



Knowledge and Capacity Building Products (KCP) Proposal

Maximum 7 pages

Barbados Public Sector Institutional Assessment and Expenditure Review

I. KCP Type

- ☒ 1. Advisory Services
☐ 2. Policy and Capacity Development
☐ 3. Outreach and Dissemination
☐ 4. Research and Development

II. General Information

KCP Title: Barbados Public Sector Institutional Assessment and Expenditure Review

OPUS Number:

BA-T1015

Date of Proposal:

9/08/2010

New KCP:

☒ Yes ☐ No

Linked to project:

Team Leader / Unit:

Astrid Wynter

ICF/ICS

Joint Proposal:

☐ Yes ☒ No

If yes, identify units: (1)

ICF/ICS

(2)

-SELECT-

(3)

-SELECT-

Proposed amount in USD equivalent (enter whole number only, ex. 99,800): USD

400,000

Unit of Technical Responsibility:

ICF/ICS

Unit of Disbursement Responsibility:

CBA

Execution:

☒ Bank-executed ☐ Recipient-executed

Letters of Request available
(or equivalent)

☒ Yes ☐ No

Non-objection
available

☒ Yes ☐ No

Execution period: 9 months

Disbursement period: 12 months

Executing Agency: IDB on behalf of the Ministry of Finance, Government of Barbados

Executing Agency description and capacity:

The IDB (ICS) will execute this KCP in conjunction with the Investment Division, Ministry of Finance. The Ministry of Finance is in urgent need of these advisory services, however, it does not have sufficient staff available to undertake all of the activities related to implementation in the time within which the results are required. Therefore, while the Investment Division will provide technical inputs to the work of the consultants, the contracting (which is time consuming) and payment for services will be carried out by the IDB (COF/CBA). A unique feature of this KCP is that an IDB specialist from each of the five key sectors that the GoBA has selected for in depth analysis will be invited to review the outputs related to the sectors in which they are experts.¹ This will have the dual benefit of providing the country with expert support in supervising the consultants' analytical work in each of the selected sectors, as well generating deeper Bank knowledge of these sectors in Barbados.

Country of Origin of Executing Agency:

¹ IDB specialists for the 5 key sectors will be designated within the next 3 months before the program's products are completed, and for that reason they have not been included in Section 6.2 (Bank Staff participation in KCP)

Barbados

Contact in the Executing Agency:

Mrs. Juanita Thorington-Powlett, Permanent Secretary, Investments, Ministry of Finance

E-mail address:

pspowlett@gob.bb

Beneficiary Countries:

- | | | | |
|-------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Argentina | <input type="checkbox"/> Bahamas | <input checked="" type="checkbox"/> Barbados | <input type="checkbox"/> Belize |
| <input type="checkbox"/> Bolivia | <input type="checkbox"/> Brazil | <input type="checkbox"/> Chile | <input type="checkbox"/> Colombia |
| <input type="checkbox"/> Costa Rica | <input type="checkbox"/> Dominican Republic | <input type="checkbox"/> Ecuador | <input type="checkbox"/> El Salvador |
| <input type="checkbox"/> Guatemala | <input type="checkbox"/> Guyana | <input type="checkbox"/> Haiti | <input type="checkbox"/> Honduras |
| <input type="checkbox"/> Jamaica | <input type="checkbox"/> Mexico | <input type="checkbox"/> Nicaragua | <input type="checkbox"/> Panama |
| <input type="checkbox"/> Paraguay | <input type="checkbox"/> Peru | <input type="checkbox"/> Suriname | <input type="checkbox"/> Trinidad & Tobago |
| <input type="checkbox"/> Uruguay | <input type="checkbox"/> Venezuela | | |

If ALL 26 borrowing member countries (LAC) will benefit from the project, check: ☐ All LAC

☐ CAN ☒ XCCB ☐ CID ☐ CSC ☐ REGIONAL

Beneficiary entity:

The Government of Barbados

Sector:

Reform / Modernization of the State

III. Relation to IDB's Institutional Priorities (GN-2518-20)

1. Social Policy for Equity and Productivity
 - ☐ Targeted Poverty Programs
 - ☐ Labor markets
 - ☐ Education
 - ☐ Health
 - ☐ Gender and Diversity
2. Infrastructure for Competitiveness and Social Welfare
 - ☐ Basic services: Access to water and sanitation
 - ☐ Energy
 - ☐ Transportation
3. Institutions for Growth and Social Welfare
 - ☐ Financial services
 - ☒ Fiscal efficiency and sustainability
 - ☐ Citizens security
 - ☐ Innovation
4. Competitive Regional and Global International Integration
 - ☐ Trade and Integration
 - ☐ Infrastructure
 - ☐ Health
5. Protecting the Environment and Responding to Climate Change
 - ☐ Environment
 - ☐ Health
 - ☐ Rural development and forestry

Cross-cutting

- Macroeconomic Analysis
- Learning and Capacity Building

3.1 For Advisory Services and Policy and Capacity KCPs, briefly explain how this KCP is aligned with the country or regional programming and client needs. For Outreach and Dissemination and Research and Development KCPs, briefly explain how this KCP is aligned with the need to deepen the Bank's knowledge in new areas or disseminates it in the region:

Alignment with Country Programming & Client Needs: The Country Strategy 2009-2013 identified the worsening of the external imbalance and failure to reign in the fiscal deficit as major risks to achieving the Strategy's expected results in the strategic priority areas. This KCP will support the GoBA in mitigating this risk. The authorities are committed to a sharp fiscal adjustment and reigning in fiscal spending and are thus well aware of the need for a more efficient public sector as evidenced by the Government's formal request to the Bank dated April 9, 2010, for support in carrying out an assessment of its expenditure programs.

The Country Program for Barbados is in preparation and this KCP is included in the Country Program Matrix.

IV. OBJECTIVES, EXPECTED RESULTS AND ACTIVITIES

In order to prevent deterioration of its macroeconomic situation in the current global and national context, the Government of Barbados (GoBA) is seeking to make its public sector more efficient and cost-effective. To this end, the GoBA wishes to assess the size, composition, functions, services provided and costs of its public sector entities in five critical sectors (education, health, tourism, social services, and agriculture). The objectives are to: (i) identify the current detailed allocation of resources to entities of the central government, ministries, agencies, statutory bodies and other entities in these sectors that receive the majority of their financing from the national budget; (ii) identify which agencies, if any, are providing duplicative or redundant services and assess the costs of such duplication or redundancy; and (iii) develop a phased implementation plan with a budget for rationalizing these sectors to increase the equity and efficiency of public expenditures therein. Another program, currently in execution, PRODEV (ATN/OC-10569-BA) is financing an assessment of the public sector's budgetary processes and the implementation of the budget, with emphasis on the efficiency and effectiveness of public sector spending. This KCP will complement the analytical work that is being undertaken under PRODEV which is expected to be completed by July 2011.

4.1 Briefly describe the knowledge gap that KCP intends to close; lessons learned from previous similar KCP; objectives and expected results.

Optimal decision-making on public spending requires accurate and timely data and analysis. The GoBA therefore seeks support in analyzing its allocation of resources in order to evaluate the quality and efficiency of expenditures and to improve the allocation of such resources to meet national priorities. Data is needed on: (i) the allocation of resources within agencies that receive financing from the central government (staff, pensions, other emoluments, supplies, training, rent, utilities, telecommunications, etc.); (ii) the existence of agencies providing the same service(s) or redundant services; (iii) options for reducing costs by pooling the services and supplies required by the GoBA to function; and (iv) the most cost-effective, rational and feasible means of attaining greater efficiency by rationalizing the public sector, as well as a realistic budget for doing so.

Components, Activities and Methodological Framework:

Provide a description of the main components and activities expected to be carried out:

Component 1: Institutional Assessment of the Ministries and Agencies Financed by the Central Government.

This component consist of an analysis of: (a) The institutional and legal framework of the Government of Barbados with respect to the ministries, agencies, statutory bodies and other entities that are receiving the majority of their financing from the central government. The consultants will undertake an in depth analysis in five critical sectors -- education, health, tourism, social services, and agriculture -- of: (b) The functions, services provided, mission and mandate of each entity financed by the central government with a view to determining whether there are agencies that duplicate functions and services with no apparent justification and whether there are entities whose functions or services are no longer necessary. (c) The allocation of central government resources to each ministry, agency, statutory body or entity in the five priority sectors over the period of FY2006-2010, disaggregated for each financial year (and noting the related institutional placement of the corresponding agencies), identifying the specific activities

on which the resources were spent or designated for FY 2010-2011. (d) The user fees charged by agencies where applicable with a view to analyzing the adequacy of the existing fee structure.

Component 2: Recommendations for Rationalizing the Publicly Financed Entities in Five Critical Sectors.

Based on the institutional analysis undertaken under Component 1, the consultants will provide recommendations for rationalizing the five sectors studied. These recommendations will: (i) identify and quantify the costs and benefits of each recommendation versus the status quo, to the extent feasible (e.g. incentive early out programs, collapsing services provided by several agencies into a single agency) and quantify the impact of each recommendation on the national budget over a period of 3 fiscal years; (ii) propose the most appropriate institutional and legal framework for the entities involved in the five sectors and the implications for current laws and regulations governing these sectors; (iii) substantiate the rationale for the entities that should remain in these sectors, and describe their proposed functions and services in the context of the mandates of the Constitution; (iv) provide evidence to justify the elimination or reduction in the scope of the mandate of entities that should be eliminated or reduced. These recommendations will take into account other public sector modernization initiatives in progress in the country whether financed with external or internal resources, such as for example, the PRODEV operation financed by the IDB and the PEFA financed by the European Union.

Component 3: Phased Implementation Plan for Rationalization of the five critical sectors plus Budget.

Subsequent to the activities undertaken under Components 1 and 2, this KCP will also finance the preparation of a detailed phased plan for rationalizing the five sectors. This Rationalization Plan will take into account the GoBA's fiscal constraints and obligations over the next 3 fiscal years, 2011-2014. The Rationalization Plan will provide detailed estimates of the budget required for each activity proposed and the possible sources of financing.

4.2 Year One

The analytical work, the recommendations and the Implementation Plan and the Dissemination Plan, will be completed within nine (9) months and an additional (three) 3 months will be required for validation of the products with key stakeholders and for final disbursement of the resources.

V. KCPs RESULTS FRAMEWORK. Main Deliverables (outputs) by component. When warranted, describe dissemination strategy:

5.1 Main Deliverables:

Deliverables Year 1	Intermediate Milestone (if applicable)	Milestone Date (if applicable)	Expected Completion Date (from date of signature of consulting contract)
Institutional Analysis of the Barbados Public Sector with a detailed review of Expenditures in five critical sectors	Analysis of the institutional and legal framework for Ministries, agencies and other entities financed by the Central Government.		4 months
	Detailed review of the allocation of central government resources to each ministry, agency, statutory body or entity in five critical sectors over the period of FY2006-2010, identifying the specific activities on which the resources were spent or designated for FY 2010-2011, (salaries, pensions, other emoluments, services, supplies,		6 months

	rent, utilities etc.).		
Recommendations for rationalizing the Ministries and agencies financed by the central government in five critical sectors			8 months
Phased Implementation Plan for Rationalization of the five critical sectors plus Budget; and a plan for disseminating the findings of this analysis within all of the institutions analyzed.			9 months

5.2 Dissemination plan: when warranted briefly describe dissemination plan of expected deliverables / results with a timeline for key activities, person/institution responsible for implementation:

The findings of this analysis will be disseminated within all of the institutions analyzed.

5.3 Results Matrix:

Indicators	Baseline*	Intermediate Targets		Expected Completion Date (months after signature of consulting contract)
		Year 1	Year 2	
Analysis of the allocation of central government resources to each ministry, agency, statutory body or entity in the five critical sectors over the period of FY2006-2010, identifying the specific activities on which the resources were spent or designated for FY 2010-2011, (salaries, pensions, other emoluments, services, supplies, rent, utilities etc.)	GoBA allocations to public sector entities in the five critical sectors in FY 2006-2010 GOBA expenditures on public sector entities in the five critical sectors in FY 2006-2009	a. Institutional Assessment of the 5 sectors b. Report on allocations and actual expenditures for the period. c. Recommendations identify and quantify costs and benefits (savings) of proposed actions d. Implementation Plan & budget for rationalizing the 5 sectors.	N/A	a.4 months b.6 months c.8 months d.9 months

***One of the purposes of this assignment is to establish accurate baselines for the institutional structure and expenditures financed with government resources in each of the five sectors.**

VI. BUDGET:

6.1 Budget should be presented by deliverable (outputs) or groups of deliverables (for example: three publications, three conferences, seminars or workshops; one database; one survey; two training courses). Total available funds from counterpart sources should be reported. Use whole numbers only.

Costs	Project Cost						Counter-part Resources	Other Financing
	Year 1			Year 2	Subseq. years	Total request		
Component	Consult.	Travel (1)	Lodging & in-country transportation					
Component 1: Analysis of Functions, Services Delivered and Expenditures by Entities financed by the Central Government								
Analysis of the institutional and legal framework for Ministries, agencies and other entities financed by the Central Government.	100,000	10,000	15,000			125,000	12,500	
Analysis of the allocation of central government resources to each ministry, agency, statutory body or entity in the five critical sectors over the period of FY2006-2010, identifying the specific activities on which the resources were spent or designated for FY 2010-2011	150,000	15,000	20,000			185,000	18,500	
Component 2: Recommendations for Rationalizing the five critical sectors								
Recommendations based on evidence, for rationalizing the five sectors	30,000	3,000	4,000			37,000	3,700	
Component 3: Phased Implementation Plan for Rationalization plus Budget								
Detailed phased implementation plan for rationalization of the public sector. This Plan will provide detailed estimates of the budget required for each activity proposed and the possible sources of financing	35,000	4,000	5,000			44,000	4,400	
Sub-total	315,000	32,000	44,000			391,000	39,100	
Monitoring and evaluation						9,000	900	

Total						400,000	40,000	
Approximate value of in-kind counterpart							40,000	

(1) Consultant's travel only

6.2 Bank staff participation in KCP:

Staff Name	Bank Unit	FTEs
Astrid Wynter	ICS	0.073
To be determined	FMM	0.24
Rousina de Souza	LEG	0.024
Janette Archer Headley	CBA	0.024
Luz Melody Ladron de Guevara	ICS	0.024

6.3 Types of Consultants: Firms or individuals and main activities/deliverables:

Type: Individual or Firm (if available)	Nationality (if available)	Estimated Cost	Main Activities / Deliverables
Firm	International	391,000	Main activities: (1) Institutional analysis of functions and services delivered by entities financed by the central government. (2) Detailed review of expenditures of government financed entities in five critical sectors in FY 2006-2010. (3) Issue recommendations based on the evidence, for rationalizing the five critical sectors. (4) Phased Implementation Plan for Rationalizing the five critical sectors including the budget for doing so. For deliverables, please see Table 5.1 above.

6.4 Proposed administrative budget estimation required for the execution stages by year of execution (specify consulting, travel and other expenses)

Type	Year 1	Subsequent Years
Travel	10,000	N/A
Other	5,000	N/A
Total	15,000	N/A

VII. Risks and Coordination with other MDBs:

7.1 Implementation Risks:

(a) **Unavailability of data.** If this should occur at the level of any individual agency, the Investment Division is committed to seeking the required data from another source (other departments who keep the same date).

(b) **Lack of cooperation from agencies.** The Director of Finance and Economic Affairs (DFE) will facilitate cooperation by informing the consulting team that should they encounter resistance to their work, the consultants must directly inform the DFE of this fact. The DFE is empowered under the Financial Act to issue instructions to government funded agencies.

As stated in the Country Strategy: "The most important risks to achieving the Strategy's expected results are macroeconomic and fiscal risks resulting from a possible worsening of the external imbalance and failure to reign in

the fiscal deficit; attendant sociopolitical risks that could weaken the social partnership, and slow implementation of the actions foreseen in the strategic priority areas, particularly those of a policy nature. Although the Bank cannot mitigate these risks, it can be responsive in adjusting the Strategy (if necessary) to a new country context.”

7.2 Summarized collaboration or coordination with other MDBs and donors (if any):

The EU is undertaking a PEFA for Barbados which will be completed later in 2010. Therefore, the PEFA analysis and recommendations will be available to inform the work to be financed under this KCP. CBA’s financial specialist and the ICS specialist maintain a dialogue with the EU on this initiative and the financial specialist is seeking to accompany the EU’s PEFA consultants to some of their interviews with government agencies. These IDB specialists also participate in the Public Financial Management and Governance Donor Coordination Group in Barbados and thus, information on this KCP and its progress will be shared in this forum.

VIII. Monitoring and evaluation plan.

Fill-out the KCP’s Development Effectiveness Matrix (DEM) using this link to the [DEM template](#). On Section 4.II *Quality Measurements at Completion*, fill-out only the portion that corresponds to the KCP type selected. Then save it in IDBDOCS and record its number immediately after the “equal” sign on the link below:

<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?docnum=35158625>

8.1 Summarize the basic elements of the Monitoring and Evaluation plan, including key activities and associated budget:

Indicators	Budget	Entity Responsible	Expected Completion Date
GoBA has the level of information required to make decisions on the best allocation of central government resources and the distribution of functions and services among government financed entities in the five critical sectors, to make the public sector efficient and cost-effective	3,000	Public Investment Unit and the IDB team	8 months from KCP’s approval and agreement signature
Analysis of the allocation of central government resources to each ministry, agency, statutory body or entity in the five critical sectors over the period of FY2006-2010, identifying the specific activities on which the resources were spent or designated for FY 2010-2011	4,000	Public Investment Unit and the IDB team	4 months from KCP’s approval and agreement signature
Expert recommendations based on evidence, of the options for rationalization of the public sector	1,000	Public Investment Unit and the IDB team	9 months from KCP’s approval and agreement signature
Detailed phased implementation plan for rationalization of the public sector entities. This Plan will provide detailed estimates of the budget required for each activity proposed and the possible sources of financing.	1,000	Public Investment Unit and the IDB team	11 months from KCP’s approval and agreement signature

**BARBADOS PUBLIC SECTOR INSTITUTIONAL
ASSESSMENT AND EXPENDITURE REVIEW**

BA-T1015

CERTIFICATION

I hereby certify that this operation was approved for financing under the Institutional Capacity Strengthening Thematic Fund (ICS) through a communication dated October 1, 2010 subscribed by Kai Hertz (VPC/GCM). Also, I certify that resources from the Institutional Capacity Strengthening Thematic Fund (ICS) are available for up to US\$400,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of ten (10) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in U.S. dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this KCP. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

Original Firmado



Marguerite S. Berger
Chief

Grants and Co-financing Management Unit
VPC/GCM

12/07/2010
Date

APPROVAL

Original Firmado


Carlos C. Pimenta (a.i.)
Division Chief
Institutional Capacity of State Division
ICF/ICS

12/10/2010
Date

BARBADOS
INSTITUTIONAL ASSESSMENT AND PUBLIC EXPENDITURE REVIEW IN FIVE
KEY SECTORS

BA-T1015

TERMS OF REFERENCE

I. BACKGROUND

- 1.1 The international economic crisis has had a severe adverse impact on the Barbados economy.** Following a period of growth averaging 3% per annum, the Barbados economy has experienced a sharp decline since 2008, which is largely attributable to the international economic crisis. The crisis caused a slump in the earnings of the tourism industry, which is the dominant industry in the country, triggering deterioration in other major industries, including construction, distribution, communication and entertainment. It has reversed a trend of falling unemployment, and given rise to consideration of countercyclical initiatives to stimulate the economy.
- 1.2 At the same time, the crisis has aggravated a gradual deterioration in the fiscal situation.** In recent years, an easing of fiscal restraint has been reflected in rising public sector debt which went from 73% of GDP in 2000 to 106% by 2009. With the onset of the economic crisis, the combination of rising government expenditure and reduced revenue resulted in a widening of the fiscal deficit which reached 8.4% in 2009. The fiscal deterioration is a threat to overall economic stability, and also limits the scope for countercyclical government intervention to sustain economic activity during the crisis. Recognizing this, the government has taken some corrective steps and announced its commitment to further fiscal adjustment measures starting in 2011. The achievement of announced targets for fiscal restructuring and debt reduction depends on the ability of the Government to sustain this trend, against a background of continuing uncertainty.
- 1.3 Despite these hardships, policy moves and other developments have somewhat limited the adverse effects of the crisis, but public debt is growing.** Measures to alleviate the impact of the crisis on the population and, more importantly, the recession boosted the fiscal deficit and public debt is now over 100 percent of GDP (albeit mostly domestic and long term). As the current account deteriorated, international reserves declined, although they remain at comfortable levels thanks to the SDR allocation and foreign debt placements (partly to finance a US\$100 million bond that matured in mid June).¹

¹ BARBADOS—IMF ASSESSMENT LETTER TO THE INTER-AMERICAN DEVELOPMENT BANK
June 23, 2010 and Barbados Independent Macroeconomic Assessment.

1.4 In order to prevent further deterioration of its macroeconomic situation in the current global and national context, the Government of Barbados (GoBA) is seeking to make its public sector more efficient and cost-effective. To this end, the GoBA wishes to assess the size, composition, functions, services provided and costs of its public sector entities in five critical sectors -- education, health, tourism, social services, and agriculture. Optimal decision-making on public spending requires accurate and timely data and analysis. The GoBA therefore also seeks support in analyzing its allocation of resources in order to evaluate the quality and efficiency of expenditures and to improve the allocation of such resources to meet national priorities.

1.5 Another program, currently in execution, PRODEV (ATN/OC-10569-BA) is financing an assessment of the public sector's budgetary processes and the implementation of the budget, with emphasis on the efficiency and effectiveness of public sector spending. This KCP will complement the analytical work that is being carried out under PRODEV which is expected to be completed by December 2011.

II. OBJECTIVES OF THE CONSULTANCY

2.1 The objectives of this consultancy are to:

- (i) identify the current detailed allocation of resources to entities of the central government, ministries, agencies, statutory bodies and other entities in these sectors that receive the majority of their financing from the national budget;
- (ii) identify which agencies, if any, are providing duplicative or redundant services and assess the costs of such duplication or redundancy; and
- (iii) develop a phased implementation plan with a budget for rationalizing these sectors to increase the equity and efficiency of public expenditures therein.

2.2 Data are needed on the:

- (i) allocation of resources within agencies that receive financing from the central government (staff, pensions, other emoluments, supplies, training, rent, utilities, telecommunications, etc.);
- (ii) existence of agencies providing the same service(s) or redundant services;
- (iv) options for reducing costs by pooling the services and supplies required by the GoBA to function; and
- (v) most cost-effective, rational and feasible means of attaining greater efficiency by rationalizing the public sector, as well as a realistic budget for doing so.

III. ACTIVITIES

Component 1: Institutional Assessment of the Ministries and Agencies Financed by the Central Government.

3.1 The consultant will be required to undertake an analysis of the institutional and legal framework of the Government of Barbados with respect to the ministries, agencies,

statutory bodies and other entities that are receiving the majority of their financing from the central government.

3.2 The consultant will undertake an in depth analysis in five critical sectors -- education, health, tourism, social services, and agriculture -- of:

- (i) The functions, services provided, mission and mandate of each entity financed by the central government with a view to determining whether there are agencies that duplicate functions and services with no apparent justification and whether there are entities whose functions or services are no longer necessary.
- (ii) The allocation of central government resources to each ministry, agency, statutory body or entity in the five priority sectors over the period of FY2006-2010, disaggregated for each financial year (and noting the related institutional placement of the corresponding agencies), identifying the specific activities on which the resources were spent or designated for FY 2010-2011.
- (iii) The user fees charged by agencies where applicable with a view to analyzing the adequacy of the existing fee structure.

Component 2: Recommendations for Rationalizing the Publicly Financed Entities in Five Critical Sectors.

3.3 Based on the institutional analysis undertaken under Component 1, the consultant will provide recommendations for rationalizing the five sectors studied. These recommendations will:

- (i) Identify and quantify the costs and benefits of each recommendation versus the status quo, to the extent feasible (e.g. incentive early out programs, collapsing services provided by several agencies into a single agency) and quantify the impact of each recommendation on the national budget over a period of 3 fiscal years.
- (ii) Propose the most appropriate institutional and legal framework for the entities involved in the five sectors and the implications for current laws and regulations governing these sectors.
- (iii) Substantiate the rationale for the entities that should remain in these sectors, and describe their proposed functions and services in the context of the mandates of the Constitution.
- (iv) Provide evidence to justify the elimination or reduction in the scope of the mandate of entities that should be eliminated or reduced.

3.4 These recommendations will take into account other public sector modernization initiatives in progress in the country whether financed with external or internal resources, such as for example, the PRODEV operation financed by the IDB and the PEFA financed by the European Union.

Component 3: Phased Implementation Plan for Rationalization of the five critical sectors plus Budget.

3.5 Subsequent to the activities undertaken under Components 1 and 2, this KCP will also finance the preparation of a detailed phased plan for rationalizing the five sectors. This Rationalization Plan will take into account the Government's fiscal constraints and obligations over the next 3 fiscal years, 2011-2014. The Rationalization Plan will provide detailed estimates of the budget required for each activity proposed and the possible sources of financing.

IV. REPORTS AND DISBURSEMENTS

Event	Amount	Estimated Time Frame
Acceptance by Government & IDB of Work Plan	10%	3 weeks after contract signature
Presentation of Report to satisfy requirements of Component 1	20%	6 months after contract signature
Presentation of Report to satisfy requirements of Component 2	20%	7 months after contract signature
Presentation of Report to satisfy requirements of Component 3	20%	8 months after contract signature
Acceptance by GoBA & IDB of a final Report that integrates the findings, recommendations and plan presented in the reports on Components 1, 2 and 3.	30%	9 months after contract signature

V. CHARACTERISTICS OF THE CONSULTANCY

- i. Type of consultancy: Consulting Firm – Under a lump-sum contract.
- ii. Starting date and duration: The consultant will work for a total of no more than 9 months starting on the date of signature of the consulting contract.
- iii. Place of work. The consultancy will take place in Barbados and in the place of origin of the consultant.
- iv. Qualifications. The consulting team will be led by a senior level economist with wide international and public sector experience in evaluating public expenditures. Excellent English language skills are required and knowledge of the system of government in the English speaking Caribbean is strongly preferred. The team will also comprise experts

with experience in public financial accounting, institutional assessments and public sector rationalization programmes.

- v. Reports. The consultant will present the following reports: (1) a work plan; (ii) a report that meets the objectives of component 1; (iii) a report that meets the objectives of component 2; and (iii) a report that meets the objectives of component 3; (iv) a final report that integrates all of the earlier reports.

DRAFT