, NPC General Manager.

## General planning analysis

NPC’s annual planning is performed by the company’s senior management team. The team follows a defined process in which department heads bring plans for their respective areas, the team as a whole reviews the individual department plans and then drafts a company-wide annual plan. This process has been followed for many years but is not formally established in a planning document.

Once the annual plan is finalized and approved by the company Board and Energy Ministry, individual departments monitor the implementation of the plan using the same internal systems that are used to monitor their department’s operations. As such, there is no single central system used to monitor ongoing implementation, although a single report on the company’s activities and progress toward its goals is developed each year.

## Planning documents analysis

NPC’s senior management team jointly develops a budget each year that reflects the company’s main goals and the specific objectives and activities that each department will undertake in order to support the broader goals. This process ensures that the responsibilities and functions to implement the annual plan are adequately defined and assigned among the company’s senior management.

Although the process is well established and familiar to senior management, it is not well documented. For example, there is no central manual to guide the process and relies upon institutional memory to be maintained. In addition, there is no flowchart of the necessary order and interdependence of activities to achieve the budgeted goals, estimated time to carry out each activity, indicators to track to verify achievement of the goals, or anticipated risks and mitigation measures to implementing the budget.

The planning process results in an annual budget that is submitted to the NPC Board and Ministry of Energy for approval. Once approved, implementation of the budget is tracked through the monitoring systems and procedures used to manage ongoing operations.

## Planning execution analysis

Progress against the annual plan is reported once a year in the company’s annual report. This report includes analysis of the company’s performance against its annual plan and ideas to improve performance in the future. The company’s actual actions generally conform to the annual plan, although, in some recent years, emergency events (such as the advent of natural as shortages in 2014) have forced the company to change priorities mid-year. In these cases, there is a relatively high bar to justify a change in course or adjustment to the plan. Because these examples of course-corrections have happened in the past, prior to NPC entering into any loan agreements with the Bank, Bank approval for changes to the annual plan are not applicable.

## Capacity assessment

Table 1 below summarizes the key aspects of NPC’s planning systems. Based on this assessment, NPC has adequate planning practices in place, scoring Medium in both Development and Risk in the IDBs ranking system. The primary weakness of the NPC’s planning system is the lack of documentation of the system itself. This does not appear to have a detrimental effect on the current planning process, but does leave the company more vulnerable to loss of institutional memory in the event of key personnel departures.

The identified weaknesses can be mitigated through more complete documentation of NPC’s current policies and procedures. In particular, the annual planning and budget preparation processes should be documented. This documentation should include the personnel involved, their roles and responsibilities, and a clear process flow including a flow chart clarifying the order of each step, the interdependencies between steps, and the time required to complete each step. The documentation should also specify any models or methodologies that are used.

Areas that merit continued monitoring include observing the timeliness in which planning documents are submitted to Board and Ministry approval, any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 1: NPC Programming Activities System Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Programming activities system** | | **Yes** | **NO** | **NA** | **Answer justification** |
|  | | | | |  |
| **1** | Are the Planning and Programming responsibilities and functions adequately defined and assigned among the Entity's personnel? | **1** |  |  | **The NPC management team jointly develops the annual plan** |
| **2** | Are there defined programming procedures in place, such as: manuals, formats, models and methodologies, for the preparation of the Plans and Programs, as well as a procedure for their approval and modification? |  | **1** |  | **The process is well established within the management team, but the process is not written down.** |
| **3** | Have monitoring and follow-up procedures or mechanisms been designed, so that proper compliance with Plans and Programs can be determined (Including compliance with indicators; identification of between programmed and executed activities and the preparation of execution reports)? | **1** |  |  | **The management team uses the same monitoring systems and procedures that they use to manage the company's operations.** |
| **4** | Has an Annual Program of Operations (APO) or equivalent document been prepared and is it consistent with the general Planning? | **1** |  |  | **A written plan is sent to Board and to the Energy Ministry for approval.** |
| **The planification document (POA) establishes:** | |  |  |  |  |
| **5** | What are the general and specific objectives (components) and goals (indicators)? | **1** |  |  | **Annual budget includes details on planned initiatives** |
| **6** | The activities or tasks necessary to reach these objectives and goals? | **1** |  |  | **The budget provides a high level overview of the tasks required to meet the company's broad objectives.** |
| **7** | A diagram or flowchart representing the necessary order and interdependence of the activities to reach the objectives? |  | **1** |  |  |
| **8** | Estimated time to carry out each activity or task? |  | **1** |  |  |
| **9** | The Responsible parties for executing or coordinating the activities or tasks? | **1** |  |  | **The budget identifies the main objectives for each department** |
| **10** | The indicators of results and means for verification that allow measuring the achievement of the established goals? |  | **1** |  | **The budget does not identify results indicators or means for verification** |
| **11** | The risks (assumed) to the success of planning and the necessary actions to prevent or mitigate them? |  | **1** |  |  |
| **Execution :** | |  |  |  |  |
| **12** | Are reports being issued on the progress of the APO, according to what had been planned on previous policies? | **1** |  |  | **An annual report is submitted at the end of the year.** |
| **13** | When the reports identify non-fulfillment or considerable risks for effectiveness, were actions taken to address these risks and to improve the probability of execution? | **1** |  |  | **Yes. The management team does a post-mortem review and identifies actions to improve future performance.** |
| **14** | In practice, does the execution represent the actions previously mentioned? | **1** |  |  | **Per the General Manager, the team has executed its plan consistently except when they had to revise in mid-year due to address a crisis. For example, in 2014 the NG shortage forced them to drop the annual plan and focus on building the micro-LNG facility to meet NG demand.** |
| **15** | If APOs have been modified, is there sufficient and adequate evidence to justify those modifications? | **1** |  |  | **Yes. In the example above, the change was only made because of events forcing a change in priorities.** |
| **16** | Have the changes to the APO been approved by the Bank? |  |  | **1** | **Not applicable as the plans were made and executive prior to the loan operation.** |
|  | TOTALES | **10** | **5** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | Yes | | \* 100 | [66.67](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C10) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no** |  |  | [MD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F10) |
| **Incipient DI (0-60)** | **ID (41-60)** |  |
| **Median MD (61-80)** |  |  |
| **Satisfactory SD (81-100)** |  |  |
| **RISK:** | | **High RA (0-40)** |  |  | [RM](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G10) |
| **Substantial RS (41-60)** |  |  |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** |  |  |

Source: IDB standard assessment form, based on data from NPC

# Administrative Systems

The administrative systems assessment centers on the procedures and documents that are in place to guide administrative activities and the actual execution of the established procedures. These include the company organizational manual, position profiles, execution, operations or audit regulations manual, and project administration

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s administrative systems.

The IDB assessment form includes an assessment of the Operation Regulations manual for global credit and investment programs, including options for projects with decentralized execution. As the current project is in the design phase, this analysis is not applicable.

## Data sources

Data regarding NPC’s administrative systems procedures and implementation come from the NPC Policies and Procedures Manual (July, 2008 update), the NPC document titled “Project Unit Details”, and discussions with James Browne, NPC General Manager, and senior management.

## Organizational manual analysis

The NPC Policies and Procedures Manual details the company’s organization, functions, procedures, and levels of authority. The Manual provides the greatest operational detail in regard to procurement processes and personnel management. In particular regard to procurement processes, the Manual clearly identifies levels of authority and responsibility for specific positions. In addition, the Manual assigns responsibilities in such a way as to maintain independence among those responsible for authorizing, executing, recording transactions, and watching over goods that are procured. For example, the HR and Administration Department is responsible for purchasing and managing the company’s plant and equipment, while the Finance and Accounting Department is responsible for the company’s inventory systems and ensuring that the company adheres to its commercial practices.

The Manual is provided to all employees and they are required to read and certify that they understand their functions and responsibilities. This certification is required by the Barbados Employment Act and NPC fully complies with the Act.

The Manual does not include an organizational chart detailing the functional relationships among the company’s departments, levels of authorization and supervision, or lines of communication. As with the planning systems noted above, functional relationships and lines of communication appear to be well established and familiar to senior management, but are not well documented.

## Position profiles analysis

The NPC Policies and Procedures Manual notes that position profiles are developed prior to the initiation of the recruitment process for any position. The company has also developed clear salary bands for each position which appear to be in line with current market value. In addition, the Project Unit Details document specifies the positions within the PEU, their respective roles and responsibilities, and required areas of expertise. Observations of staff interactions and procedures over the course of a week spent in the NPC offices suggests that the organizational climate, including interdepartmental communications and delegation of authority, operates as it is described in the company’s documentation.

## Execution analysis

The NPC is a formally organized government entity under Barbados law. As such, the NPC has the legal and financial independence to manage its own development. In addition, the NPC has fulfilled the functions and responsibilities that were identified in the project profile and has fully staffed the proposed PEU with current NPC employees.

## Capacity assessment

Table 2 below summarizes the key aspects of NPC’s administrative management systems. Based on this assessment, NPC has adequate administrative management practices in place, scoring Medium in both Development and Risk in the IDBs ranking system. NPC documented its practices in moderate detail and has operated in accordance with its reported processes and procedures. The primary weakness of the NPC’s administrative systems is the lack of an organizational chart that specifies functional relationships, levels of authority and supervision, and lines of communication among the company’s departments. This does not appear to have a detrimental effect on the current administrative processes, but does leave the company more vulnerable to loss of institutional memory in the event of key personnel departures.

The identified weaknesses can be mitigated through more complete documentation of NPC’s current policies and procedures. Most importantly, the current operations manual should be reviewed and updated. The update should include an organizational diagram showing the areas of activity and their functional relationship, levels of authority and supervision, advisory functions, and lines of communication. NPC should also establish procedures for periodically updating or validating the manual and have it approved by the Board.

Areas that merit continued monitoring include any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 2: NPC Administrative Systems Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Administrative Organization System** | | **Yes** | **NO** | **NA** | **Answer justification** |
| **Organization Manual** | | | | |  |
| **1** | Is there an Organizational Manual (OM) or equivalent instrument? | **1** |  |  | Same as personnel policy document |
| **2** | Are there procedures for periodical update and validation of the OM? |  | **1** |  | Document not updated since 2008 |
| **3** | Does the OM include the functions, responsibilities and authority for the performance of each position? | **1** |  |  | Provides detail of specific positions |
| **4** | Did the OM include the decentralization and delegation of authority and functions to the lower levels? | **1** |  |  | Department descriptions and authority, and detailed procurement process and authorization levels |
| **5** | Were the manual's functions assigned in such a way to maintain independence of those in charge of authorizing, executing, recording transactions and to watch over goods and valuables? | **1** |  |  | Procurement process separates tender execution from final authorization above a minimum value threshold |
| **6** | Were the OM or organizational diagram and functions made known to all related personnel? | **1** |  |  | OM is provided to all employees |
| **7** | If so, did each employee sign a form that he/she has read and understands his/her functions and responsibilities? | **1** |  |  | Yes. This is part of the Employment Act and NPC employees comply |
| **8** | Are the OM and organizational diagram properly authorized by the Board of Directors or competent authority related to the Executing Agency (EA)? |  | **1** |  | The OM was developed by management for internal use and has not been submitted for Board approval. |
| **The organizational diagram indicates:** | |  |  |  |  |
| **9** | The areas of activity and their functional relationship (General Management, Finance, Personnel, Procurement, Production of goods and services, etc.) |  | **1** |  | OM does not include an organizational diagram |
| **10** | The levels of authority and supervision? |  | **1** |  |  |
| **11** | The levels of advisory functions (without level of responsibility) |  | **1** |  |  |
| **12** | The lines of communication? |  | **1** |  |  |
| **Positions profiles:** | |  |  |  |  |
| **13** | Were the profiles of the positions needed for the execution of the anticipated functions (also including Consultants) designed and approved? (Academic background and experience) | **1** |  |  | Positions for the PEU were designed by NPC and shared with the IDB for comment. They do not include required academic background. |
| **14** | Have the profiles indicated in 13 been associated with payment levels that are equivalent to the market value? | **1** |  |  | Yes. The positions include an estimated salary rate and are related to government pay grades |
| **15** | Is the organizational climate a reflection of what has been planned in the OM? (Take into account the statements of weaknesses and strengths made by those responsible of this sub-system and the impressions gathered in the different interviews) | **1** |  |  | Department heads demonstrated active control of their respective responsibilities |
| **16** | Does the delegation of functions allow each level to make decisions and fulfill the functions assigned to them? | **1** |  |  | Procurement process example, department tasked with implementing identified tasks from budget |
| **Execution** | |  |  |  |  |
| **17** | Has there been a definition and formalization of the administrative (autonomy), organizational, and legal aspects of the executing agency, and the co-executing agencies? | **1** |  |  | Yes. The EA is a government entity. |
| **18** | Does the EA have the legal and financial mechanisms for its autonomous or independent development? | **1** |  |  | Yes. The NPC Act defines the EA's legal and financial status. |
| **19** | Were the OM and organizational diagram of the EA and its components designed according to the needs established in the planning process and in the APO? |  |  | **1** | Loan is in design phase |
| **20** | Are the functions and responsibilities identified in the project report fulfilled for the project's execution? | **1** |  |  | Yes. The PEU is established and staffed with current NPC employees |
| **21** | In practice, are all the Organizational Units working with the planned personnel? | **1** |  |  | Yes. The NPC does not have any major positions vacant. |
| **Operations Regulations Manual (OR), Audit Regulations Manual (CR):** | |  |  |  |  |
| **22** | If applicable, has an Operations Regulations Manual (OR) or Audit Regulations Manual (CR) been prepared with previous approval of the Bank? |  |  | **1** |  |
| **23** | Were the OR/CR formalized and made known among the participants in the execution of the operation, documenting these actions? |  |  | **1** |  |
| **24** | Did the OR/CR establish that all financial or administrative operations have the necessary back up documentation? |  |  | **1** |  |
| **25** | Does this documentation allow to identify the nature, purpose and results of each operation? |  |  | **1** |  |
| **26** | Does the designed OR/CR describe the procedures for authorization , movement, registration and timely control procedures of all technical, financial and administrative operations related to the project? |  |  | **1** |  |
| **In case of a global program of investments, the RO includes the following sections:** | |  |  |  |  |
| **27** | Purpose and definitions? |  |  | **1** |  |
| **28** | Objectives and Description of the Program? |  |  | **1** |  |
| **29** | Eligibility criteria for the co-executors and the investments (technical, economic and financial)? |  |  | **1** |  |
| **30** | Assignment of Program resources? |  |  | **1** |  |
| **31** | Resource transfer, disbursements, revolving fund, and accountability mechanisms? |  |  | **1** |  |
| **32** | Tracking (reports)? |  |  | **1** |  |
| **In case of a global program of credit, the CR includes the following sections:** | |  |  |  |  |
| **33** | Purpose and definitions? |  |  | **1** |  |
| **34** | Program Objectives and Description? |  |  | **1** |  |
| **35** | Eligibility and participation criteria for the IFIs? |  |  | **1** |  |
| **36** | Eligibility criteria for the sub-borrowers and sub-loans? |  |  | **1** |  |
| **37** | Terms and conditions of the sub-loans? |  |  | **1** |  |
| **38** | Formalization of the sub loans? |  |  | **1** |  |
| **39** | Use of repayments and follow up (reports) |  |  | **1** |  |
| **In the case of decentralized execution of projects, with multiple co-executors, is planned by the UCP:** | |  |  |  |  |
| **40** | A flowchart with responsibilities and functions of the PCU and of co-executors? |  |  | **1** |  |
| **41** | A flowchart with responsibilities and functions of the managing entity, when the participation of a private or specialized agency is anticipated? |  |  | **1** |  |
| **42** | Monitoring systems and report to track the use of resources by the co-executors? |  |  | **1** |  |
|  | **Total** | **14** | **6** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | Yes | | \* 100 | [70.00](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C11) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** | | | [MD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F11) |
| **Incipient DI (0-60)**  **ID (41-60)** | | |
| **Median MD (61-80)** | | |
| **Satisfactory SD (81-100)** | | |
| **RISK:** | | **High RA (0-40)** | | | [RM](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G11) |
| **Substantial RS (41-60)** | | |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** | | |

Source: IDB standard assessment form, based on data from NPC

# Personnel Management Systems

The personnel management systems assessment centers on the procedures and documents that are in place to guide personnel management activities and the actual execution of the established procedures.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s personnel management systems.

## Data sources

Data regarding NPC’s personnel management systems procedures and implementation come from the NPC’s Policies and Procedures Manual and discussions with James Browne, NPC General Manager, and senior staff.

## Policies and procedures analysis

Responsibility for personnel management rests with the Human Resources and Administration department. NPC policies and procedures for personnel management are contained in the company’s “Policies and Procedures Document.” This document was last updated in 2008.

The Policies and Procedures documents includes processes for basic HR functions, including classification of positions, search and selection to fill senior posts, orientation and training, professional development, performance evaluation, employee benefits such as social security, and employee obligations, such as taxes and union processes.

NPC policies state company procedures for staff attendance, vacation duration and timing, insurance programs, and general benefits. Although the document does not state specific processes for replacing key personnel in the case of temporary absence, NPC has designated alternate contacts for key positions within the PEU (such as accounting , procurement, and quality assurance) to ensure continuity in the case of a sudden absence by any of the main team members.

## Execution analysis

The Project Unit Details documents notes the current staff that have been assigned to the PEU, as well as additional new hires that are required to complete the team. Because the key positions were filled with existing staff, there was no need to follow Bank recruiting procedures or to receive a prior statement of “no objection” from the Bank. Each staff member assigned to the PEU is among the senior management for their relative department within NPC and, as such, bring the required experience and expertise to successfully carry out their functions within the project implementation plan. The salaries for each member of the PEU, including additional payments on top of current employee’s base salary to compensate for the additional work load, is documented and in line with NPC’s existing salary and compensation schedule.

## Capacity assessment

Table 3 below summarizes the key aspects of NPC’s personnel management systems. Based on this assessment, NPC has strong personnel management practices in place, scoring a Satisfactory ranking for Development and a Low Risk ranking. NPC has documented its personnel practices in sufficient detail and has operated in accordance with its reported processes and procedures.

Areas that merit continued monitoring include the processes used to hire on consultants or additional junior staff to complete the PEU, any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 3: NPC Personnel Management Systems Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Personnel management system** | | **Yes** | **NO** | **NA** | **Answer justification** |
|  | | | | |  |
| **1** | Have the responsibilities to manage personnel issues been formally assigned? | **1** |  |  | Yes. The HR department is responsible for managing personnel issues |
| **2** | Does the person (or persons) in charge of personnel management functions have the skills and experience required in Human Resources? | **1** |  |  | Yes. The HR department head has experience in managing personnel issues. |
| **3** | Does the Entity have authorized policies and procedures formally included in a Manual or equivalent document, about personnel management? | **1** |  |  | Yes. The NPC Policies and Procedures Manual details employment procedures and employee rights and responsibilities. |
| **The current policies and procedures, include such things as:** | |  |  |  |  |
| **4** | Existing policies and procedures include the following: Search and Selection | **1** |  |  | Yes. The NPC Policies and Procedures Manual details recruitment processes for specific levels of employee. |
| **5** | Orientation and training? | **1** |  |  | Yes. The NPC Policies and Procedures Manual describes the orientation and training programs for employees. |
| **6** | Professional development? | **1** |  |  | Yes. The NPC Policies and Procedures Manual lists professional development requirements and opportunities for employees. |
| **7** | Performance evaluation? | **1** |  |  | Yes. The NPC Policies and Procedures Manual describes the performance evaluation process for employees. |
| **8** | Classification of positions and salary levels? | **1** |  |  | Yes. The NPC Policies and Procedures Manual lists positions and general salary levels. |
| **9** | Social security? | **1** |  |  | Yes. The NPC Policies and Procedures Manual lists all government provided benefits including social security. |
| **10** | Taxes and other labor obligations? | **1** |  |  | Yes. The NPC Policies and Procedures Manual describes the worker union as well as tax obligations for employees. |
| **Other requirements** | |  |  |  |  |
| **11** | Are there procedures for the control of staff attendance? | **1** |  |  | Yes. The NPC Policies and Procedures Manual lists standard work times and expectations for attendance. |
| **12** | Is there a duly approved vacation program for all personnel? | **1** |  |  | Yes. The NPC Policies and Procedures Manual defines procedures for vacation approval. |
| **13** | Is there a plan to replace key personnel in case of temporary absence? | **1** |  |  | Yes. Key positions within the PEU have designated backups who will act in their place during a temporary absence. |
| **14** | Are there policies about the procurement of insurance policies for the key positions in charge of the administration of liquid assets and goods? | **1** |  |  | Yes. The NPC Policies and Procedures Manual lists insurance policies that are provided to employees. |
| **15** | Have the insured amounts been determined? | **1** |  |  | Yes. The NPC Policies and Procedures Manual notes standard insurance policies that are in place for employees. |
| **16** | In general, is there stability in the composition of the Entity's personnel? | **1** |  |  | Yes. Turnover does not seem to be a significant problem. Most staff on the PEU have been with the company for many years. |
| **Execution** | |  |  |  |  |
| **17** | The current policies and procedures are consistent with the Bank's requirements in terms of recruiting of personnel, including consultants, as indicated in the project's documents and in the loan contracts or cooperation agreement |  |  | **1** | Loan is in design phase |
| **18** | Is the personnel actually hired for the execution of the project consistent with the personnel requirements included in the project document? | **1** |  |  | Yes. Staff interviews and review of project documents indicates that the PEU staff's capabilities are consistent with the project requirements. |
| **19** | Did the project's personnel selection and recruiting process follow what had been recommended in the project report and loan contract? |  |  | **1** | Staff were hired prior to the loan operation commencing. |
| **20** | Do the recruited employees/consultants fulfill the profiles anticipated in the terms of reference or requirements of the positions previously approved by the Bank? | **1** |  |  | Yes. Current staff meet the project requirements. |
| **21** | La contratación de empleados/consultores por parte del OE contó con la no objeción previa del Banco? |  |  | **1** | All Staff assigned to project are current NPC employees and were hired prior to the commencement of the loan operation. |
| **22** | Are the salary levels approved by the EA's classification of positions compatible with the budgeted amount included for this type of expenditures on the program's budget? | **1** |  |  | Yes. Staff salaries are included in the project cost estimates. |
|  | **TOTAL** | **19** | **0** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | Yes | | \* 100 | [100.00](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C13) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** | | | [SD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F13) |
| **Incipient DI (0-60)**  **ID (41-60)** | | |
| **Median MD (61-80)** | | |
| **Satisfactory D (81-100)** | | |
| **RISK:** | | **High RA (0-40)** | | | [RB](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G13) |
| **Substantial RS (41-60)** | | |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** | | |

Source: IDB standard assessment form, based on data from NPC

# Goods and Services Management Systems

The goods and services systems assessment centers on the procedures and documents that are in place to guide goods and services management activities and the actual execution of the established procedures. These activities include procurement and inventory management.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s goods and services management systems.

## Data sources

Data regarding NPC’s goods and services management systems procedures and implementation come from documents provided by the NPC and discussions with James Browne, NPC General Manager, and Damian Catlyn, who leads the company’s quality assurance efforts.

## General analysis

NPC has assigned procurement responsibilities for general operations to the HR and Administration department, while the Finance and Accounting department has responsibility for commercial systems and inventory control. Within the PEU, a specific procurement officer, Wesley Carter, and a backup designee, Karen Pilgrim, have been assigned to manage all procurement processes and ensure that they comply with IDB and Government of Barbados policies.

Procurement authorizations are determined according to the nature and size of the proposed purchase, with clear threshold levels that require additional authorization. The NPC Policy and Procedures document details the specific steps and authorizations that are required for the procurement of goods and services.

## Procurement analysis

The required process is defined for purchases and contract with a value of less than B$5,000, between B$5,000 and B$30,000, and greater than B$30,000. A specific process for procurement by the PEU has not been developed, although NPC staff is working with the IDB to ensure that IDB procurement policies are followed for all procurement processes related to the project. NPC procurement staff will be trained in IDB procurement processes as part of the project implementation.

Procurement requests are made by senior management staff in line with their requirements to fulfill their annual activities, ongoing duties, or project-specific requirements. The procurement administration system tracks the procurement process and any resulting purchases through the NPC’s accounting and inventory management systems. This system allows each purchase to be made in such a way as to comply with IDB procurement procedures, including pre-numbered forms and pre-determined copies for appropriate signature.

As this project will be the first IDB financed operation for the NPC, the PEU is currently getting up to speed on IDB procurement policies. IDB will provide training on the Bank’s procurement policies and procedures. In addition, any purchases made prior to the formal disbursement of funds that will be considered for reimbursement are anticipated to be made following IDB procurement processes and policies.

## Inventory analysis

The NPC inventory system maintains records of all inventory items, with pre-set minimum and maximum limits for consumables that are frequently purchased. NPC’s inventory system includes a permanent record of fixed assets, identifying their purchase, retirement, transfer, or improvement using a coding system. Procured goods and services are compared against the procurement system once they are acquired to ensure they comply with the agreed purchase parameters. The policies include instructions for the disposal of obsolete, damaged, lost, or for sale goods, which are in line with Barbados’ legal requirements. This system is suitable to separate out procurement and inventory specific to the project and allow IDB audits of the same.

Each unit within NPC is responsible for the use and maintenance of fixed assets within their department. Preventative maintenance programs are established for major assets and each unit reports on its compliance with the maintenance program. NPC also maintains appropriate physical storage for purchased goods at a variety of locations that are owned or rented by the company. A single procurement and inventory system manages the purchase and receipt of goods or services and corresponding payments. NPC also maintains appropriate insurance for all inventory and physical assets.

NPC physically verifies the existence of recorded inventories through an annual stock check for most inventory and a monthly verification for fast-moving consumables. NPC has employs reasonable security measures to protect its inventory, including physical security measures (fences, gates) as well as security personnel at all NPC locations. The physical verification is checked against accounting records as part of the company’s annual internal audit process. The verification is overseen by the audit team, separate from the inventory administration team.

## Capacity assessment

Table 4 below summarizes the key aspects of NPC’s goods and services management systems. Based on this assessment, NPC has strong goods and services management practices in place, scoring a Satisfactory rating on Development and a Low Risk rating. NPC has established clear procurement and inventory management policies, practices, and systems in sufficient detail, and appears to have operated in accordance with its reported processes and procedures.

The primary weaknesses of NPC’s procurement and inventory management processes are the company’s unfamiliarity with IDB procurement policies and processes. This weakness will be mitigated through training provided by the IDB and close coordination of major purchasing processes between the IDB project team and the PEU.

Areas that merit continued monitoring include any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 4: NPC Goods and Services Management System Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Goods and services management system** | | **YES** | **NO** | **NA** | **Answer justification** |
|  | | | | |  |
| **1** | Is there a formal assignment of functions and responsibilities (in one organizational unit or equivalent) for procurement processes relating to works, goods and consulting services, and that is proportional to the project that is being financed? | **1** |  |  | Yes. Procurement has been assigned to a specific individual within the PEU |
| **2** | Is there a formal assignment of functions and responsibilities (in one organizational unit or equivalent) for processes relating to the receipt, inventory, and maintenance of works, goods and consulting services, according to the nature and size of the future IDB financed project? | **1** |  |  | Yes. The PEU has been assigned responsibility to manage and maintain all project related goods and services. |
| **3** | Does the Unit have the human resources and knowledge needed to efficiently execute and manage the program? | **1** |  |  | Yes. The same management team executed a similar project within the past two years. |
| **4** | The Unit has clearly established the procedures, responsibilities and personnel assignment to the following tasks: • Procurement planning • Advertising and bid announcements • Prequalification of contractors, suppliers and consultants • Preparation of Requests for Proposals and contract models • Reception and Opening of proposals • Analysis and Evaluation of Proposals • Awarding of contracts • Contract Administration. |  | **1** |  | No. These processes will be developed as part of the institutional capacity building section of the loan operation. |
| **5** | Was the procurement personnel trained on the procurement of goods, consulting services and works (either the Bank's procurement policies and procedures or the local legislation)? | **1** |  |  | Yes. They will be trained by the Bank as a new Executing Agency |
| **6** | Is there any formal evidence related to the training of the Co-executor's personnel on policies and procurement procedures? | **1** |  |  | Yes. The Bank will provide the training as part of the loan operation. |
| **7** | Have the types of contracting and procurement and the authorization levels by amount and complexity level been planned and regulated? | **1** |  |  | Yes. The NPC has clear limits on delegation of authority for procurement |
| **8** | Does the procurement administration system ensure that each transaction has the necessary and sufficient documentation to support it? (Invoices, Contracts, estimates, etc., as applicable) | **1** |  |  |  |
| **9** | Does the documentation mentioned in the previous question, allow the identification of the nature, purpose and results of each transaction and in particular, to establish compliance with the IDB procurement procedures (already agreed upon or to be agreed upon with the Bank. | **1** |  |  |  |
| **10** | Do the procurement procedures define a separation of incompatible functions that allow to clearly differentiate personnel's attributions in each one of the different phases of the process? (Contracting Regulation or equivalent) |  |  |  |  |
| **11** | Do the procedures consider that the requests for procurement for goods and services are properly based on a justified need by the responsible person or area? | **1** |  |  | Yes. Requests come from the PEU and relate directly to requirements for project execution. |
| **12** | Is it expected that the requests would only be approved only when there are budget resources previously earmarked and available? | **1** |  |  | Yes. The procurement plan details specific items to be procured for the project execution. |
| **13** | Is there a system of prenumbered forms (electronic form preferred) in support of the procurement activities and procedures? | **1** |  |  |  |
| **14** | Does the system provide for the number of copies to issue, the destination of each one and the signatures required? | **1** |  |  |  |
| **15** | When applicable, is there a system of permanent recording of inventories to control their variations per units of similar characteristics? | **1** |  |  | Yes. The NPC inventory management system maintains records of all inventories. |
| **16** | Does the inventory control system include minimum and maximum quantities? | **1** |  |  | Yes. The NPC inventory management system has pre-set limits for consumables. |
| **17** | Have appropriate physical spaces been assigned, according to the type of inventories, for their appropriate storage and control? | **1** |  |  | Yes. The NPC has designated storage spaces at various locations. |
| **18** | The system of procurement administration allows to identify the commitments and all other transactions from the beginning of the process, and establishes a link among the creation of the obligation, the receipt of the goods, works, and consulting services, and the corresponding payments, thus providing a reasonable assurance on the information system reliability and integrity? | **1** |  |  | Yes. There is one system in place to manage the process from start to finish. |
| **19** | Are there adequate procedures for the maintenance, security and appropriate handling of stored goods and parts? | **1** |  |  | Yes. NPC has installed physical security measures (fences, gates, etc.) at all locations, as well as security personnel. |
| **20** | Are there periodic verifications of the physical existence of inventories? | **1** |  |  | Yes. Stock is counted once a year, with a monthly check for fast moving items |
| **21** | Has it been established that these verifications should be reconciled against the accounting records? | **1** |  |  | Yes. The verification is part of the internal audit process. |
| **22** | Are these verifications performed by employees who are independent from the handling and recording of goods? | **1** |  |  | Yes. It is overseen by the internal audit team. |
| **23** | Does Internal Audit (Internal Control) participate in the planning and observation of the verification? | **1** |  |  | Yes. See response above. |
| **24** | Is there an insurance plan to protect the goods in general? | **1** |  |  | Yes. NPC holds relevant business insurance. |
| **25** | Are there specific instructions regarding obsolete, damaged, lost or for sale goods in terms of their disposition (both physical and in the accounting records)? | **1** |  |  | Yes. NPC removes obsolete inventory during the annual audit process. |
| **26** | Are these instructions in agreement with the current legal regulations? | **1** |  |  | Yes. |
| **27** | Are there permanent records of fixed assets showing the purchases, retirements, transfers and improvements? | **1** |  |  | Yes. NPC's procurement and inventory system retains records of fixed assets. |
| **28** | Is there a policy to formally assign responsibility to each administrative area and their employees regarding the utilization of fixed assets under their purview and their exclusive utilization for the intended purposes? | **1** |  |  | Yes. Each unit has responsibility. |
| **29** | Is there a general maintenance plan for the acquired works and goods? | **1** |  |  | Yes. |
| **30** | Do they issue reports on the compliance with the preventive maintenance program? | **1** |  |  | Yes. |
| **31** | Are procured goods and contracted and received services been compared against the Purchase orders previously issued? | **1** |  |  | Yes. They are compared in the procurement system when the order is fulfilled. |
| **32** | Is there a coding system to identify the fixed assets? | **1** |  |  | Yes. |
| **33** | Is there a filing system for the documentation that supports the procurement of goods and consulting services as well as the contracted works, which allows to directly index and identify the transactions that have been performed, and also to make possible their audit as required by the Bank? | **1** |  |  |  |
| **34** | Is the EA appropriately complying, in a sequential manner, with the Bank's procurement policies and procedures (short lists, preparation of terms of reference, no-objections, evaluations, etc.)? | **1** |  |  | The NPC is working with the Bank and Consultants to implement Bank procurement policies |
| **35** | In the event of projects of decentralized execution with the participation of multiple co-executors, have procedures been established to regulate the filing system of support documentation of the procurement of goods and services as well as contracting of consultants, which allows the indexing and identification of the transactions incurred with project resources? |  |  | **1** | There is only one EA for this loan operation. |
| **36** | Have procurements performed by the EA been included in the project's procurement plan? |  |  | **1** | Project is in the design phase |
| **37** | If project's resources had been utilized to finance eligible expenditures incurred before the operation was approved by the Bank, have these expenditures been reviewed regarding their eligibility, according to the Bank's procedures? (Such expenditures should be the result of procurement procedures for works, goods and consulting services that were conducted under requirements similar to those set forth in the Bank's loan contract.) | **1** |  |  | Yes. Any prior procurement that will be reimbursed will be done according to Bank procedure |
|  | **TOTAL** | **33** | **1** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | YES | | \* 100 | [97.06](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C14) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** |  |  | [SD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F14) |
| **Incipient DI (0-60)** | **ID (41-60)** |  |
| **Median MD (61-80)** |  |  |
| **Satisfactory D (81-100)** |  |  |
| **RISK:** | | **High RA (0-40)** |  |  | [RB](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G14) |
| **Substantial RS (41-60)** |  |  |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** |  |  |

Source: IDB standard assessment form, based on data from NPC

# Financial Management Systems

The financial management systems assessment centers on the procedures and documents that guide financial management activities and the actual execution of the established procedures. These activities include planning and budget, treasury operations, records and documents, and accounting and IT systems.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s financial management systems.

## Data sources

Data regarding NPC’s financial management systems procedures and implementation come from materials prepared for the financial management risk assessment and discussions between Denise Salabie and Russel Franklyn from the IDB and James Browne, NPC General Manager, and Birchmore Scantlebury, NPC designated accountant for the PEU.

## General overview

The NPC Finance and Accounting Department is responsible for the management of the Corporation’s financial accounting, commercial and inventory systems. The department ensures that the company’s accounting, financial and commercial practices and procedures are adhered to, and are consistent with the policies and procedures of the Corporation. To accomplish this, NPC has an established financial management system based on the Innoprise accounting software. For the specific implementation of the project, NPC has designated Birchmore Scantlebury as the project accountant responsible for managing all financial aspects of the project’s execution. In addition, NPC plans to hire an additional staff to support the project execution, including financial management. The PEU will use the Innoprise accounting platform’s project module functions to create a separate set of records for the project. This will include a file system of financial transaction supporting documentation that allows direct indexing and identification of the operations.

NPC’s accounting team has deep experience, with senior management bringing more than 30 years of experience. Accounting and financial reporting processes appear to be well understood within the company, although established processes are not well documented. For example, the PEU has not yet prepared an accounting manual that is applicable to the project. In addition, NPC personnel are not familiar with IDB procedures on the preparation of disbursement requests as this is the first time that the NPC will be the Executing Agency for an IDB loan. In order to mitigate these weaknesses, NPC will document procedures, process flows, and the roles and responsibilities for financial management and the IDB will train key NPC personnel on IDB procedures for the preparation of disbursement requests.

## Planning and budget analysis

NPC has established clear and properly approved procedures to formulate, execute and control the budget. These processes include mechanisms for evaluation and follow up of budgetary execution. As noted above, the primary weakness of NPC’s planning and budget analysis is the lack of formal documentation of procedures, process flows, roles, and responsibilities.

## Treasury analysis

NPC periodically prepares reports and reconciliations showing the balances and movement of the company’s bank accounts and liabilities. The reconciliations are prepared by staff that are independent from those that manage the recording and handling of funds and are kept up-to-date for each end-of-month closing. These processes are applied at the company level and are expected to be applied to the PEU as well once the project is underway.

NPC has not yet determined if the project will have a Treasury managed bank account at the Central Bank, at a commercial bank, or both.

## Records and Documents analysis

Financial transactions, including commitments, are properly recorded at the moment of their occurrence. An official receipt is issued for each financial transaction (including both revenues and expenses) via a prenumbered form that includes all the necessary information for it to be identified, classified, and entered into the accounting system. In addition, all payments are accompanies by supporting documentation such as authorized purchase orders, original proof of receipt of goods and services, original invoice and receipt of payment. This supporting documentation is only filed once it has been approved and signed according to the company’s approval authorization levels. For example, amounts greater than B$200,000 must be approved by the Board while smaller amounts are approved by the Procurement Committee and amounts below B$30,000 have less strict approval processes.

## Accounting and IT systems analysis

NPC uses security methods to prevent unauthorized access to the financial information systems and the accounting database. The accounting programs and applications are properly documented. NPC has also established procedures to periodically back up its accounting systems and data in order to ensure the recovery of accounting and financial information in the event of a system failure. The company also has a contingency plan in place and periodically reviews its back up policies to ensure the timely and continuous processing of financial and accounting information in the event of a system disruption.

## Capacity assessment

Table 5 below summarizes the key aspects of NPC’s financial management systems. Based on this assessment, NPC has strong financial management practices in place, scoring a Satisfactory rating on Development and a Low Risk rating. NPC has established clear financial management policies, practices, and systems in sufficient detail, and appears to have operated in accordance with its reported processes and procedures. NPC’s accounting software systems appear to be adequate to provide accounting and financial reporting in accordance with IDB requirements, although as the project is still in the design phase the individual project modules are not yet set up.

The primary weaknesses of NPC’s financial management processes are the company’s unfamiliarity with IDB procedures for the preparation of disbursement request and limited documentation of its own internal financial management procedures, process flows, roles and responsibilities. This weakness will be mitigated through training provided by the IDB and further documentation.Areas that merit continued monitoring include implementation of the specific project modules within the accounting software once the project is underway, any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 5: NPC Financial Management Systems Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Financial Management System** | | **YES** | **NO** | **NA** | **Answer justification** |
|  | | | | |  |
| **1** | A formal assignment of matters related to Financial Management (Budget, Treasury, Accounting) has been granted to an organizational unit or equivalent, with the hierarchical level and sufficient authority? | **1** |  |  | The project will be executed by the National Petroleum Corporation (NPC). A Project Executing Unit was setup within NPC in 2014 for the building of a micro gasification facility. This unit will be enhanced with the addition of more staff, including a Project Accountant. |
| **2** | Does the person (or persons) in charge of such functions have the required financial management skills and experience? | **1** |  |  | The person has more than 30 years of experience as an Accountant. |
| **3** | Is the personnel familiar with the Bank's procedures on the preparation of disbursement requests? |  | **1** |  | IDB to provide training |
| **4** | Disponen de un Manual de Procedimientos autorizado y en vigencia para la administración financiera? |  | **1** |  | Procedures, system/process flows, roles and responsibilities currently being documented. Procedures for the project will need to be documented. |
| **5** | Is there an automated system of accounting and financial records integrated with the Entity's general accounting, that allows the identification of the project's transactions by source of funding and investment categories, in agreement with the Chart of Accounts approved by the Bank, and independent from the rest of the Entity activities? |  |  | **1** | Not yet applicable since the project is in the design phase. Innoprise accounting system, which is currently being used by NPC will also be used for the project. In light of this, the project module of the system will be used for the project. |
| **6** | Does this system allow timely and reliable access to financial information for the preparation of Financial Statements and other reports? |  |  | **1** |  |
| **File** | | | | |  |
| **The records of the project are taken in a way that:** | | | | |
| **7** | In case of projects of decentralized execution, is there an integrated accounting system that allows the identification of resources and transactions made by each participant co-executor, separated by categories and sub-categories of investment, in accordance with the chart of accounts approved by the Bank? |  |  | **1** |  |
| **8** | Do they show the cost of the investment in each category and sub-category in agreement with the Chart of Accounts approved by the Bank, as well as the progress of works? |  |  | **1** |  |
| **9** | Has the Project Executing Unit (PEU), or the Coordinating Unit (CU), whichever applies, prepared a accounting manual applicable to the project? |  | **1** |  |  |
| **10** | In relation with global credit programs, do the records also specify the credits granted, repayments made and their use? |  |  | **1** |  |
| **11** | Is there a filing system of the support documentation of financial transactions, which allows direct indexing and identification of the operations? | **1** |  |  |  |
| **12** | In the case of projects of decentralized execution, do the co-executors have a filing system of the support documentation of financial transactions, which allows the direct indexing and identification of the operations financed with project resources, including disbursement requests presented to the PCU? |  |  | **1** |  |
| **Programming and budget:** | | | | |  |
| **13** | Are there clear and properly approved procedures to formulate, execute and control the budget? | **1** |  |  |  |
| **14** | Have short, medium and long term mechanisms and procedures of financial management been designed? |  |  |  |  |
| **15** | Is there an automated and integrated budget system? |  |  | **1** | Not yet applicable since the project is in the design phase. |
| **16** | Are there mechanisms of control, evaluation and follow up of the budgetary execution? | **1** |  |  |  |
| **17** | For programs of decentralized execution, has a mechanism been designed for the consolidation and budgetary control of the financial transactions under the responsibility of the co-executors? (decentralized units) |  |  | **1** |  |
| **Treasury** | | | | |  |
| **It has been anticipated that:** | | | | |
| **18** | Is there an operational regulation manual for the management of both the Bank's financing and the counterpart resources including: functions, delegations of authority, restrictions, etc.? |  |  |  |  |
| **19** | Have bank accounts with the Central Bank or Commercial Banks been opened under the project's name and for the exclusive handling of the Bank's funding or contribution to be used for the project? |  |  | **1** | NPC is to confirm if the project will have a Treasury managed bank account at the Central Bank and/or commercial bank. |
| **20** | Have bank accounts with Commercial Banks been opened under the project's name and for the exclusive handling of local counterpart resources to be used for the project? |  |  | **1** |  |
| **21** | When dealing with projects of decentralized execution, have bank accounts with Commercial Banks been opened by the co-executors under the project's name and for the exclusive handling of the financing and the counterpart resources? |  |  | **1** |  |
| **22** | Are there cash flow programs integrating the needs of all the Units? |  |  | **1** |  |
| **23** | Are there periodic preparation of records, reports and reconciliations showing the balances and movement of the bank accounts and liabilities? | **1** |  |  | Reconciliations are done for the entity. The question however, is not yet applicable to the project. |
| **24** | Are the bank reconciliations prepared by personnel independent from the ones with access to the recording and handling of funds? | **1** |  |  |  |
| **25** | Are the bank reconciliations up-to-date for each end-of-month closing? | **1** |  |  |  |
| **26** | Bank reconciliations do not reveal old transactions without adjustments or when timely actions have been established for their removal, when they exist. |  |  | **1** |  |
| **27** | Have periodic reconciliations been made to the Revolving Fund among the available bank balances, the executor's and the Bank's records, and are the reconciliation transactions properly explained or have the pertinent adjustments been implemented? |  |  | **1** |  |
| **28** | Are there mechanisms for the preparation and presentation of semi-annual reports of the Revolving Fund, within the 60 days following the closing of each semester? |  |  | **1** |  |
| **29** | In case of projects of decentralized execution, is there sufficient explanation of the cash flow among the Bank (or other co-financing organisms), the PCU and the co-executors (graphic outlines)? |  |  | **1** |  |
| **30** | For programs of decentralized execution, is there sufficient explanation of the regulating the accountability mechanism and financial reporting, the transfer of funds and the type of support documentation related to disbursement requests? |  |  | **1** |  |
| **31** | In the event of projects of decentralized execution, with multiple co-executioners, are there procedures for the ex-post review of disbursement requests support documents, according to the Bank? |  |  | **1** |  |
| **If it is a credit program, the OE has planned and implemented mechanisms to** | |  | | |  |
| **32** | Ensure that the sub-loans granted are eligible according to the conditions established in the CR? |  |  |  |  |
| **33** | Are there records, control and use of the repayments? |  |  |  |  |
| **34** | Is there control and follow up on the application of interest rates with the conditions established in the CR? |  |  |  |  |
| **Records and documents** | | | | |  |
| **It has been planned mechanisms that are operative, for:** | | | | |
| **35** | Are all financial transactions, including commitments properly recorded at the moment of their occurrence? | **1** |  |  |  |
| **36** | Is an official receipt issued , for each financial transaction, (revenues and expenses) via a prenumbered form with the necessary information for its identification, classification and accounting entry? | **1** |  |  |  |
| **37** | Have the deposits been made totally and entirely in the authorized bank accounts? |  |  |  |  |
| **38** | Are such deposits made daily or, at the latest, in the next business day after receipt? |  |  |  |  |
| **39** | Is each payment accompanied by support documentation such as: authorized purchase order, original proof of receipt of goods and services, original invoice and receipt of payment? | **1** |  |  |  |
| **40** | Have the responsibilities to commit resources, review and authorize payments been defined? | **1** |  |  |  |
| **41** | Except for petty cash, or in cases required by Law, are all payments made by a non-transferable check made out to the beneficiary or by electronic transfer? |  |  | **1** |  |
| **42** | Is the original support documentation of all transactions filed only when it has been signed, according to the expected regulations? | **1** |  |  | **Amounts above $200, 000 approved by the board, amounts under go to the Procurement Committee.** |
| **Accounting and processed information in computing systems** | | | | |  |
| **It has been planned an accounting system that:** | | | | |
| **43** | Makes it possible the preparation of the project's financial statements and other financial reports required by the Bank? |  |  | **1** |  |
| **44** | Are there defined deadlines for the preparation and timely presentation of the Financial Statements and other financial reports required by the Bank? |  |  | **1** |  |
| **45** | Are there defined policies and procedures to develop/modify, test and implement the accounting systems, including computer programs and files of related data? |  |  | **1** |  |
| **46** | Is there a procedure for the periodic back-up (data and system back-up) that assures the recovery of financial and accounting information? | **1** |  |  |  |
| **47** | Are there methods (passwords, authorization levels, validation, etc.) to prevent unauthorized access to the database and to the accounting and financial information systems? | **1** |  |  |  |
| **48** | Is there an approved contingency plan and periodic review policy to assure the timely and continuous processing of financial and accounting information? | **1** |  |  |  |
| **49** | Are the programs and applications properly documented? | **1** |  |  |  |
| **50** | Is there a formal restriction to access the computer center? |  |  |  |  |
| **Other requirements** | | | | |  |
| **51** | Are the persons responsible for the financial information familiar with the Documents AF-100 Bank's Policy on the Audit of Projects and Entities, and AF-300 Guidelines for the Preparation of Financial Statements? |  |  | **1** |  |
| **52** | Have the Financial Statements and other financial information required by the Bank's standards and procedures, been submitted to the Bank periodically and within the dates established in the contract? |  |  | **1** |  |
|  | **TOTAL** | **17** | **3** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | YES | | \* 100 | [85.00](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C15) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** | | | [SD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F15) |
| **Incipient DI (0-60)**  **ID (41-60)** | | |
| **Median MD (61-80)** | | |
| **Satisfactory D (81-100)** | | |
| **RISK:** | | **High RA (0-40)** | | | [RB](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G15) |
| **Substantial RS (41-60)** | | |
| **Medium RM (61-80)** | | |
| **Low RB (81-100** | | |

Source: IDB standard assessment form, based on data from NPC

# Internal Control Systems

The internal control systems assessment centers on the procedures and documents that are in place to guide internal control activities and the actual execution of the established procedures.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s internal controls systems.

## Data sources

Data regarding NPC’s internal control systems procedures and implementation come from materials prepared for the financial management risk assessment and discussions between Denise Salabie and Russel Franklyn from the IDB and James Browne, NPC General Manager, and Birchmore Scantlebury, NPC designated accountant for the PEU.

## Internal Controls analysis

NPC has a code of conduct for employees. Since 2012, the code has been included in new employee orientation and new employees are required to sign an acknowledgement of the code. The code was not applied retroactively to employees that were hired before 2012 as this was seen as a conflict of interest by the employees union. The code does not require employees to identify any conflicts of interest and employees are not required to reaffirm their compliance with the code annually. NPC has well established and documented procedures to evaluate and resolve alleged breach of the code of conduct, fraud, and other non-compliance issues.

The company’s performance management processes, standards, and general management style aim to improve efficiency, effectiveness, and operational transparency. Documentation from annual performance reviews and annual assessments of the company’s performance indicate that management promotes and practices self-evaluation and continual improvement of the company’s control environment. The company’s planning process also clearly identifies the relationship between the planning of activities and their execution. The involvement of senior management in the planning process ensures that the personnel responsible for achieving the company’s goals and objectives participate in their design.

NPC has established procedures to establish that data entered into their records is complete and based on real authorized transactions, allowing the preparation of reliable and timely reports. The personnel responsible for the data entry processes have acknowledged their understanding of control procedures. Procedures for the supervision of key processes have also been defined, although they are not documented. NPC has also not established a formal Internal Audit function.

## Capacity assessment

Table 6 below summarizes the key aspects of NPC’s internal controls systems. Based on this assessment, NPC has adequate internal controls practices in place, scoring a Satisfactory rating on Development and a Low Risk rating. NPC has established clear internal control policies, practices, and systems in sufficient detail, and appears to have operated in accordance with its reported processes and procedures.

The primary weaknesses of NPC’s internal control processes are the lack of documentation and the lack of a requirement for employees to annually restate their compliance with the company code of conduct and confirm that they do not have any conflicts of interest.

The identified weaknesses can be mitigated through more complete documentation of NPC’s current policies and procedures. For example, NPC could more clearly document the specific levels of authority to evaluate and resolve supposed breaches of the code of conduct, frauds, and other non-compliance issues.

Areas that merit continued monitoring include any change in processes or execution following the amalgamation with BNOCL, and any change in key personnel as a result of the amalgamation.

Table 6: NPC Internal Control Systems Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Internal Control Systems** | | **SI** | **NO** | **NA** | **Answer justification** |
| **Environmental Control** | | | | |  |
| **1** | Has a code of conduct (ethics) or equivalent guidelines been designed? | **1** |  |  | Started in 2012 for new employees. For employees hired before 2012, the employment union indicated that there was a conflict of interest in having people sign a document retroactively |
| **2** | Is there personnel orientation on the code of conduct? | **1** |  |  |  |
| **3** | Do the employees state that they know and understand the code of conduct upon start of employment and at least once a year? |  | **1** |  |  |
| **4** | Do the employees state the existence or nonexistence of conflicts of interest at the beginning of their employment and at least once a year? |  | **1** |  |  |
| **5** | Has it been assigned at an appropriate level the responsibility to evaluate and solve situations of supposed breach of the code of conduct, frauds, other non-compliance and recommendations to improve the control? | **1** |  |  | Processes are well defined but not documented. |
| **6** | Is the Entity's management style based on the fulfillment of standards geared towards efficiency, effectiveness and operational transparency? (Verify if there is a formal institutional code of values and if the personnel is aware of it and of the existence of an organizational culture: performance evaluation, definition of vision, mission, POA, indicators and standards). | **1** |  |  |  |
| **7** | Are there reports, or documents equivalent, by which it can be observed whether management promotes and practices self-evaluation in such a way that shows the existence of a control environment which has also been improved? | **1** |  |  |  |
| **8** | Has an Internal Audit function, or the equivalent, been developed (without responsibility for other existing functions)? |  |  | **1** |  |
| **9** | Does the Management considers and timely corrects the inconsistencies in the control activities reported by IA |  |  |  |  |
| **Risk value:** | | | | |  |
| **10** | Is there a clear identification of the relationship between the Entity's planning and programming of activities? | **1** |  |  | Annual planning process done by senior management |
| **11** | Does personnel responsible for the achievement of objectives and goals participate in their design or did they receive an appropriate orientation about them? | **1** |  |  | Annual planning process done by senior management |
| **12** | Is there a structured and advertised methodology for the Risk Analysis 'RA?' |  |  |  |  |
| **13** | Are there reports to illustrate that the AR methodology works in practice and contributes to the timely risk management? |  |  |  |  |
| **Activities or control procedures:** | | | | |  |
| **14** | In general, are the control activities interrelated or are they a result of the risk evaluation? |  |  |  |  |
| **15** | Have procedures been formalized to establish that the processed data is complete and based on real authorized transactions, in such a way as to be used to prepare reliable and timely reports? | **1** |  |  |  |
| **16** | In each important process, have the activities that contribute to the objectives of the ICS been identified ? |  |  |  |  |
| **17** | Is there formal evidence that the personnel responsible for the processes has the knowledge and understanding of the control activities? | **1** |  |  |  |
| **Information and communication:** | | | | |  |
| **18** | Is the information system supported by a technological platform that facilitates the processing and consultation of data in a comprehensive and timely manner? |  |  |  |  |
| **19** | Have procedures been formally defined to protect the equipment and computer applications from correlated risks? |  |  |  |  |
| **20** | Are there appropriate mechanisms in place that facilitate communication inside of the Organization (communication of policies, standards, procedures, appointments and retirement of personnel, explanations, report of unusual matters, consideration of staff suggestions, etc. )? |  |  |  |  |
| **21** | Are there mechanisms that facilitate the communication outside the Organization (channels of communication with suppliers, multilateral, governmental and financial entities, etc.)? |  |  |  |  |
| **Monitoring:** | | | | |  |
| **22** | Have functions and procedures for the supervision of the key processes been defined? | **1** |  |  | Processes are well defined but not documented. |
| **23** | Is there formal evidence that the supervision is actually performed (identify evidence of documents and reports that show the participation of the supervisory levels in reviewing the quality of the processes) |  |  |  |  |
| **24** | Have mechanisms been put in place for the personnel to self-evaluate how the controls corresponding to their areas of responsibility have been working? |  |  |  |  |
| **25** | Has it been clearly established the responsibility and actions related to the receipt, evaluation and transaction of the employee's initiatives, in relation to the Internal Control System (ICS)? |  |  |  |  |
| **26** | If the creation and operation of an Internal Audit Unit has been formalized, is it working in agreement with the International Standards on Audit (ISAs)? (Verify the existence of an IA Manual, Unit size, expertise on ISAs, scope of audits). |  |  | **1** |  |
| **27** | Has responsibility been assigned and procedures put in place to receive, evaluate and process the recommendations and conclusions of Internal Audit on the ICS? |  |  |  |  |
| **28** | Are the levels of responsibility and authority satisfied with the services received from the IA? |  |  |  |  |
| **29** | Is there an up-to-date Internal Audit report or equivalent document, which shows that the detailed requirements have been completed for each one of the five components of internal control, described in the five sections of this questionnaire? |  |  |  |  |
|  | **TOTAL** | **10** | **2** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | YES | | \* 100 | [83.33](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C17) |
| (YESI+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** | | | [SD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F17) |
| **Incipient DI (0-60)**  **ID (41-60)** | | |
| **Median MD (61-80)** | | |
| **Satisfactory D (81-100)** | | |
| **RISK:** | | **High RA (0-40)** | | | [RB](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!A1) |
| **Substantial RS (41-60)** | | |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** | | |

Source: IDB standard assessment form, based on data from NPC

# External Control Systems

The external control systems assessment centers on the procedures and documents that are in place to guide external control activities and the actual execution of the established procedures.

The section first describes the data and information sources that were used to perform the assessment, followed by a detailed description of each component. Finally, the component analysis is summarized in an overall capacity assessment of NPC’s external controls systems.

## Data sources

Data regarding NPC’s financial management systems procedures and implementation come from materials prepared for the financial management risk assessment and discussions between Denise Salabie and Russel Franklyn from the IDB and James Browne, NPC General Manager, and Birchmore Scantlebury, NPC designated accountant for the PEU.

## External controls analysis

NPC is subjected to an annual external audit performed under contract with PricewaterhouseCoopers. The external audit is administered through a formal procedure linked to NPC’s statutory requirements as a government entity. The contract with PWC clearly states the nature and scope of the audit services and the benefits that are expected from the service. Historical annual reports suggest that the audit reports are made in a timely manner once they relevant data is provided by the NPC and that there have been no payment delays or other contractual issues with the external audit provider. The most recent audited financial statements do not indicate any required corrections or areas of concern noted by the external auditor.

## Capacity assessment

Table 7 below summarizes the key aspects of NPC’s external control systems. Based on this assessment, NPC has adequate external controls practices in place, scoring a Satisfactory rating on Development and a Low Risk rating. NPC has established clear external audit policies, practices, and systems in sufficient detail, and appears to have operated in accordance with its reported processes and procedures.

The primary weaknesses of NPC’s external audit processes is the time lag between the end of the fiscal year and the completion of the company annual report and audited financial statement. For example, the auditor’s report for the fiscal year ending on March 31, 2013 is dated February 25, 2015, almost two years after the end of the fiscal year being audited. Earlier years show a similar delay – for example, the auditor’s report for the fiscal year ending March 31, 2012 was delivered on May 21, 2014, just over a year after the fiscal year being audited. It is not clear if the delay is caused by a delay in gathering and delivering the relevant data to the auditor or in the auditor completing the audit itself.

Areas that merit continued monitoring include the timing of future financial report audits, any change in the external audit processes or execution following the amalgamation with BNOCL, and any change in the external audit provider as a result of the amalgamation.

Table 7: NPC External Control Systems Assessment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **External Control System** | | **YES** | **NO** | **NA** | **Answer justification** |
|  | | | | |  |
| **1** | If the Entity is subject to an external audit, has it been performed annually? | **1** |  |  |  |
| **2** | Are there formal procedures for the administration of the external audit services (responsibilities for the preparation and supply of information, follow up on deadlines, receipt of results, clarifications and communication with External Auditors, etc.) | **1** |  |  |  |
| **3** | Is there a formal contract, or equivalent, for the execution of the external Audit? | **1** |  |  |  |
| **4** | Do the statements regarding the nature and scope of the audit services clearly reflect the benefits expected from this service? | **1** |  |  |  |
| **5** | Are the estimated fees based on reasonable calculations per hour/person or days/person, based on the scope and nature of the work? (verify if there is formal supporting evidence of these calculations) |  |  |  |  |
| **6** | Have the fees been paid according to what have been stated in the contract? |  |  |  |  |
| **7** | In case of payment delays, have they been justified based on the independent audit firm non-compliance. |  |  | **1** |  |
| **8** | Does the firm of external auditors only offer this type of service to the entity? |  |  | **1** |  |
| **9** | Have the reports from the contracted audit, or from a SAI's audit, been delivered in the expected time as stated in the contract or as described in the required legal standards? |  |  | **1** |  |
| **10** | If the audit reports include opinions that are not "unqualified" and findings and/or reportable conditions on the internal control have been reported, has the Entity taken formal actions to address those problems in a timely fashion? |  |  | **1** |  |
| **11** | If there were limitations to the audit scope, were they due to the Entity's lack of knowledge of the necessary support to comply with the audit's objectives? |  |  | **1** |  |
| **12** | Is there evidence of the effective correction of the matters reported on the audit report? |  |  | **1** |  |
| **13** | Is the nature of the corrections geared towards solving the causes of the problems, so that they are not repeated in following years? |  |  | **1** |  |
| **14** | If issues arising from audit reports are still pending, could this be attributed to the management's lack of will to implement solutions, or to a lack of knowledge of an external audit's benefits? |  |  | **1** |  |
|  | **TOTAL** | **4** | **0** |  |  |
|  |  |  |  |  |  |
| **QUANTIFICATION:** | | YES | | \* 100 | [100.00](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!C18) |
| (YES+NO) | |
| **DEVELOPMENT:** | | **There is no ND (0-40)** | | | [SD](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!F18) |
| **Incipient DI (0-60)**  **ID (41-60)** | | |
| **Median MD (61-80)** | | |
| **Satisfactory D (81-100)** | | |
| **RISK:** | | **High RA (0-40)** | | | [RB](file:///C:\Users\Jed%20Bailey\Documents\.Energy%20Narrative\Projects\Consulting\_Active\IDB%20-%20Barbados%20Loan%20support_May2016\Work\Institutional%20Capacity\Annex%20D_Inst%20Cap_20160810.xls#RANGE!G18) |
| **Substantial RS (41-60)** | | |
| **Medium RM (61-80)** | | |
| **Low RB (81-100)** | | |

Source: IDB standard assessment form, based on data from NPC