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CARIBBEAN DEVELOPMENT BANK

FIRST EVALUATION
OF
TECHNICAL ASSISTANCE FUND

JANUARY, 1981

January 20, 1981

Mr. C.A. Sorhaindo
Secretary and Director
Administration Department
Caribbean Development Bank
P.O. Box 408, Wildey
St. Michael, Barbados, W.I.

Dear Mr. Sorhaindo:

We are pleased to submit our final report, covering the first evaluation of the Technical Assistance Fund of the Caribbean Development Bank.

The main data collection and analytical work of the study took place during early October, 1980. It consisted of interviews with senior officials of the Bank and selected external persons, and a comprehensive review and analysis of relevant documentation, organization structure, administrative practices and procedures, and personnel. A small but representative user survey also was undertaken.

We have developed a number of recommendations in all areas covered by the review and we have attempted, to the extent possible, to provide an action focus - an emphasis on the operationally practical which recognizes the need to achieve technical assistance objectives.

Our endeavours were materially assisted by the cooperation and assistance received from a number of Bank personnel, in particular yourself, Mr. Arnhim Eustace and Miss Joan Ferguson. A draft of this report received a client review and appropriate factual corrections have been made.

iation of thi
the bank on this important project. While funds
olved are relatively small in terms of total Bank
rations, technical assistance plays a vital and indeed
ential role in the economic development of the region.
look forward to being of service in the future.

Yours very truly,

Tom. L. Ross & Co

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INTRODUCTION

HISTORICAL PERSPECTIVE

The agreement establishing the Caribbean Development Bank (CDB) was signed on October 18, 1969 at Kingston, Jamaica. Article 2(d) of its charter calls for the provision of ... "appropriate technical assistance to its regional members, particularly by undertaking or commissioning pre-investment surveys and by assisting in the identification and preparation of project proposals ...".

Since commencement of its operations in 1970, the Bank has provided increasing amounts of technical assistance (TA) - primarily to lesser developed member countries (LDC's*). These resources come from the Special Fund Resources (SFR), supported by a number of donor governments and agencies.

By the mid-seventies it became clear, however, that in terms of development funding assistance, the absorptive capacity of the LDC's and to a lesser extent the MDC's was limited, a problem which could seriously affect their future economic growth. The removal of this constraint to the effective use of external investment funds was deemed urgent but it could be achieved only by the additional injection of (domestically scarce) skilled technical and managerial resources, applied in two fields of activity as follows:

- *Project Related* - studies related to project identification, prefeasibility, feasibility, implementation and follow-up at the subsequent operational stage;
- *Non Project Related* - by way of institutional strengthening assistance, interim management and general advisory, training, educational, administrative and planning services**.

* *Lesser Developed Member Countries (LDC's)* - Antigua, Belize, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands. *More Developed Member Countries (MDC's)* - Bahamas, Barbados, Jamaica, Trinidad & Tobago, and Guyana.

**Since its inception, CDB had supplied technical assistance largely by way of project preparation. It was estimated that in excess of 30% of project staff time was devoted to this activity.

In addition to the evident scarcity of TA funds, there was the problem of the multiplicity of funds. CDB had, in a number of instances, successfully persuaded donors to earmark for TA purposes portions of their contributions to the SFR and other funds. But frequently fund rules did not permit the unrestricted allocation of resources; that is generalized TA use. This situation led to further constraints on the way resources could be utilized and the purposes to which they could be put.

Following discussions with potential donors and the completion of United States Agency for International Development (USAID) project paper 538-0016 - which provided an in-depth review and analysis of current problems and set out detailed recommendations related to Technical Assistance Fund (TAF) implementation and operation - the Bank's board of directors approved, on August 25, 1978, the establishment of the TAF in the sum of approximately U.S. \$4 million. Primarily directed towards the LDC's, (at least 70% of the total) the TAF was designed to serve both project and non-project related activities in four areas:

- *General development* - including specialist advisory services, interim management, and training;
- *Project preparation* - pre-investment studies in defined economic sectors and on a regional basis;
- *Project implementation* - various advisory services and staff including managers, engineers and other technical personnel;
- *Bank development* - upgrading and expansion of staff resources to serve in areas of defined developmental need and the financing of Project Officers at the national level to assist in coordinating CDB and other donor assisted projects.

TAF resources could be applied in the formal loans or contingent loans and on a non-reimbursable basis. Project assistance completion date was scheduled for four and one-half years from the date of signature of the project agreement. The following donors have agreed to contribute funds: United States, Canada, United Kingdom, Trinidad, Venezuela and CDB*. It was agreed by all donors that the policies and procedures contained in project paper 538-0016 would generally govern the operations and administration of the Fund.

*All amounts in this report, unless otherwise indicated, are reported in US dollars.

The USAID project paper also set out a requirement for annual TAF review (Appendix A) - focusing initially on administrative and management matters and subsequently on program effectiveness. This current study is the first of such reviews.

Two detailed sets of operational criteria were agreed to, one set for non-project related activities and the other for project related activities (Appendix B).

STUDY OBJECTIVES AND SCOPE

The study has three main objectives, in accordance with the terms of reference set out in Appendix C, as follows:

- a) Examine and make recommendations on the progress of Fund implementation since April 1978, including staffing and the establishment of procedures taking due account of other sources of funds available within CDB for project preparation and other TA purposes and the need to reduce bottlenecks;
- b) Examine the nature and type of assistance being provided and, given existing approvals and projects in the pipeline and projects expected, recommend whether changes in the allocation of resources by category within the framework of the approved financing plan are necessary, and, where possible, quantify such changes; and,
- c) Examine the eligibility criteria, including crop restrictions and other restrictions imposed by contributors to the Fund and recommend necessary changes.

In summary, the study involves a comprehensive review of the TAF delivery system, recognizing the impact of other technical assistance sources and the need to examine specific resource allocation issues and possible constraints. As noted, it is not intended to address the question of program effectiveness; this will be the topic of a subsequent rationale review.

STUDY METHODOLOGY

The work of the study comprised two major phases: situation analysis, and evaluation and recommendations. The major tasks included:

- . Review and analysis of relevant documentation;

- Interviews with key Bank officials and selected external persons. In total, twenty-two persons were interviewed. A list of persons interviewed is shown in Appendix D, and the topics covered during the interviews are set out in Appendix E;
- Examination of processing and reporting systems, and procedures;
- Review of organization structure and staffing;
- Evaluation of findings and action alternatives, and formulation of recommendations with outline of implementation plan;
- Preparation of report at draft and final stages.

REPORT STRUCTURE

Following this introductory section, the report discusses both descriptively and analytically the operations, user views, administration, management, and organization and staffing of TA. Subsequent sections are devoted to the assessment of key issues and development of conclusions and recommendations. Finally, an outline of a suggested implementation strategy is set forth.

TECHNICAL ASSISTANCE SYSTEM

OVERVIEW

Technical Assistance Fund

The TAF financing plan is shown in Table 1. This table indicates the donor sources and the original proposed allocation of funds by category. Allocation of funds was assumed to be in accordance with Table 2. Table 2 also indicates the planned reimbursable component of the Fund. It was planned that at least 70% of TAF resources would be utilized in the LDC's with the remainder available to the MDC'S and regional institutions.

The project grant agreement between CDB and USAID permitted the use of technical assistance over a wide range of sectoral activities and for management and administrative purposes. Specific exclusions, unless the assistance can be shown to have an impact on lower income groups (including employment) or regional integration, were as follows:

- Capital intensive activities (over \$10,000 capital cost per job) in mining, industry and agriculture;
- Infrastructure - telephone and telegraph systems;
- Tourism - medium and large hotel accommodations (over 40 rooms) luxury entertainment facilities and tourism planning marketing and promotion; and,
- Crop restriction - production and marketing of palm oil, sugar and citrus fruit.

USAID waived procurement restrictions to permit technical assistance resources to be procured from Bank member states in addition to the United States of America.

However, one of the general restrictions noted in the eligibility criteria presented in Appendix B (item 2(c)) requires that "all general studies will be undertaken on a non-reimbursable basis, but not more than 20% of the project preparation resources will be utilized for such studies". This condition results in the establishment of a fund ceiling of \$256,000 for non-reimbursable funds in the project preparation category.

Special Funds Resources

Special funds resources represent contributions or loans received to be used to make or guarantee loans of high

TABLE 1
 TECHNICAL ASSISTANCE FUND
 PROPOSED FINANCING PLAN
 (US \$000)

<u>CATEGORY</u>	<u>LEVEL OF EFFORT</u>	<u>USAID</u>	<u>OTHER DONORS</u>	<u>CDB</u>	<u>TOTAL</u>
<u>General Development</u>					
Technical Advisers/Staff	86 p.m.	<u>126</u>	<u>125</u>	-	<u>251</u>
		126	125	-	251
<u>Training</u>					
Seminars	10 wks.	145	145	100	390
Observational/Academic	20 wks.	<u>5</u>	<u>5</u>	-	<u>10</u>
		150	150	100	400
<u>Institutional Development</u>					
Statistics	42 p.m./8 wks.	123	123	-	246
Planning	42 p.m./8 wks.	123	123	-	246
Accounting (Public Corp.)	48 p.m.	<u>72</u>	<u>72</u>	-	<u>144</u>
		318	318	-	636
		<u>594</u>	<u>593</u>	<u>100</u>	<u>1,287</u>
<u>Pre-Investment and Project Preparation</u>					
Feasibility Studies	17 stds.	<u>641</u>	<u>641</u>	-	<u>1,282</u>
<u>Project Implementation</u>					
Agriculture	10.0 p.yr.	180	180	-	360
Industry	8.3 p.yr.	150	150	-	300
Infrastructure	4.6 p.yr.	<u>81</u>	<u>81</u>	-	<u>162</u>
		411	411	-	822
<u>Bank Development</u>					
Staff Experts	9 p.yr.	101	101	68	270
Government Project Officers	12 p.yr.	<u>90</u>	<u>90</u>	-	<u>180</u>
		191	191	68	450*
<u>Fund Administration</u>					
Staff	8 p.yr.	-	-	80	80
Other		-	-	20	20
		-	-	100	100
		<u>1,837</u>	<u>1,836</u>	<u>268</u>	<u>3,941*</u>

*Subsequently amended to \$439 and \$3,930 respectively. Source: USAID Project Paper 538-0016

TABLE 2
 TECHNICAL ASSISTANCE FUND
 PROPOSED ALLOCATION BY CATEGORY
 (US \$000)

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>PERCENTAGE OF TOTAL</u>	<u>REMARKS</u>
General Development	1,287	33%	Non-reimbursable
Pre-Investment and Project Preparation	1,282	33%	Approximately 60% reimbursable after assumed failure rates.
Project Implementation	822	21%	25% of funds allocated to agricultural/ industry; reimbursable.
Bank Development	450	11%	Non-reimbursable
Fund Administration	<u>100</u>	<u>2%</u>	Non-reimbursable
	<u>3,941</u>	<u>100%</u>	

development priority, longer deferred commencement of repayment and lower interest rates. These special funds also provide resources which may be utilized for general technical assistance purposes. Consequently, the Bank has access to potentially significant additional technical assistance resources. Table 3 presents these special funds resources available for technical assistance purposes.

These technical assistance resources are employed for purposes similar to the TAF though certain donor stipulated conditions must be satisfied. A summary of these conditions as they relate to the approval procedures, procurement practices, beneficiaries, sector focus and nature of financing attached to technical assistance resources administered by CDB is provided in Appendix F.

In addition to the TAF and SFR, CDB also is involved in the administration of various technical assistance resources either as authorizing agent or as the executing agency. In these cases the available funds are not included as CDB resources. Nonetheless CDB, through its respective technical assistance personnel, become involved in consultant selection contract negotiations, project supervision and financial administration and accountability. Currently these types of programs involve funds exceeding \$4 million.

OPERATIONS

The TAF became operative in 1978. Since its inception several administrative and operating factors had to be considered before it became fully operational. In this regard, USAID project paper 538-0016 provided the necessary structural and operating framework within which the fund was to function. However, the actual staffing, development of administrative processing practices, promotion and education of bank staff and potential fund users was left to CDB.

Table 4 sets out the full extent of technical assistance resources available to the Bank since its beginnings in 1978 to the present (August 31, 1980). Through the TAF, donors to date have agreed to contribute \$3,578,000. In addition, other technical assistance resources amounting \$14,475,000 from the SFR's has been agreed to by donors. While these amounts represent significant sums, it is only within the last year that this growth has materialized.

Table 5 reflects the cumulative activity, since inception, of the TAF. It should be noted that although the donor agreed contributions amount to \$3,578,000, only \$687,000 has been approved by the CDB for technical assistance purposes to August 31, 1980. Moreover, with respect to technical

TABLE 3
SPECIAL FUNDS RESOURCES
FOR TECHNICAL ASSISTANCE PURPOSES
(US \$000)

<u>DONOR</u>	<u>AMOUNT AGREED</u>	<u>AMOUNT OBLIGATED</u>	<u>RECEIVED TO SEPT. 1980</u>
Trinidad	500	500	24
EDF (development assistance contract)	508	508	-
IDB/CDB/PIP	1,800	1,800	751
New Zealand	738	738	595
UNDP/OPEC	2,000	2,000	1,338
USAID - Alternative Energy	4,003	1,000	137
- Integrated Agriculture	400	400	310
- Agribusiness	450	450	53
- Employment Investment I	1,675	923	112
- Employment Investment II	1,400	250	21
Venezuela	<u>1,000</u>	<u>1,000</u>	<u>112</u>
	<u>14,475</u>	<u>9,569</u>	<u>3,453</u>

SOURCE: Details provided by Assistant Controller - Finance Department, October 17, 1980

TABLE 4
TECHNICAL ASSISTANCE RESOURCES
AGREED DONOR CONTRIBUTIONS
(US \$000)

<u>TYPE</u>	<u>1978*</u> <u>(DEC. 31)</u>	<u>1979*</u> <u>(DEC. 31)</u>	<u>1980**</u> <u>(AUG. 31)</u>
<u>Technical Assistance Fund</u>			
Agreed Donor Contributions (Cumulative)			
United States of America	1,837	1,837	1,837
United Kingdom	-	973	973***
Canada	-	-	500***
Caribbean Development Bank	-	-	268
	<u>1,837</u>	<u>2,810</u>	<u>3,578</u>
 <u>Other Sources of Technical Assistance Resources</u>			
Agreed Donor Contributions (Cumulative)			
Trinidad	N	N	500
EDF (development assistance contract)	O	O	508
IDB/CDB/PIP	T	T	1,800
New Zealand			738
UNDP/OPEC	A	A	2,000
USAID - Alternative Energy	V	V	4,003
- Integrated Agriculture	A	A	400
- Agribusiness	I	I	450
- Employment Investment I	L	L	1,676
- Employment Investment II	A	A	1,400
Venezuela	B	B	1,000
	L	L	
	E	E	
	<u>-</u>	<u>6,671</u>	<u>14,475***</u>

* AS PER 1979 ANNUAL REPORT (pg. 138)

** AS PER DETAILS PROVIDED BY ASSISTANT CONTROLLER - FINANCE DEPARTMENT,
Oct. 17, 1980

*** CURRENCY FLUCTUATIONS MAY ALTER THESE VALUES

TABLE 5
 TECHNICAL ASSISTANCE FUND
 CUMULATIVE ACTIVITY TO AUGUST 31, 1980
 (US \$000)

<u>TYPE</u>	<u>1978*</u> <u>(DEC. 31)</u>	<u>1979*</u> <u>(DEC. 31)</u>	<u>1980**</u> <u>(AUG. 31.)</u>
<u>TECHNICAL ASSISTANCE</u>			
<u>- Agreed Contributions</u>	<u>1,837</u>	<u>2,810</u>	<u>3,578</u>
 <u>TECHNICAL ASSISTANCE - Approved</u>			
Non-Reimbursable	-	254	561
Contingently Reimbursable	<u>53</u>	<u>126</u>	<u>126</u>
	<u>53</u>	<u>380</u>	<u>687</u>
 <u>TECHNICAL ASSISTANCE - Disbursed</u>			
Non-Reimbursable	-	41	192
Contingently Reimbursable	<u>-</u>	<u>-</u>	<u>55</u>
	<u>-</u>	<u>41</u>	<u>247</u>
 <u>TECHNICAL ASSISTANCE - Available</u>			
Agreed Contributions			
Less Disbursed	<u>1,837</u>	<u>2,769</u>	<u>3,331</u>

* AS PER 1979 ANNUAL REPORT (pg. 138)

** AS PER SCHEDULE DEVELOPED BY ADMINISTRATIVE OFFICER - TECHNICAL ASSISTANCE

assistance funds actually disbursed, only \$247,000 has been consumed to date. Consequently, the total disbursed funds to August 31, 1980 represent slightly more than 35% of the approved amount and only 7% of the agreed donor contributions. Therefore, approximately 93% of the total TAF resources available remain to be disbursed.

A further perspective on the TAF operations can be found by examining the allocation of funds among general development, project preparation, project implementation, bank development and fund administration categories. Table 6 sets out the intended allocation by donor at origin; Table 7 presents as at August 31, 1980, the commitments (projects approved) and disbursements both by donor and by type of allocation. In addition, this table presents the funds remaining to be disbursed against approved grants or contingent loans by both donor and allocation category.

Table 8 simply provides a further detailed breakdown of both the commitments and disbursements to date and in Appendix G the individual TAF projects approved by CDB to August 31, 1980 are provided.

Since certain conditions inherent to the TAF restrict the utilization of resources across the category, beneficiary (country) and sector, Tables 9 and 10 reflect the activity of the fund commitments and disbursements opposite these criteria.

The TAF has experienced a slow start if utilization of available fund resources is seen as a key measurement criterion. Despite the low level of commitments and disbursements to date, the operations of the Fund appear to be satisfying the various conditions and restrictions inherent to its structure. Of the approved projects to date, well in excess of the stated 70% have been directed to LDC's and the sectoral mix while not restricted by any particular conditions, appears balanced across a number of areas. Since there was little evidence to indicate that strong promotional efforts directed to potential users had taken place it is understandable that relatively limited fund utilization has occurred to date. Similarly, with respect to the internal education of project officers, awareness of the TAF and its uses appears to be limited.

To date, as evidenced by the size of the contingent loans or non-reimbursable grants approved, the average approved project sourced by the Fund is small. The profile of approved projects which total 29 consists of 10 or in excess of 30% with individual values of less than \$10,000. On the other hand, only 4 projects or slightly greater than 10% have values exceeding \$50,000. In part, this may be because of start-up difficulties, the existing processing and

TABLE 6
 TECHNICAL ASSISTANCE FUND
 ALLOCATION AT ORIGIN*
 (US \$000)

TYPE	DONORS			TOTAL	%
	USAID	OTHERS	CDB		
General Development	594	593	100	1,287	33
Project Preparation	641	641	-	1,282	33
Project Implementation	411	411	-	822	21
Bank Development	191	191	68	450	11
Fund Administration	-	-	100	100	2
	<u>1,837</u>	<u>1,836¹</u>	<u>268</u>	<u>3,941</u>	<u>100</u>

1. Other Agreed Donors

Canada	500
Trinidad & Tobago	100
United Kingdom	875
Venezuela	350
	<u>1,825</u>
Unidentified	11
	<u>1,836</u>

* FORTY-EIGHTH MEETING OF BOARD OF DIRECTORS - PAPER BD 52/78

TABLE 7
TECHNICAL ASSISTANCE FUND
COMMITMENTS AND DISBURSEMENTS TO
AUGUST 31, 1980*
(US \$000)

<u>DONOR</u>		<u>COMMITMENTS</u>	<u>DISBURSEMENTS</u>	<u>AVAILABLE</u>
USAID		261.2	113.7	174.5
Others		401.5	133.4	268.1
CDU		<u>24.5</u>	<u>-</u>	<u>24.5</u>
		<u>687.2</u>	<u>247.1</u>	<u>440.1</u>

<u>TYPE</u>	<u>‡ of OPERATIONS</u>			
General Development	16	195.2	69.6	125.6
Project Preparation	7	256.2	157.8	98.4
Project Implementation	2	98.3	19.7	78.6
Bank Development	4	137.5	-	137.5
Fund Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>29</u>	<u>687.2</u>	<u>247.1</u>	<u>440.1</u>

* AS PER SCHEDULE PREPARED BY ADMINISTRATIVE OFFICER
 - TECHNICAL ASSISTANCE

TABLE 8
TECHNICAL ASSISTANCE FUND
COMMITMENTS/DISBURSEMENTS*
BY DONOR AND ALLOCATION BY TYPE
TO AUGUST 31, 1980
(US \$000)

<u>TYPE</u>	<u>DONORS</u>			<u>TOTAL</u>	<u>%</u>
	<u>USAID</u>	<u>OTHERS</u>	<u>CDB</u>		
<u>Commitments</u>					
General Development	76.6	118.6	-	195.2	28
Project Preparation	128.1	128.1	-	256.2	37
Project Implementation	-	98.3	-	98.3	14
Bank Development	56.5	56.5	24.5	137.5	21
Fund Administration	-	-	-	-	-
	<u>261.2</u>	<u>401.5</u>	<u>24.5</u>	<u>687.2</u>	<u>100</u>
<u>Disbursements</u>					
General Development	34.8	34.8	-	69.6	28.2
Project Preparation	78.9	78.9	-	157.8	63.9
Project Implementation	-	19.7	-	19.7	7.9
Bank Development	-	-	-	-	-
Fund Administration	-	-	-	-	-
	<u>113.7</u>	<u>133.4</u>	<u>-</u>	<u>247.1</u>	<u>100.0</u>

* AS PER SCHEDULE PREPARED BY ADMINISTRATIVE OFFICER
 - TECHNICAL ASSISTANCE

TABLE 9
 TECHNICAL ASSISTANCE FUND
 COMMITMENTS
 BY CATEGORY, COUNTRY, SECTOR
 (US \$000)

<u>CATEGORY</u>	<u>1978*</u> <u>(DEC. 31)</u>	<u>1979*</u> <u>(DEC.31)</u>	<u>1980*</u> <u>(AUG. 31)</u>	<u>TOTAL</u>	<u>\$</u>
Loans					
Contingent Loans	53	73		126	
Grants		254	307	561	
	<u>53</u>	<u>327</u>	<u>307</u>	<u>687</u>	<u>100</u>
<u>COUNTRY</u>					
LDC's					
- Regional Focus		95	175	270	
- Antigua		49	19	68	
- Dominica		73	19	92	
- Grenada		51	9	60	
- St. Vincent		49	9	58	
- St. Lucia			9	9	
- Turks & Caicos	—		1	1	
		<u>317</u>	<u>241</u>	<u>558</u>	81
MDC's					
- Regional Focus		9	65	74	
- Barbados		1		1	
- Guyana	53		1	54	
	<u>53</u>	<u>10</u>	<u>66</u>	<u>129</u>	19
	<u>53</u>	<u>327</u>	<u>307</u>	<u>687</u>	<u>100</u>
<u>SECTOR</u>					
Agriculture					
- Estate/Farm Development		28		28	
- Crop Farming			42	42	
- Other	—	28	4	32	
		<u>56</u>	<u>46</u>	<u>102</u>	15
Industry					
- Agri-Business		98		98	
- Other	53	5	45	103	
	<u>53</u>	<u>103</u>	<u>45</u>	<u>201</u>	29
Infrastructure					
- Airports		9		9	
- Electricity		40	27	67	
- Roads & Bridges		45		45	
- Water Supply	—	28	13	41	
		<u>122</u>	<u>40</u>	<u>162</u>	24
Finance & Distribution					
- Finance			1	1	
Transportation & Communication					
- Air Transportation			34	34	5
Other		46	141	187	27
	<u>53</u>	<u>327</u>	<u>307</u>	<u>687</u>	<u>100</u>

As per 1979 annual report (pg. 138) and discussions with Administrative Officer - Technical Assistance and Assistant Controller - Finance Department

TABLE 10
 TECHNICAL ASSISTANCE FUND
 DISBURSEMENTS
 BY CATEGORY, COUNTRY, SECTOR
 (US \$000)

<u>CATEGORY</u>	<u>1978*</u> <u>(DEC. 31)</u>	<u>1979*</u> <u>(DEC.31)</u>	<u>1980-</u> <u>(AUG. 31)</u>	<u>TOTAL</u>	<u>\$</u>
Loans					
Contingent Loans					
Grants	—	<u>41</u>	<u>151</u>	<u>192</u>	
	==	==	==	==	<u>100</u>
<u>COUNTRY</u>					
LDC's					
- Regional Focus		39	67	106	
- Antigua					
- Dominica			55	55	
- Grenada			13	13	
- St. Vincent		1	35	36	
- St. Lucia			13	13	
- Turks & Caicos	—	—	—	—	
	==	40	183	223	90
MDC's					
- Regional Focus			22	22	
- Barbados		1		1	
- Guyana	—	—	1	1	
	==	1	23	24	10
	==	41	206	247	100
<u>SECTOR</u>					
Agriculture					
- Estate/Farm Development			3	3	
- Crop Farming	—	25	—	25	
- Other	—	25	3	28	11
Industry					
- Agri-Processing					
- Other			77	77	31
Infrastructure					
- Airports			9	9	
- Electricity					
- Roads & Bridges			28	28	
- Water Supply	—	—	27	27	
	==	==	64	64	26
Finance & Distribution					
- Finance					
Transportation & Communication					
- Air Transportation			7	7	3
Other	—	16	55	71	29
	==	41	206	247	100

* As per 1979 annual report (pg. 138) and discussions with Administrative Officer - Technical Assistance and Assistant Controller - Finance Department

approval requirements, the absence of a strong marketing effort and the multiplicity of technical assistance funds available from other sources.

It is difficult to establish the extent to which applications for funding through the TAF have occurred since no formal record of successful versus unsuccessful applications is maintained. Similarly, a "pipeline" of potential projects is maintained informally and data of what might be expected in the future is not fully developed. However, based on the interviews with various bank officials it appears there is an abundance of opportunities available and the probabilities of greater utilization of Fund resources downstream is expected to be high.

While on the surface it appears that a variety of eligibility criteria, crop and procurement restrictions tend to limit the use of TAF funds, to date these dimensions have not impeded the Funds use. In fact, it would appear that though these conditions exist legitimately, there is sufficient flexibility to permit accommodation of most situations. Notwithstanding these conditions, real constraints do exist. Limited availability of qualified local resources for example makes procurement difficult.

Since a reasonable balance of sectoral activity has been experienced to date, it should also be pointed out that the majority of these approved operations are general and fall within the non-reimbursable grant category. If one of objectives of the Fund is to perpetuate its existence there is some need to attract more project specific type assistance issued on a recoverable basis. As noted, with respect to the available project preparation resources, a restriction limiting the non-reimbursable grant type of assistance has been set at 20% or \$256,000. While this may be altered subsequently through discussions and negotiations with donors, currently approximately 50% or \$130,000 of the project preparation projects and related dollars approved are in the form of non-reimbursable grants. The balance of \$126,000 takes the form of contingently recoverable loans. This, despite slow initial fund activities means that to date almost half of non-reimbursable grant dollars available under project preparation already are expended and the remainder is only contingently recoverable. It is clear that if the remaining project preparation funds are to be utilized these must focus on project specific activities and be applied on a recoverable or at least contingently recoverable basis.

USER VIEWS

In an effort to establish how effectively the Bank's TAF practices, procedures and resources are utilized, a selection of actual or potential users of technical assistance funds were contacted in Antigua, Barbados, Grenada, St. Lucia and St. Vincent. A number of insightful comments were made and these are summarized as follows:

With respect to the purpose of the Fund

- the level of technical assistance required by the small members and territories is far greater than the CDB can provide;
- there is not a clear understanding of what funds or the range of assistance that is available through CDB.

With respect to the Administrative Processing Practices

- the machinery is slow though it functions reasonably well;
- administrative processes tend to increase processing time; technical matters, on the other hand, appear to be processed straightforwardly;
- there is too much paperwork, often at very senior levels;
- internal processing delays are not simply a function of CDB but frequently result from the absence of available recipient resources;
- difficulties associated with processing applications may be attracting more "airtime" than they deserve;
- current CDB resources (lack of) hampers the speed with which projects can be brought before Board of Directors;
- legal and contractual requirements could undergo some streamlining;
- once TAF processing becomes routinized it will be better;
- process is fairly cumbersome and time consuming and when approvals are received, the funds are not disbursed as quickly as they might be.

ADMINISTRATION

Since the TAF has been in operation only a short time, the various administrative, approval and record keeping mechanisms in place to support the operations also are in a developmental stage. This review of the TAF operations included an examination of the various processing procedures, approval levels, reporting practices and related accounting records maintained to satisfy the management information needs of the Fund administrators.

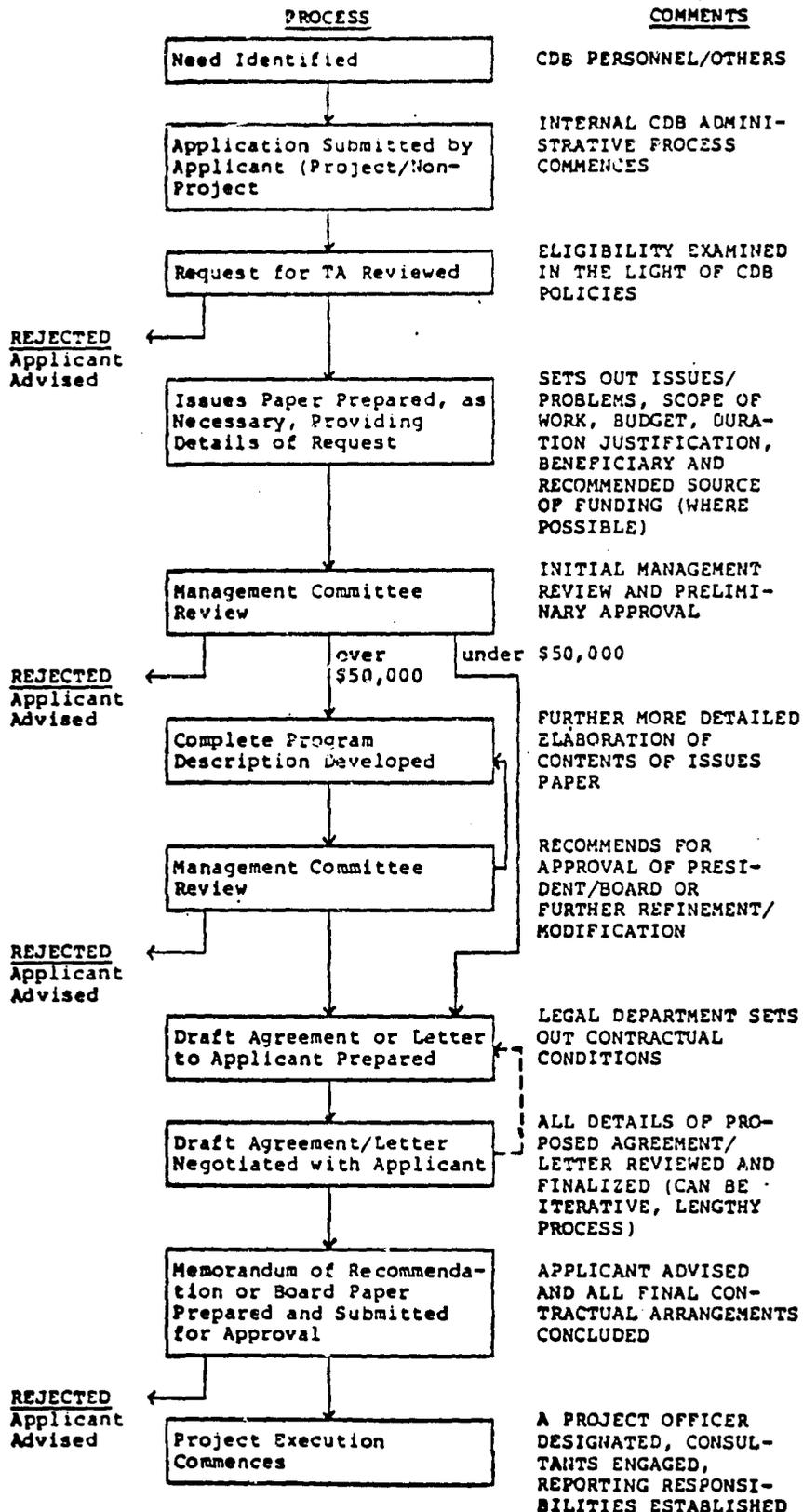
Procedures

In January, 1980, the Administration and Secretary's Department issued the Technical Assistance Programme - Procedures for Processing Requests. An overview of these administrative processing procedures is presented in Figure 1. The primary objectives of these procedures were to ensure that available technical assistance funds were utilized effectively and efficiently, donor requirements were respected, areas of responsibility were identified and processing efforts were coordinated. In essence, these cover the identification, processing and execution of all technical assistance related projects, including those of the TAF. Specifically, these were developed to accommodate different levels of technical assistance operations such as:

- . Project and non-project related technical assistance of over \$50,000; and,
- . Project and non-project related technical assistance of up to \$50,000 which may be approved by the President.

While these procedures cover the various stages of processing and identify the responsible individuals through the process they are complex, and not supported by appropriate forms to facilitate the administrative and approval requirements of project management. Our review of selected TAF project files supported the absence of common and consistent processing practices and standard documentation making it difficult to establish the status of particular projects and whether each application attracted the same level of review and processing discipline. Consequently, though mechanisms exist for recording project status, there is an absence of uniformity or consistency across projects. While it is recognized that the procedures have been in place for less than one year, their legalistic nature, complexity and absence of supporting processing and status forms have contributed to a lack of systems discipline and procedural application. In fact, particularly as it relates to TAF activities, it appears the related administration responds to given situations and circumstances causing variability in the processing and reporting of individual

FIGURE 1
TECHNICAL ASSISTANCE FUND
OVERVIEW OF
ADMINISTRATIVE PROCESSING PROCEDURES



technical assistance projects. However, part of this dilemma may be a function of: (a) the current low volume of technical assistance projects in process; and, (b) because of the above, those involved have several other responsibilities which consume their attention and effort.

Approvals

With respect to the approval processes in place, these are specified in the procedures. Though a variety of individuals are involved in projects identification and application processing activities, delegation of authority for approval purposes exists - each application must be approved either by the President directly or the Board of Directors depending upon the value involved. Various Bank officers interviewed indicated that while the approval process itself is satisfactory, the absence of any delegated approval authority is unreasonable. Moreover, some concerns were expressed relative to the low dollar limits of the President's authority.

Currently, the approval practices are intensely bureaucratic and require that all applications for technical assistance be presented to the most senior management of the Bank. While on the one hand this mechanism may give the appearance of strong control, it does little to expedite the processing of applications for assistance. Since a number of the TAF projects are relatively small in value and relate to applicants attending seminars or courses, the suitability of having senior management approve each submission is questionable.

Because of this concentration on centralized approvals at the senior level, considerable time and effort by a variety of Bank personnel are required to structure and process technical assistance applications. Streamlining this process of approval through further delegation, particularly for the smaller dollars associated with technical assistance applications relative to training, should be considered seriously.

Reporting

Currently, various summary status reports on the TAF activities are prepared or are in the process of development. However, with the exception of the annual report, very little formal and regular management reporting exists relative to the TAF activities. Within the Administration and Secretary's Department informal records are maintained on the Fund's status though it appears their preparation is not routinized and their distribution limited. While much of the necessary management or status information on the Fund's activities is available within the Bank, no regular

consolidated management reports were generated and distributed to senior management. Similarly, the Finance Department's generation of regular TAF financial data was not evident. Neither department appeared to provide any regular reporting to donors relative to the TAF activities.

Linkages between operating and financial information were not well developed and as a result information available on the TAF activities varied between the two departments. This in itself is not a major unresolvable problem since it relates primarily to timing differences and the currency of information available to each department. However, it does create confusion over the accuracy of reported data. It appears that regular reporting, communications and coordination between the two departments would enable more accurate, timely and consistent reporting to be provided. Clearer responsibilities for report preparation are seen as a requirement.

No formal records were available to indicate the volume of applications that had been considered. While the actual volume of approved activities and projects is known, no assessment of the extent of effort consumed on applications that were rejected was possible. This data would assist in assessing the resources required to manage and administer the TAF and also provide insight as to any eligibility criteria that might warrant clarification, modification or redefinition.

With respect to new or potential applications - the "project pipeline", very little formal data was maintained. Though data was available and estimates of probable future TAF activity could be established, no formal regular reporting of the pipeline of potential probable applications was prepared. Consequently, forecasts of activity or likely activity by sector or country were not readily available as input to the planning process.

Accounting

Accounting records maintained for technical assistance projects were not examined in detail but it is understood that some difficulty has been experienced by the Finance Department in ensuring disbursements are properly recorded against approved projects. Apparently, the difficulty results from an unclear identification and coding of requests for disbursements against specific projects. This deficiency is highlighted through the discrepancies that exist between Finance Department records and those maintained by the Administration Department for specific TAF projects.

Also, it appears no mechanisms are yet in place to effectively cost the Bank's contribution to projects. Since it is clear that the Bank does make a considerable contribution to the preparation of various applications for technical assistance, it is essential that a measure of this effort be appropriately reflected and costed in the project records. If the Bank wishes to demonstrate to donors the extent of their efforts to promote and encourage technical assistance, identification of this contribution must be enhanced. Currently, only estimates of this Bank contribution can be provided.

Better coordination of the activities between Finance and Administration would improve the overall reporting capability of TAF activities. In addition, the conduct of internal audit of the TAF activities would help to isolate any areas of duplication or deficiency. To date, since the operations of the TAF are relatively new, no internal audit activities have been conducted.

ORGANIZATION AND STAFFING

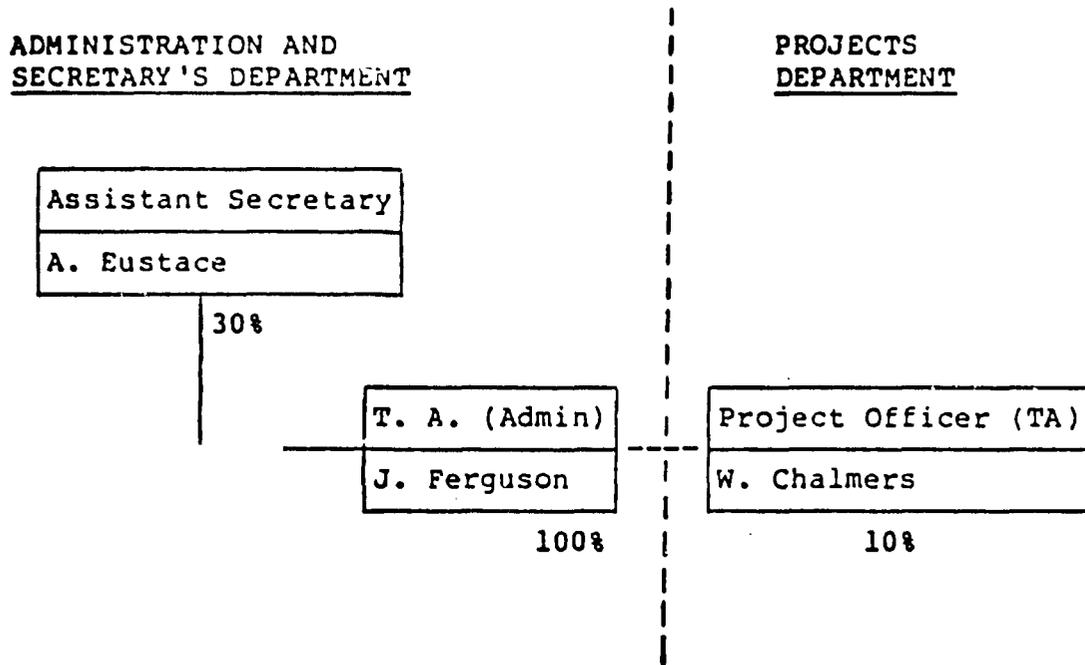
Structure

The administration of the TAF falls within the jurisdiction of the Administration and Secretary's Department. Prime management responsibility rests with the Assistant Secretary operating under the general direction of the Secretary and Director of Administration. An Administrative Officer (Technical Assistance) reporting to the Assistant Secretary, is employed close to full time on TA matters. Approximately 30% of the Assistant Secretary's time is devoted to TA (Figure 2).

In addition, there is a Project Officer (Technical Assistance) located physically* and organizationally in the Projects Department. This position was created to provide a coordination and liaison linkage between the project officers and TA administration in all project related matters. Though it was intended at the outset that this position would require approximately 30% of the officer's time, in practice, the incumbent indicated that a minimum amount of time (10% of total time) had been devoted to technical assistance matters. This is due partly to the volume of TA work being smaller than anticipated during the first year of operation of the TAF and partly to pressures caused by other responsibilities.

*The Project Department is located in the Cable and Wireless building, located some distance from CDB.

FIGURE 2
TECHNICAL ASSISTANCE ORGANIZATION



The responsibility for the administration of non-project related TA rests solely within the Administration and Secretary's Department. The staff in the Administration and Secretary's Department also are called upon to review, prior to Board approval, all technical assistance grants and loans made from special funds resources.

The staff associated with the administration of technical assistance are well qualified, experienced and highly dedicated professionals. They have met their mandate effectively despite the difficulties arising from lack of a formal system structure, the different terms and conditions of the various funds, a difficult administrative approval process, and a requirement to maintain all records in a detailed manual form.

They have been assisted in this regard by the low operations level of the TAF since its start up. But the anticipated increase in the TA pipeline in the future will place a severe strain on current resources. This means that early attention must be given to both the structure of the organization and the level and type of resources utilized.

ISSUES AND CONCLUSIONS

BACKGROUND

TA funds are small in relation to the Bank's overall loan resources, but they form an increasingly important part of Bank operations. TA contributes to the improved overall effectiveness of both the Bank and its borrowers in at least two significant ways:

- . It serves to broaden and strengthen human resources knowledge and experience at managerial and technical levels - which affects positively both directly and indirectly the rate of development in recipient countries;
- . It serves to increase the number, range and quality of selection of specific development projects and the effectiveness and efficiency of the various stages of the project cycle.

To attain these results is not a simple task. A TA system incorporates a number of interactive components which together result in an entity of considerable managerial and operational complexity. For example, to achieve a desired level of system integration, recognition must be given to matters concerning:

- . Funds' sources including conditions relating to application, procurement of services, etc.;
- . Creation of awareness of funds' availability to potential borrowers;
- . Responsiveness of Bank to borrowers;
- . Equity in serving borrowers;
- . Establishment of relevant borrowing decision criteria;
- . Establishment of appropriate administrative and accounting support processes and procedures, and approval policies and practices;
- . Application of an appropriate level of internal control and reporting mechanisms;
- . Operation of technical assistance project monitoring and post-completion evaluation systems;
- . Establishment of appropriate management and organization structure, and selection of personnel.

In evaluating the TAF and other funds from which CDB provides technical assistance, it becomes apparent that all the operating functions of the overall program currently demand attention. The means of problem resolution, typically, is not always readily apparent as the inevitable policy trade-offs must be considered prior to formulating specific operating strategies.

KEY ISSUES

Fund Activity

One key issue concerns the obvious need for CDB to move to a more proactive posture in the matter of committing and disbursing funds from the TAF. Given the fact that the low operational level of activity to date has been caused to some extent by the existence of the inevitable start up "learning curve", and also recognizing that there is a lack of information as to fund detail and modus operandi - what can be done to raise the levels of funding more in line with those envisaged when the plan was implemented?

The introduction of the Bank's training unit will result in an increase in the next year for TA requests relating to expenses incurred by participants in the program. There does not appear to be, however, an equivalent increase in project related requests particularly against those categories, the funds of which are to be used on a recoverable or contingently recoverable basis.

There is then clearly a need for the application of a greater marketing thrust with respect to TA funds, to be directed primarily at the LDC's. In turn, application and processing procedures should be simplified and streamlined to the extent permitted to ensure that beneficiaries receive a high level of service without undue delays or excessive administrative bureaucracy.

There are two major elements which require attention in this regard. The first lies in the procedural area - the need to provide a facilitating mechanism which will support fund requests in terms of effective information processing. This requires the development and application of a formal system structure - particularly in the area of documentation, and a sound information (data) base* for related reporting purposes. It is essential that all concerned with system operation are aware of funds' status.

*Not necessarily initially computerized.

The second and equally important element concerns the area of system management. The Bank, reflecting its charter, its environment and the nature of its operations, generally restricts the fund approval process relating to loans and TA to the Board of Directors with some delegation to the President, but with final ratification by the Board.

In the case of TA, the President has delegated authority to execute project agreements (including such projects covering training, etc.) up to \$50,000 with notification to the Board at its next meeting. A key question which now comes in light of the current situation and supported by the various users views is whether or not the interests of donors and beneficiaries would be better served if there were some further delegation of authority - to the department head level for example - for specific levels or types of technical assistance.

In considering such a move - which would represent a shift to a more decentralized management system in terms of both responsibility and accountability - the following action would be required:

- . The establishment of appropriate short and long range plans for the provision of TA;
- . The establishment of appropriate levels of approval by designated level of management;
- . The establishment of appropriate control mechanisms through effective reporting practices and internal audit action.

Pre-audit systems, with their high level of centralized control of expenditures, have been eliminated by many governmental bodies in the interests of not only promoting administrative efficiency but also as a means of positively motivating senior and middle management staff levels. Provided that the essential planning and control components are in place, there is no reason why this form of management process cannot be beneficial internally and externally.

Fund Constraints

A further issue concerns the constraints, real or perceived, within which the TAF and other TA funds must operate. These constraints relate primarily to the use to which funds can be put and the procurement of services.

Fund Use

Ideally, from CDB's standpoint the fewer the number of TA funds, the easier would be the task of administration. Six donors currently are associated with the TAF. Certain of these donors contribute to TA program associated with the SDF; other donors contribute only to SDF related TA only. Each fund operates under its own special terms and conditions (Appendix F).

This situation - which despite continuing Bank pressure for integration is likely to continue - naturally tends to complicate administrative activity. And in certain cases, specific dedicated groups have been set up to operate and administer a special fund.

There is no doubt that the linking of TA to large capital projects is correct policy. But in practice it raises the question, certainly in the case of a number of the LDC's, as to whether prospective beneficiaries have the time and resources to devote to the negotiation and execution of loan agreements.

There is no other evidence at the current time that fund use constraints, for example crop restrictions, have materially affected the operations of the TAF and other funds. They may however have contributed to some additional administrative complexity. It is possible also that certain restrictions or eligibility criteria with respect to the TAF might be waived by donors for "good cause". This action would of course be unlikely in the case of special TA funds.

In any event, in light of the low level of funds committed to date, fund constraints are only likely to emerge as a problem at some future stage.* With the introduction of effective planning and management policy review mechanisms, such problems should be largely foreseen and dealt with prior to their affecting operations. An essential prerequisite to such action is the wide availability of comprehensive, relevant and timely reports on funds' status so that management is made continuously aware of potential problem areas.

Procurement of Services

In following normal multilateral lending agency practices with respect to the procurement of consulting services, CDB ensures that the criteria of competence, price and equity of selection are met.

*With the possible exception of funds applied in the project preparation category if these continue not to be recoverable

The major problems which arise in this context relate to the time involved in selecting consultants and the availability of (primarily) individual industry or sector specialist consultants. On the large consulting engagements (say in excess of \$150,000), there is little doubt that wide advertising and prequalification statements are necessary. Below that level, now that the Bank has a comprehensive operational consultants' register,* it would appear to be unnecessary and of little value to engage in costly advertising. Selection by the borrower and/or the Bank of three to five consulting firms to submit bids should be sufficient.

In the case of the project involving only an individual specialist consultant, the Bank is frequently faced with the situation of scarcity of available resources.

Without suggesting that the necessary equity criteria should be abandoned, in certain situations there is a clear need to put the best resource in place in the least possible time. It is unlikely, given the numerous "checks and balances" in the approval process of the Bank, that sole sourcing of services in this manner would be adopted as more than as a "last resort" procedure.

GENERAL CONCLUSION

The TAF is still in its initial operational stage. There are strong signs that its level of activity will increase in the near term. From a longer range perspective, it appears clear also that technical assistance operations will form an important and growing part of CDB's activities. Although undoubtedly CDB will maintain pressure on donors to provide technical assistance through the TAF, special funds with their specific terms and conditions will continue to exist in the foreseeable future.

In most borrowing member countries, in particular the LDC's, technical assistance type funds constitute an urgent need. Funds should be made available with the minimum delay and administrative complexity, recognizing that equity, benefit and control criteria must be met.

*Any consulting firm which wishes to provide consulting services to CDB has had ample opportunity to present its qualifications and obtain registration.

The achievement of TA objectives will depend on action being taken on a broad front - in marketing, general operations, administration, management and resources. There is always the possibility that restrictions or constraints placed on funds by donors may be a cause for concern but a sound TA system data base can be used to alert all levels of management of potential problems in this regard so that necessary strategies can be formulated at the earliest possible time.

In summary, the specific needs which emerge from the evaluation of the current situation relate to the establishment of a sound operational, management and structural framework which maximizes the opportunity of achieving fund objectives. This will call for significant attention to:

- The formalization and streamlining of current administrative processes and procedures;
- The rationalization and restructuring of the present TA organization;
- The strengthening of the TA system data base and the introduction of necessary management and other reports;
- The introduction of essential marketing and promotional activities;
- The examination of TAF criteria and constraints for relevance and validity;
- The review of current approval policies with a view to broader delegation of authorities, responsibilities, and accountability for results;
- The establishment of essential planning and programming and evaluation mechanisms;
- General training of affected staff in the requirements for effective system operation.

RECOMMENDATIONS AND IMPLEMENTATION STRATEGY

RECOMMENDATIONS

The recommendations which follow reflect the overall need for future action to take place across the broad spectrum of the system. A selective or piecemeal approach would be likely at best to result in limited funds' operation enhancement, at worst in additional and unwelcome operational complexity.

An effective operational level can, however, only be attained if a properly structured management and administrative system is in place, and currently there are a number of areas which require strengthening. A sound management and administrative framework forms the essential underpinnings of an overall effective system.

Policies

It is recommended that certain management and operating policies be examined with a view to their possible revision involving:

- . A broader delegation and decentralization of levels of approval;
- . Relaxation, within defined limits, of procurement rules for consultants;
- . Establishment of short and long range planning and programming mechanisms, and post completion audit activities including the fixing of annual targets for funds disbursement within appropriate operating functions;
- . Priorization of requests.

These policy recommendations are put forward on the assumption that the broad delegation of authorities, responsibilities and accountabilities is to be preferred over its centralized alternative, that personnel motivation and thus overall system effectiveness is enhanced by such a move. Obviously, control mechanisms must be put in place concurrently but their needs can normally be met by a sound information and management reporting system, and regular internal audit procedures.

The importance of planning cannot be over-emphasized. It provides management with the following:

- . Expected future use of TA funds by location, type and purpose;

- . Need and expected timing of funds' replenishment requirements;
- . Opportunity to assess at an early stage the effects of funds' constraints;
- . Ability to monitor the effectiveness of TA operations through actual versus plan comparisons by area of responsibility, by type of funding and by location.

Administrative Practices and Procedures

It is recommended that a comprehensive upgrading and revision of administrative practices and procedures be carried out involving:

- . Simplification of current application processing mechanisms including the establishment of a necessary formal operating structure, for example the introduction of a relevant forms' package and the preparation and publication of a comprehensive TA Policy and Procedures Manual;
- . Establishment of a comprehensive TA data base;
- . Preparation of regular TA status reports to Bank management and to external entities as required;
- . The collection and costing of time spent by Bank project and other staff on TA matters in order to value CDB contribution levels;
- . The confirmation that accounting operations are maintained at a level which will ensure that disbursements, collections and claims are maintained accurately in current form and at the necessary analytical level.

Detailed administrative methodologies will naturally reflect the selected TA organization structure and approved management and other policies. But it would be a general objective in this area to formalize, to a greater degree the overall administrative process - for example, in the areas of forms and reports, and operating manual - without introducing unnecessary levels of bureaucracy into the system.

In essence, the various administrative mechanisms should ensure that all persons concerned with TA operations can carry out their appointed tasks with understanding and with

minimum ambiguity or confusion. A well structured and clearly documented administrative system in itself will not guarantee TA system effectiveness. But it is a necessary component together with the right organization resources and management system.

Organization and Staffing

It is recommended that the organization structure and staffing be strengthened involving:

- . The establishment of a Technical Assistance Unit reporting to the Assistant Secretary with responsibility and accountability for the effective coordination and administration of all TA activities of the Bank;
- . The establishment of appropriate resources within the Unit in terms of number and classification of staff.

Role

It would appear to be axiomatic that the size and nature of TA - its overall importance - must be recognized through the existence of a clear organizational focal point. The alternative with its inevitable dispersion of responsibilities is not considered to be a serious option. The major components of the Unit's role would be to:

- . Ensure that all loan/grant criteria are met;
- . Technically review all non-project related applications, and collaborate with and assist Projects Department and other departments on technical matters in connection with project related applications as required;
- . Review all project agreements prior to final approval;
- . Maintain all necessary administrative records and files, and prepare all status and other reports for management and externally;
- . Provide direct assistance, including information and training, to prospective beneficiaries as required and coordinate such activities carried out by personnel in other departments;
- . Prepare and coordinate short and long range funding and operating plans required, and ensure that comparative reporting of actual operations versus planned operations is carried out;

- . Monitor project execution phases and conduct post-completion audits as required;
- . Maintain a watching brief on system operation and make recommendations on policy revisions as required - at both funding and operational levels - and on revisions to administrative processes;
- . Develop standard contractual arrangements with the assistance of the legal department.

In summary, the TA Unit would perform both technical and marketing, and administrative roles. It would work closely with both the Projects and Legal departments. It should have a strong service orientation - providing information internally and externally, giving policy and technical advice internally and externally, and playing a central administrative and system management role.

Resources

With respect to resourcing, as an immediate step it is suggested that a senior clerical level person be added to the Unit staff. Much of the activity in the system is of a general administrative nature and does not require the services of a highly skilled technical professional, for example, in the areas of basic information collection, report preparation, record keeping and filing. On the basis of the proposed role of the Unit and anticipated work volumes, it is further suggested that one full time professional be added immediately to the Unit. The provision of two full time professionals was envisaged prior to establishment of the TAF and in the short to medium term this would appear to be the right level. It is suggested, at least at the outset, that there should be no resource division between project related and non-project related activities.

With a staff complement of three persons - two professionals and an administrative person - the TA Unit should well be able to play its technical, marketing and administrative roles. As well, the Assistant Secretary will continue to be in a position to provide overall direction, possibly on a more proactive basis. In any event, the professional staff should not be unduly "deskbound"; they should become as active as possible in the "field" both internally and externally.

The putting in place of the above structure and resources with a mandate to carry the defined role is considered to be a prerequisite to adoption of the further recommendations made in this section.

Marketing

It is recommended that a specific marketing program be recognized within the TA system involving:

- . Development of general informative documentation regarding funds' objectives, availability and potential opportunities for use;
- . Conducting of seminars and similar activities to both relevant Bank staff and prospective users on objectives, policies, procedures, funds' beneficiaries availability and general operation of the TA system.

Island project officers would have a specific role to play in promoting the effective use of TA funds.

While effective TA operations basically depend on a sound organization structure and properly qualified personnel supported by appropriate policy and procedural components, it is important to address the funds' marketing aspects to ensure the following:

- . There is wide knowledge of funds' objectives and availability, thus promoting equity of use;
- . There is a maximum level of understanding how funds application, granting and management procedures, thus providing essential assistance to applicants who are not well resourced in the often complex area of obtaining funds;
- . It promotes and possibly maximizes the most effective use of TA funds by beneficiaries through better project identification.

Operating Constraints

It is recommended that a watch be maintained on potential constraints to the effective operation of the TAF and related funds involving:

- . Establishment of an early warning system to alert management to potentially negative impact situations;
- . Recommending alternative and proposed courses of action to avoid or minimize the impact of constraints.

While the overall TA program will continue to operate within specific donor restrictions or limits, the TA Unit should maintain, within its data base, the capability of indicating to senior management the potential effects of these constraints. In a more active sense, the Unit should also

prepare background policy papers for management indicating possible ways in which potential negative effects can be minimized.

In the long run as a result of the growing experience of TA operations generally within CDB and an effective TA Unit data base - in terms of both historic and planning information - the Bank should be in a stronger negotiating position with donors with respect to TA funds' terms and conditions.

It is emphasized that TA is essentially a dynamic system. In future years, needs will change along with preferred methods of service delivery. The above recommendations are intended to provide a sound operational base in the short to medium term, a base on which the inevitable longer term change, for example, data base computerization, can be made with the minimum of disruption.

IMPLEMENTATION STRATEGY

The method of implementing the proposed courses of action will depend to some extent on their level of acceptance. On the assumption that the recommendations will receive general agreement, the following steps outline a possible approach to achieving operational status in the shortest possible time. A number of these steps would be undertaken concurrently.

Specific steps are as follows:

1. Confirm organization structure and develop detailed job descriptions of personnel involved.

Note: These job descriptions should deal with not only the usual responsibilities, authorities and reporting linkages but also the important (in this case) lateral relationships.

2. Institute hiring action to resource TA Unit.
3. Review and assess relevant objectives and management policies related to approvals, planning mechanisms, procurement and application processing and determine course of action.
4. Commence TA system documentation in form of TA Policy and Procedures Manual - document approved policies. (Figure 3 presents a suggested table of contents for the manual).

FIGURE 3

TECHNICAL ASSISTANCE FUND
SUGGESTED TABLE OF CONTENTS
FOR TECHNICAL ASSISTANCE POLICIES
AND PROCEDURES MANUAL

- I Purpose of manual
- II CDB and Technical Assistance - Policies Criteria
- III Identification and Marketing of TA Opportunities,
including definitions of roles of bank staff and island
project officers
- IV Organization and Responsibilities of TA Unit
- V Administrative Processing Practices
 - Applications
 - Project Execution
 - Post Evaluation
- VI Approval Requirements
- V Reporting and Monitoring Requirements

5. Develop administrative mechanisms as follows:
 - . Forms' package;
 - . Record keeping and filing system;
 - . Report formats;
 - . Operating procedures;
 - . CDB cost collection system;
 - . Early warning system to identify constraints.
6. Document administrative system in TA Policy and Procedures Manual.
7. Develop initial TA marketing strategy and document in TA Policy and Procedures Manual.
8. Develop and make presentation to management and concerned technical personnel on TA system objectives, policies, practices, marketing and management.

Given a continuing and well-coordinated effort, these implementation steps should extend over approximately a sixteen week period as presented in Figure 4. Delays could be caused if discussions regarding policy revisions and other administrative changes are prolonged to any unusual extent.

APPENDIX A
REQUIREMENT FOR REVIEW
EXTRACT FROM US AID PROJECT PAPER
538-0016

REQUIREMENT FOR REVIEW - EXTRACT FROM US AID
PROJECT PAPER 538-0016

The following is an extract from US AID project paper 538-0116 page 64:

4. Evaluation

The project will be evaluated by the Bank and US AID annually over the life of the project, starting one year after conditions precedent. The evaluation in the first two years will focus on the establishment of the Fund, staffing, procedures and the nature and type of technical assistance being provided. Particular attention will be given to changes in eligibility criteria and procedures. Criteria will be refined; bottlenecks in procedures identified and agreement reached on changes needed, etc. In addition, attention will be given to projects which might not be appropriate for AID funding. Problem areas will be identified and any operational changes agreed upon at that time. The evaluation in the third and fourth years will focus on the nature and type of technical assistance being provided and the results achieved in providing such technical assistance.

APPENDIX B
CRITERIA GOVERNING THE USE OF
TECHNICAL ASSISTANCE FUND RESOURCES

CRITERIA GOVERNING THE USE OF
THE TECHNICAL ASSISTANCE FUND RESOURCES

1. Advisory Services and Training

- (a) The following general fields will be eligible for technical assistance under the Fund - Agriculture, including livestock and fisheries, Marketing, Manufacturing, Tourism, Transportation, Infrastructure, Planning (including Statistics), Accounting, Public Financing and Budgeting, and possibly at a later date the basic needs sectors such as Health and Education;
- (b) Technical assistance will be provided for general development, bank development and project implementation;
- (c) Eligible technical assistance will include:
 - (i) advisory services to fill either advisory or on-line staff requirements; and
 - (ii) job-related training including short-term academic seminars and courses, observational trips and long-term academic training related to an institutional development programme.
- (d) Technical assistance will be provided on a grant or cost reimbursable basis to public sector, national and regional institutions; in the case of project implementation, technical assistance shall be provided on a cost reimbursable basis where possible;
- (e) For private institutions, technical assistance will be provided on a cost reimbursable basis, except for specific project studies which will be contingently recoverable;
- (f) As a condition of the provision of technical assistance, all public sector recipients of advisory services shall agree to provide a minimum of 15% of the total technical assistance costs, including adequate counterpart personnel and office space;

- (g) Adequate provision (counterpart financing) must be made in advance for replacing on-line staff upon expiration of contract;
- (h) To be eligible for Technical Assistance Fund Financing, all advisory services require an adequate programme description approved in advance, setting out the nature of the problem and a comprehensive scope of work, and estimated duration and costs;
- (i) Training will be funded on the basis of an adequate programme description approved in advance. For attendance at courses, seminars and for observational trips, the description should state the reason for the training, the programme to be followed, timing, travel plans and budget. For the organizing of special courses, the description should outline the rationale for the training course, the training to be provided and an implementation plan and budget;
- (j) CDB will be required to contribute 25% of the cost of establishing special courses in cash or kind;
- (k) To be eligible for Technical Assistance funding, institutional development programmes will require an adequate programme description approved in advance, setting out the rationale for the programme, a statement of the institutional deficiencies to be resolved, the advising and training services required, budget, time period and an implementation plan;
- (l) Any CDB staff assistance financed from the Technical Assistance Fund shall be restricted to professional staff. Staff currently financed from other sources and CDB administrative expenses are ineligible;
- (m) All positions for Bank staff to be filled by personnel contracted for periods in excess of six months and financed from the Technical Assistance Fund shall be included in CDB's annual administrative budget;
- (n) For staff assistance, CDB shall contribute at least 25% of the total costs of each person for its staff in cash or kind;
- (o) An evaluation of each consultant is required at the termination of his services and shall be maintained on a permanent file;

- (p) Eligible expenses for technical advisory services include, but are not limited to - expert salaries and benefits, transportation, per diem travel including dependent travel and transportation for long-term personnel. Additionally, a limited amount of commodity support necessary to ensure effective utilization of technical assistance may be included, but shall not exceed 25% of the cost of the assistance;
- (q) Eligible expenses for training include, but are not limited to - consultant and lecturer salaries, fees and benefits, travel and per diem, seminar, administrative expense, materials, books, food and lodging; and
- (r) Any other provision required by CDB and consistent with the purpose of the Fund and the above provisions.

2. Project Preparation

- (a) Studies can be executed in those sectors in which CDB makes loan - agriculture, livestock, fisheries, marketing, manufacturing, mining, tourism, transportation, housing and infrastructure;
- (b) The following types of studies will be eligible for financing:
 - (i) General studies and assessments of economic sectors and geographic areas needed to establish the basis for or identify investment opportunities or specific projects;
 - (ii) Pre-feasibility and feasibility studies of projects;
 - (iii) Preliminary and final engineering design studies, including specification, construction plans and cost estimates;
 - (iv) Institutional studies;
 - (v) Surveys and assessments of the needs of potential project beneficiaries; and
 - (vi) Post implementation evaluation.
- (c) All general studies will be undertaken on a non-reimbursable basis, but not more than 20% of the project preparation resources will be utilized for such studies;

- (d) Studies may benefit national, public and private sector entities and regional institutions;
- (e) CDB shall use the resources of the Technical Assistance Fund to conduct only such project studies as it reasonably expects could lead to or serve as a basis for future CDB financing. Up to 20% of the project preparation resources may be used for promotional studies, i.e. studies for which there is no beneficiary yet identified;
- (f) Specific studies shall be undertaken only on a contingent recovery basis or a reimbursable basis. If a loan is made as a result of a study, the amount spent on this study will be immediately repayable out of the proceeds of the loans; and
- (g) Studies will be funded on the basis of an adequate programme description approved in advance, including rationale for the study, scope of work, timing and budget.

APPENDIX C
STUDY TERMS OF REFERENCE

STUDY TERMS OF REFERENCE

CARIBBEAN DEVELOPMENT BANK (CDB)
TECHNICAL ASSISTANCE FUNDFIRST EVALUATION
TERMS OF REFERENCE

Consultancy for an Evaluation of progress towards achievement of the objectives of CDB's Technical Assistance (TA) Fund, including staffing, procedures and the nature and type of TA being provided.

Introduction

In 1976, CDB commenced negotiations with potential donors with the objective of securing non-reimbursable contributions to a TA Fund for Project Preparation and other TA needs. The aim was to relieve the human resource constraint which adversely affects the optimum use of the increased flow of development resources to CDB's borrowing member states, particularly the LDCs. A longer term aim was to reduce the multiplicity of sources of funds within CDB for TA purposes, each with its peculiarities of operation and eventually to have a single Fund with a single set of procedures common to all contributors. A Fund called CDB's TA Fund was established by virtue of CDB's Board approval in April, 1978. This Fund in the sum of US \$4 million is financed by the Governments of Canada, United Kingdom, Trinidad & Tobago, U.S.A. and Venezuela with a counterpart contribution from CDB.

Terms of Reference

The evaluation is intended to form Stage 1 of the three Stage evaluation of the Project as agreed between CDB and the United States of America in Project Grant Agreement 538-0016. In performing the services detailed below, the consultants will be guided by the said agreement and other related documentation, including the USAID Project Review Report. The consultants will be required to perform the following services:

- (a) Examine and make recommendations on the progress of Fund implementation since April, 1978, including staffing and the establishment of procedures taking due

account of other sources of funds available within CDB for project preparation and other TA purposes and the need to reduce bottlenecks;

- (b) Examine the nature and type of assistance being provided and, given existing approvals and projects in the pipeline and projects expected, recommend whether changes in the allocation of resources by category within the framework of the approved financing plan are necessary, and, where possible, quantify such changes; and
- (c) Examine the eligibility criteria, including crop restrictions and other restrictions imposed by contributors to the Fund and recommend necessary changes.

Duration: 4 weeks.

1980-06-04

APPENDIX D

LIST OF PERSONS INTERVIEWED

LIST OF PERSONS INTERVIEWED

<u>NAME</u>	<u>TITLE</u>
Mr. N. Basely	Systems Development Officer
Dr. L. Campbell	Director (Projects Department)
Mr. W. Chalmers	Project Officer (Technical Assistance)
Mr. A. Elliott	Deputy Director (Project Design & Analysis)
Mr. A. Eustace	Assistant Secretary
Miss J. Ferguson	Administrative Officer (Technical Assistance)
Mr. S.D. Free	Secretary, Development, Canadian High Commission
Mrs. K. Gordon	Internal Auditor
Mr. M. Hooper	Project Officer
Mr. W. Lawrence	Assistant Director (Infrastructure)
Mr. A. Maynard	Assistant General Counsel
Mr. F. Reid	Assistant Controller (Finance)
Mr. S. Ryner	USAID, Capital Resources Development Officer
Mr. J. Siewrattan	Treasurer and Director (Finance)
Mr. S. Singh	Deputy Director (Industry and DFC)
Mr. M. St. Rose	Assistant Director (Economics and Programming)
Mr. C.A. Sorhaindo	Director of Administration and Secretary

LIST OF PERSONS INTERVIEWED

<u>NAME</u>	<u>TITLE</u>
Mr. A. Tapper	Management Development Officer
Mr. J.A. Toller	Counsellor, Development - Canadian High Commission
Mr. E. Valmonte	Assistant Director (Infrastructure)
Dr. J.B. Yankey	Deputy Director (Agriculture)
Mr. O. Yhap	Deputy Director (Infrastructure)

APPENDIX E
INTERVIEW TOPICS

INTERVIEW TOPICS

The following topic headings form the general framework for interview discussions:

- . Operational and administrative effect of variety of funds;
- . Ability of current administrative procedures to meet requests from potential beneficiaries;
- . Adequacy of staffing and decision process;
- . Adequacy of management and operating reports on funds activities and status, including external reporting;
- . Effect of eligibility criteria and general constraints;
- . Adequacy of general accounting practices;
- . Need for programming and general planning;
- . Adequacy of resource allocation to meet defined needs;
- . Current status of TAF use;
- . Adequacy of consultants' register and selection process.

APPENDIX F
SUMMARY INFORMATION ON APPROVAL PROCEDURES,
PROCUREMENT PRACTICES, BENEFICIARIES, SECTOR
FOCUS AND NATURE OF FINANCING ATTACHED TO
TECHNICAL ASSISTANCE RESOURCES
ADMINISTERED BY CDB

SUMMARY INFORMATION ON APPROVAL PROCEDURES, PROCUREMENT PRACTICES, BENEFICIARIES, SECTOR FOCUS AND NATURE OF FINANCING ATTACHED TO TECHNICAL ASSISTANCE RESOURCES ADMINISTERED BY CDB

1. Approval Procedure

- (a) All stages of the project cycle including consultant contract negotiation must be completed before the Board's or President's approval is sought;
- (b) Scope of Work, Terms of Reference and Budget must be prepared and submitted to the Board or the President for approval. When this has been completed consultant selection then proceeds;
- (c) Approval given at Departmental Director or Management level does not need Board approval.

2. Procurement Practice

- (a) Is limited to CDB member countries and substantial contributors to the CDB's resources;
- (b) Is limited to CDB and IDB member countries;
- (c) Is worldwide;
- (d) Limited to member states of the Bank and the USA;
- (e) Open procurement for half of the total resources and limited to New Zealand for the other half;
- (f) Limited to the USA and Caribbean member countries of CDB except that goods and services having a cumulative value not exceeding \$500,000 may be procured in AID Geographic Code 899 countries when not available from eligible sources;
- (g) Determined on a case by case basis;
- (h) Limited to the USA and the participating country;
- (i) Limited to the USA and CDB member countries except Canada and with the UK eligible up to a cumulative value not exceeding \$500,000;

(j) Limited to the USA and the LDC's of the CDB;

(k) Limited to EEC and ACP member countries.

3. Beneficiary

(a) CDB'S LDCs only;

(b) All Commonwealth Caribbean member countries of CDB;

(c) All Commonwealth Caribbean member countries of CDB, 70% for the LDCs, 30% for the MDCs and regional institutions;

(d) Barbados and CDB's LDCs excluding Turks and Caicos Islands;

(e) CDB's LDCs except British Virgin Islands and Cayman Islands;

(f) CARICOM members of CDB only;

(g) All Commonwealth Caribbean member countries of CDB except Bahamas and Trinidad and Tobago.

4. Sector Focus

(a) All sectors in which the CDB operates;

(b) Agriculture;

(c) Energy;

(d) Industry.

5. Nature of Financing

Financing may be on the following basis:

(a) Grant;

(b) Loan;

(c) Contingent Recovery;

(d) Loans/Contingent Recovery.

SUMMARY

SPECIAL FUNDS RESOURCES

	APPROVAL PROCEDURES	PROCUREMENT PRACTICES	BENEFICIARIES	SECTOR FOCUS	NATURE OF FINANCING
Trinidad	1(b)	2(a)	3(a)	4(a)	5(a), (c)
EDF (development assistance contract)	1(c)	2(k)	3(b)	4(a)	5(a)
IDB/CDB/PIP	1(a)	2(b)	3(b)	4(a)	5(a), (b), (d)
New Zealand	1(b)	2(e)	3(b)	4(a)	5(a), (b), (c)
UNDP, OPEC	1(c)	2(c)	3(f)	4(b)	5(a)
USAID - Alternative Energy	1(b)	2(f)	3(b)	4(c)	5(a)
- Integrated Agriculture	1(b)	2(g)	3(e)	4(b)	5(a)
- Agribusiness	1(b)	2(h)	3(d)	4(b)	5(a)
- Employment Investment I	1(b)	2(i)	3(b)	4(d)	5(a)
- Employment Investment II	1(b)	2(j)	3(g)	4(d)	5(a)
Venezuela	1(b)	2(a)	3(a)	4(a)	5(c)
<u>Technical Assistance Fund (TAF)</u>	1(b)	2(d)	3(c)	4(a)	5(a), (b), (c)

APPENDIX G
PROJECTS APPROVED TO AUGUST 31, 1980
THROUGH THE TECHNICAL ASSISTANCE FUND

PROJECTS APPROVED TO AUGUST 31, 1980 THROUGH TECHNICAL ASSISTANCE FUND

<u>CATEGORY</u>	<u>COUNTRY</u>	<u>VALUE (US\$000)</u>	<u>#</u>
A. <u>GENERAL DEVELOPMENT</u>			
ADVISORY SERVICES			
1. PROJECT OFFICER FOR LIAT (1974) LTD.	LDC focus	9	
2. MANAGER/ACCOUNTANT FOR AGRICULTURAL AND INDUSTRIAL DEVELOPMENT BANK	GRENADA	28	
3. WOMAN & DEVELOPMENT SOLAR FOOD DRYING PROGRAM	LDC focus	10	
4. PROJECT FOR THE ERADICATION OF LEAF SCALD FROM SUGAR CANE FOR QUARANTINE PURPOSES	LDC focus	42	
		<u>89</u>	<u>13</u>
TRAINING			
5. PARTICIPANTS ATTENDING SEMINAR ON FOREIGN INVESTMENT NEGOTIATIONS	LDC focus	14	
6. PARTICIPANTS ATTENDING TRAINING COURSE IN SMALL FARM MULTIPLE CROPPING SYSTEMS	LDC focus	25	
7. PARTICIPANTS ATTENDING MEETING ON SCIENCE AND TECHNOLOGY	LDC focus	7	
8. PARTICIPANT ATTENDING SEMINAR IN EXPORT INDUSTRY DEVELOPMENT AND TRADE PROMOTION	BARBADOS	1	
9. PARTICIPANT ATTENDING SEMINAR IN EXPORT INDUSTRY DEVELOPMENT AND TRADE PROMOTION - ECCM	LDC focus	3	

	<u>CATEGORY</u>	<u>COUNTRY</u>	<u>VALUE (US\$000)</u>	<u>%</u>
10.	TRAINING STAFF OF THE DIAMOND DAIRY COMPANY	ST. VINCENT	3	
11.	PARTICIPANT AT THE FIRST INTER-AMERICAN CONGRESS ON EDUCATIONAL ADMINI- STRATION	REGIONAL-GEN	1	
12.	PARTICIPANT AT UNEP/ECLA SEMINAR ON ENVIRONMENTAL MANAGEMENT	GUYANA	1	
13.	TRAINING ATTACHMENT FOR THE MANAGER, DEVELOPMENT BOARD OF THE TURKS & CAICOS ISLANDS	TURKS & CAICOS	1	
14.	LIAT (1974) LTD. TRAINING PROGRAMME	LDC focus	34	
15.	PARTICIPANTS ATTENDING SEMINAR ON THE PREPARATION AND FINANCING OF WATER SUPPLY AND SEWERAGE PROJECTS	LDC focus	12	
16.	PARTICIPANT AT COURSE ON AGRICULTURAL COMMUNICATIONS AND MEDIA STRATEGIES	REGIONAL-GEN	4	
	<u>TOTAL GENERAL DEVELOPMENT</u>		<u>106</u>	<u>15</u>
			<u>195</u>	<u>28</u>

B. PRE-INVESTMENT AND PROJECT PREPARATION

GENERAL STUDIES

1.	PRE-INVESTMENT STUDY OF ELECTRICITY COMPANIES	GRENADA ST. VINCENT ST. LUCIA	67	
2.	PORT LEGISLATION, FUNCTION AND MANAGEMENT STRUCTURE	LDC focus	13	
3.	SURVEY AND RESEARCH INTO THE NEEDS OF CARIBBEAN WOMEN	LDC focus	5	

<u>CATEGORY</u>	<u>COUNTRY</u>	<u>VALUE (US\$000)</u>	<u>\$</u>
4. TASK FORCE ON PRIVATE SECTOR ACTIVITIES	REGIONAL-GEN	45	
5. PHASE II WATER SUPPLY STUDY	DOMINICA	28	
6. FINAL DESIGN STUDY ON BRIDGES	DOMINICA	45	
7. PILOT PLANT FOR FODDER YEAST PRODUCTION	GUYANA	<u>53</u>	—
<u>TOTAL PRE-INVESTMENT AND PROJECT PREPARATION</u>		<u>256</u>	<u>37</u>
<u>C. PROJECT IMPLEMENTATION</u>			
1. GENERAL MANAGER FOR SUGAR INDUSTRY PROJECT	ANTIGUA	49	
2. GENERAL MANAGER FOR SUGAR INDUSTRY CORPORATION	ST. VINCENT	<u>49</u>	—
<u>TOTAL PROJECT IMPLEMENTATION</u>		<u>98</u>	<u>14</u>
<u>D. BANK DEVELOPMENT</u>			
1. GOVERNMENT PROJECT OFFICER	GRENADA	19	
2. GOVERNMENT PROJECT OFFICER	ANTIGUA	19	
3. GOVERNMENT PROJECT OFFICER	DOMINICA	19	
4. MANAGEMENT SYSTEMS DEVELOPMENT OFFICER	REGIONAL-GEN	<u>81</u>	
<u>TOTAL BANK DEVELOPMENT</u>		<u>138</u>	<u>21</u>
<u>TOTAL ALL PROJECTS</u>		<u>687</u>	<u>100</u>