

PD AAB-458-A1

5320046-3

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT DOCUMENT
ACTION FORM

1. TRANSACTION CODE

A

A = ADD
C = CHANGE
D = DELETE

PDFAF

2. DOCUMENT CODE
4

48p

3. COUNTRY/ENTITY

Jamaica

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)

[532-0046]

6. BUREAU/OFFICE

A. SYMBOL

LA

B. CODE

[05]

7. PROJECT TITLE (Maximum 40 characters)

[Integrated Rural Development I

8. RELATED DOCUMENT CODE

[2]

1 - PID
2 - PHP

9. PROJECT DOCUMENT ACTION
(ENTER COMMENT FOR * ITEMS IN BLOCK (3))

ACTION TAKEN

A

A - APPROVED
D - DISAPPROVED*
S - SUSPENDED*

CA - CONDITIONALLY APPROVED*
DD - DECISION DEFERRED*

10. APPROVED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH CODE		E. FIRST FY <u>77</u>		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	B 213		210		8,000		8,000
(2)			220				
(3)							
(4)							
TOTALS					8,000		8,000

11. PROPOSED PLANNING RESOURCES

[1]

1 - APPROVED
2 - DISAPPROVED
3 - APPROVED AS MODIFIED

12. PROPOSED NEXT DOCUMENT

[3]

2 - PRP
3 - PP

B. PROPOSED NEXT DOCUMENT DATE

MM 08 YY 77

13. COMMENTS (Maximum 240 characters)

[]

14. ACTION REFERENCE

A.

AIRGRAMS

A I D T O A

TELEGRAMS

S T A T E

MEMORANDA

B. ACTION REFERENCE DATE

MM DD YY

15. CLEARANCES

TYPED NAME

TITLE

DATE

INITIALS

A.

B.

C.

D.

E.

F.

16. RESPONSIBLE BUREAU SIGNATURE

17. ACTION DATE

MM DD

RECORD COPY

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT REVIEW PAPER FACESHEET TO BE COMPLETED BY ORIGINATING OFFICE	1. TRANSACTION CODE (X) ORIGINAL <input type="checkbox"/> CHANGE <input type="checkbox"/> ADD <input type="checkbox"/> DELETE	PRP <hr/> DOCUMENT CODE 2
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2. COUNTRY/REGIONAL ENTITY/GRANTEE JAMAICA	3. DOCUMENT REVISION NUMBER
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4. PROJECT NUMBER 532-0046	5. BUREAU A. SYMBOL LA B. CODE 5	6. PROPOSED PP SUBMISSION DATE MO. YR. 10 77
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7. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS) <input type="checkbox"/> Integrated Rural Development <input type="checkbox"/>	8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION A. INITIAL FY 78 B. FINAL FY 81
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9. SPECIAL CONCERNS CODE (MAXIMUM SIX CODES OF FOUR POSITIONS EACH) 130 060 070 810 820 851	10. SECONDARY PURPOSE CODE
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11. ESTIMATED TOTAL COST (\$000 OR EQUIVALENT, \$1 = .9075)						
PROGRAM FINANCING	FIRST YEAR			ALL YEARS		
	B. FX	C. L/C	D. TOTAL	E. FX	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL			8,000	3,000	5,000	8,000
(GRANT)	()	()	()	()	()	()
(LOAN)	()	()	(8,000)	(3,000)	(5,000)	(8,000)
OTHER 1.						
U.S. 2.						
HOST GOVERNMENT					12,000	12,000
OTHER DONOR(S)						
TOTALS			8,000	3,000	17,000	20,000

12. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)											
A. APPRO- PRIATION ALPHA CODE	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FY _____		FY _____		FY _____		ALL YEARS		
			D. GRANT	E. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN	J. GRANT	K. LOAN	
FN	B213	210		8,000							8,000
		220									
TOTALS				8,000							8,000

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS) CHECK IF DIFFERENT FROM PID

To increase small farmer agricultural production by strengthening the institutional and technical capabilities of the MOA and other farmer associations.

14. WERE CHANGES MADE IN PID FACESHEET DATA NOT INCLUDED ABOVE? IF YES, ATTACH CHANGED PID FACESHEET.

Yes No

15. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)

8 M/M additional feasibility studies)
 3 M/M PP preparation) Total \$60,000

16. ORIGINATING OFFICE CLEARANCE	17. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
SIGNATURE <i>Charles P. Campbell</i>	MO. DAY YR. 10 22 76
TITLE AID Affairs Officer	
DATE SIGNED	MO. DAY YR. 10 26 76

RECORD COPY

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- ACRONYMS -

ACB	Agricultural Credit Board
ADC	Agricultural Development Corporation
AMC	Agricultural Marketing Corporation
CDB	Caribbean Development Bank
FAO	Foreign Agriculture Organization
GOJ	Government of Jamaica
IBRD	International Bank for Reconstruction and Development
IDB	Interamerican Development Bank
JAS	Jamaican Agricultural Society
JDB	Jamaica Development Bank
JSA	Jamaica School of Agriculture
LLP	Land Lease Project
MA	Ministry of Agriculture
PCB	People's Cooperative Bank
SSFDP	Self Supporting Farmer Development Program
UNDP	United Nations Development Program

PROJECT DEVELOPMENT COMMITTEE:

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MINISTRY OF AGRICULTURE	Clarence Franklin	
	Earl McDonald	
	C. J. Morrison	
	Henry Stennett	

I. PRIORITY & RELEVANCE

BACKGROUND

The principle obstacles to the development of Jamaica as a viable political/economic entity are overpopulation, unemployment, and low productivity particularly in the agriculture sector. These obstacles have placed severe restraints on the ability of the public and private sector to provide the basic social and economic benefits for the majority of the Jamaican population. Some progress has been made in reducing population growth in Jamaica with the birth rate falling from 34.4 per thousand to approximately 29.8 today. This drop was largely due to AID assistance in the population programs, but little has been done to increase agricultural production and to reduce unemployment.

Jamaica's economy was founded upon the traditional plantation agriculture. Major external investments in the bauxite/alumina industry and tourism in the late 60's to the early 70's provided an important stimulus to Jamaica, but at the same time contributed to the decline of the agriculture sector. This caused rural workers to migrate to urban centers where they found real income, significantly higher when compared with agriculture pursuits.

Investments in the mining industry and tourism to a large extent financed Jamaica's chronic balance of payments deficits. When these investments were completed in 1972/73, the country's balance of payments position worsened and unemployment began to increase sharply as construction activities declined. These difficulties caused government to increase foreign and domestic borrowing to cover both current account and budgetary deficits. In an effort to stem the rise in unemployment, which was accompanied by a growing incidence of violent crime and had serious adverse consequences for tourism, the government resorted to an expansionary fiscal policy. Although government was able to put more of the labor force to work through various youth, agricultural and impact workers programs, unemployment remained high, 22% of labor force. The recession abroad, balance of payments difficulties and budgetary deficits due to expansionary policies, put Jamaica into serious financial difficulties by the end of 1975. These financial difficulties became increasingly severe as noted in the FY 1978 ABS.

The government is actively seeking international financial assistance from every source it can. to meet its short term difficulties, but there is a growing consensus that a long term solution, particularly for the unemployment problem, lies in the revitalization of the agriculture sector. Agriculture has been neglected over the years, and its contribution to GDP has been minimal and is decreasing. In 1975, it was only 7.4 percent of the GDP as compared to less than 9% in 1972. However, more than one half of the Jamaican population depends on agriculture for its livelihood and

approximately one third of its employed labor force is in this sector. It is estimated that there are 225,000 acres of idle cultivatable land in Jamaica and an additional 525,000 acres that could be cultivated, provided the appropriate technology is used. Systematic and efficient use of this land can be the key to the longer term solution of the country's employment problem and could create the base for viable economic development.

The Jamaican labor force grew from 817.3 thousand in 1974 to nearly 858.9 thousand in 1975, and increase of approximately 41.7 thousand in the one year. This increase was due mainly to the increase in the numbers of women seeking employment and school leavers entering the labor market. In 1975, it is estimated that the number of unemployed was 184,300. The number of unemployed would have been significantly higher were it not for the Government programs, the newly created National Youth Service and the retention of several thousand young persons between 15 and 17 by extending the number of years of the secondary school system. It is estimated that approximately 30,000 young people leave the school system annually to seek employment. More than 50% of the labor force, employed and unemployed, is 34 and under. In addition, it should be noted that 10.3 percent of those employed, nearly 70,000, worked less than 25 hours per week.

PROPOSED STRATEGY:

It is clear that the Government and the industrial/commercial sector will be unable to provide new employment opportunities for as many as 40,000 new job seekers annually. It would seem, therefore, that only the agricultural sector has the potential for doing this. The proposed goal of this project is to assist the GOJ in resolving the unemployment problem and concurrently in revitalizing the agriculture sector.

As explained in the constraints analysis of the updated Agriculture Sector Assessment, the majority of Jamaica's 150,000 small farmers owning an average of 2.3 acres of land, live in the mountainous areas. In 1973, the UN/FAO identified 33 watershed areas, with over 400,000 acres (an estimated 400,000 persons) out of a total 2.7 million acres in Jamaica, needing intensified soil conservation measures. AID's strategy in reducing unemployment and in reaching the small farmer, should be directed at increasing agricultural productivity through soil conservation measures in those watershed areas identified as top priority areas by the Minister of Agriculture. Thus, the proposed AID/GOJ program will introduce soil conservation measures together with other factors such as credit, marketing and improved technology, along with social amenities such as improved housing, water and electricity. If successful, the

GOJ plans to use this demonstration project as a model to develop other watersheds.

The resources available to AID for this project are small in relation to the seriousness and magnitude of the economic and social problems confronting Jamaica, and compared to the resources GOJ and others will have to devote. However, AID assistance properly deployed can provide a model for integrated rural development of Jamaica that could lead to increased agricultural production, dramatically increase the incomes of the rural poor, self-sufficiency in food, and create immediate employment opportunities, provide the basis for a solution to overall unemployment problems, improve nutrition, ease balance of payment pressures by reducing food imports, prevent the further destruction of limited land resources, and contribute to the improvement of the social well-being and quality of life for the rural and urban poor. The proposed project will initially be concerned with increasing production, raising rural incomes, soil and water conservation, and others described in the project description, but it will be a testing ground for a more cost effective approach to rural development that would have island-wide applicability. Equally important, it will provide the GOJ for the first time, a more precise assessment as to the number of the unemployed and new entrants into labor force which can be profitably engaged in the agricultural sector.

The program will be developed with the Ministries of Agriculture and Finance, in conjunction with AID's on-going National Planning and Fisheries grants and Forestry Development Loan.

The proposed AID/GOJ program will be located in two adjoining watersheds in Clarendon, St. Andrew, Manchester and Trelawny parishes. The project area will be within the newly established Southern Region of the Ministry of Agriculture. The project will thus serve as a testing ground for the implementation of the Ministry reorganization, which places emphasis on decentralized operations. In addition to contributing to the development of a more efficient and effective Ministry of Agriculture, the project will help determine more precisely for the central government the financial alternatives in terms of return from investment in other sectors of the economy. This could lead to more efficient allocation and deployment of human and financial resources by Jamaica utilizing domestic as well as external sources, US and others.

The FY 1975 DAP emphasized the critical importance of assisting government to create a more productive and revitalized agriculture sector. It stressed that development of the agriculture sector was essential to the long term viability of the Jamaica economy. The DAP noted that the Government had come to realize the need to re-stimulate the long neglected agricultural sector. To this end, government has given highest priority to investments in agriculture and has launched new programs under operation GROW for this purpose. The proposed USAID assisted project will help to assure that scarce resources allotted to rural development will be utilized to obtain optimum social and economic benefits.

II. PROJECT DESCRIPTION

Foreword

This four year \$20 million project will concentrate upon a single geographical area of Jamaica and develop the projects and necessary infrastructure to improve the life of the poor farmer with less than five acres of land. Soil conservation will be the vehicle to carry improved agricultural technology to the target group. Farmers in other areas of Jamaica and in other countries have responded favorably to soil conservation programmes and it is expected after a period of promotion and education that this will be the case in the target area. By using erosion control and better land use as the opening wedge, this coordinated programme will introduce other factors such as credit, marketing and improved agricultural practices in a complete technological package. If successful, the GOJ plans to use this project design and delivery system to develop 31 other watershed areas consisting of 400,000 acres. The Ministry of Agriculture(MA) would like to see this programme begin as early as possible in AID's Fiscal Year 1978 programming cycle. In addition to the goals discussed in Part I, the project objectives are as follows:

1. Increase agricultural production per unit of land through improved practices and make land available that is not now in productive use.
2. Provide work to rural and urban unemployed, under-employed and to rural and urban youth thereby assisting the GOJ in resolving its chronic unemployment problem and at the same time reducing rural to urban migration.
3. Change the present cropping pattern by providing stable soil conditions that will allow continuous cropping and the introduction of higher value crops.
4. Through a coordinated marketing system, provide the producer with a greater share of the consumers food dollar.
5. Create amenities in the project area such as improved housing, electricity and rural water supplies that will provide the rural poor with a better life.

Detailed Description

This project will take place in Two Meetings and Pindars River Valleys as described in the 1973 UNDP/FAO study and develop an agricultural system based upon soil conservation measures. The watersheds of both rivers are hilly and rugged. A small portion of flat land exists in the Pindars - mainly in Lucky Valley and parts of Morants around Reckford. The weighted mean slope of Pindars Valley is 20.6° and in Two Meetings it is 18°. The project will also provide the necessary infrastructure to make life more pleasant for the poor farmers living in the area. Roads will be built and repaired - electricity will be made available to rural dwellers - river banks will be protected against erosion - rural water systems will be developed so that the farmers in the affected area will have water available to them - the GOJ effort to provide better housing to the rural poor will be strengthened and intermediate technology will be applied to develop low cost housing and fruit and vegetable processing operations. Reforestation will be conducted on all areas not suitable for agriculture and farmers relocated on more suitable land through a land-lease programme. In addition the marketing capability of the local branches of the Jamaica Agricultural Society will be strengthened through technical assistance and construction of packing and receiving sheds for farm produce. The various components of the project and their estimated costs are given below:

Soil Conservation - Increased Production

The project will utilize the basic activity of soil conservation as a vehicle to incorporate other changes into the project area to increase agricultural production and to create a more pleasant environment for the poor farmer of the region. A total of 14,000 acres will be terraced and ditched under the supervision of the Soil Conservation Services of the Ministry of Agriculture. They will use labor intensive methods and equipment presently in country owned by the Ministry of Agriculture to be supplemented by additional equipment purchased with loan funds. Technical assistance to the project will be provided under a contract to be negotiated between the Ministry of Agriculture and a U.S. institution with experience in soil conservation in developing countries. Small scale irrigation schemes will be considered where feasible.

In addition, 5,000 acres presently farmed but judged too steep for agriculture will be purchased by the GOJ and reforested. An estimated 500 farmers may be affected.

This work will be carried out by the Forestry Department of the Ministry of Agriculture in a program similar to the one started through AID's Forestry Development Loan. There is a 1,000 acre tract in the project area that will be purchased by the GOJ for the purpose of resettling some of the affected farmers.

There are 1,350 acres of land in the project area that will be seeded to permanent pasture. This work will be carried out by the Extension Service and Soil Conservation Service of the Ministry of Agriculture with technical assistance provided under the contract. It is expected that the farmers participating in the program will contribute to about 25% of the cost of the soil conservation work done on their land. Short to long term credit will be made available under this program to allow farmers to finance their expected contribution, thereby increasing the personal commitment to the project.

Rural Roads

Approximately 50 miles of feeder roads at a cost of \$1.5 million will be upgraded. The necessary engineering work will be contracted by the Ministry of Agriculture or done by the Ministry of Works in conjunction with the interests and plans of the Parish Councils. It is intended that these roads will be upgraded to the minimum standards necessary to allow vehicular traffic to use the roads throughout the entire year.

Much of the labor needs for this project will be provided by the local farmers themselves plus laborers employed through Jamaica's Impact Workers Program. Highly labor intensive methods will be employed in the soil conservation, reforestation, seeding and road elements of the project. Approximately 1,050,000 days of employment will be generated over a four year period for the soil conservation and reforestation elements alone.

Rural Housing/Electricity/Water

Rural housing has been carried out in the past by the Ministry of Agriculture which upon request received funds from the Ministry of Housing. The Ministry of Agriculture is now conducting a rural housing program with funds granted directly to the Ministry. This program emphasizes the use of local materials and labor. The need for rural housing in the area was identified to be 3,775 units. It is expected that the Ministry of Agriculture through an intensified rural housing project will help build 1,000 houses at a cost of \$700,000 during the life of the project. Housing has been

identified as one of the major concerns of the rural people. Adequate housing will be a factor in preventing rural to urban migration. The possibility of improved housing will also be a factor in getting people to accept soil conservation practices. Technical assistance will support research on the most economical housing design for the rural dwellers and the appropriate mix of local materials and self help labor.

Rural electricity will be extended to most villages of the area by the rural electrification division of the Jamaica Public Service Company Limited(JPS) The JPS has negotiated with the IDB for a loan to expand the electrical services in rural Jamaica.

The UNDP/FAO reported that 30 percent of the houses in the project area relied on water from rivers and streams for their domestic water supply. The project will extend and improve the existing community water system. Approximately 1,800 farmers will be affected. The work will be done through the appropriate water authorities. The availability of water is an essential factor in improving the health and quality of life of the rural population.

Agricultural Credit and Marketing

The Jamaica Agricultural Society(JAS) has 33 Branch Societies in the area. These branches are a major contact point between the extension agents and the farmers. It is expected that the branches will play an important role in organizing the farmers for soil conservation and persuading them in the importance of the improved technology that will bring about increased production and a greater profit. They will also be a factor in marketing the produce through an expansion of the ongoing JAS/AMC project. Under this project JAS members are trained to concentrate and package their produce which is then marketed through the Agricultural Marketing Corporation(AMC). This provides greater returns to the farmer and a better product for AMC. One of the factors that has prevented more branches of the JAS from becoming involved in the JAS/AMC project is a lack of suitable buildings for warehousing and packaging their produce. Under the proposed GOJ/AID project, the JAS branches will be given grants in kind from the MA and assistance in constructing the necessary facilities. Small hand tractors may also be provided to JAS for rental to their members.

The JAS should play an important part in the educational and technology transfer process; other roles for them to play may also be identified. Agricultural credit is a

constraint to improved agricultural technology and better way of life for the rural poor in the area. A survey* conducted in 1969 in the north Clarendon parish in which the Pindars River Valley is located indicated that only 30% of the 2,167 farmers surveyed had received credit of any kind. Of the farmers with less than six acres only 33% of the 1,648 farmers interviewed had obtained credit. Of the 876 people receiving credit at the time of the survey 69% or 79% were getting this credit from the Peoples Cooperative Banks and 58% of these had land holdings of less than six acres. A 1974 study of 112 farmers in both Pindars and Two Meetings watershed confirms the earlier statistics.

Since the Peoples Cooperative Banks which receive their funds from the Agricultural Credit Board are the major ^{1/} source of credit to the smaller poor farmers, and since all farms in the project area are located within walking distance of a P.C. Bank, \$1.5 million in supervised agriculture credit will be channeled through these banks from the Agricultural Credit Board. Credit will be available on a short to long term basis to pay for crop inputs as well as the cost of soil conservation measures. The agricultural extension officers who will be located in the project area will be given a brief intensive course in agricultural credit and farm plan design. They will work closely with the P.C. Banks and act as a bridge between the banks and the farmers. The Agricultural Credit Board will station one credit officer in the project area who will have the responsibility of coordinating the credit activities of the Ministry of Agriculture extension agents and the P.C. Banks.

Use of Intermediate Technology for Processing Operations

One of the areas to be investigated during the development of the PP will be the introduction of small scale production and processing agribusiness enterprises. For example, aside from the low world market price at the present time, one reason the small farmer does not receive a high return from sugar cane is because it is often uneconomical to transport the cane to the nearest processing plant. The technology to install a small scale sugar processing plant (throughput of 1 - 5 tons per day) presently exists and is operational in several countries at an initial cost of about US \$400. Another possibility is to use the comfifth process to derind the sugar cane - using the cane as livestock feed and further processing the rind as hardboard. Other areas to be investigated include small scale coffee processing operations and the use of local raw materials for low cost housing construction.

*Jamaica Agricultural Society - North Clarendon - Rural Development Self-Help Project.

1/ 10/22/76 we now understand that the GOJ is considering legislation to consolidate all agricultural credit programs under the umbrella of a single institution.

The objective of these small enterprises will be to provide additional employment and income opportunities as well as a low cost final product.

Domestically consumed crops will be emphasized where feasible. In the case of sugar cane processed on a small scale, it is likely that this would be consumed within the two watershed regions.

The project will also consider operations such as the North Clarendon Processing Company, which produces mixed candied peels and plans to process syrups, juices, jams and jellies, local fruits and vegetables; and the Darliston Project which plans to process fruit in syrup from guava, pawpaw and apple. Pickle and pickling brine are to be manufactured from cucumber, chocho and breadfruit, and candied peel from seville oranges.

Technical and financial assistance will be provided to assist farmer associations in establishing such operations.

Technical Assistance

Under the Ministry of Agriculture reorganization plan most activities will be decentralized. This project will be under the overall guidance of the Regional Director for the Southern area of the country. However, an individual responsible for coordinating all watershed development activities will be appointed. This individual will be the contact point for USAID/J and the technical assistance contract group. He will also have the responsibility of managing inputs to be provided from other GOJ agencies as well as the critical inputs necessary from the technical services and agricultural development offices of the Ministry of Agriculture. It is likely that this individual will be at a level just below the Regional Director. The GOJ will provide sufficient extension officers so that a ratio of one agent to 500 farmers will be maintained. The technical assistance contractor will provide them with intensive on-the-job training in extension, community development and credit. The Ministry of Agriculture will add 15 soil conservation officers and 30 headmen (foremen) to their present Ministry staff. Eight extension agents will be reassigned to the project region. These people will also be trained by the technical assistance contractor.

The technical assistance contractor will be selected by the GOJ in consultation with USAID. This contractor will provide about 18 years of technical assistance through the Ministry of Agriculture to the Project. The technical

assistance will be in fields such as the following:

<u>Position</u>	<u>Term</u>
Team leader*	4 years
Soil conservation	4 years
Agricultural extension	3 years
Agricultural economics (production)	3 years
Equipment engineer	12 months
Agricultural economics (marketing)	6 months
Horticulturist	6 months
Agricultural credit	12 months
Animal husbandry	3 months
Rural housing	6 months
Agribusiness consultant	6 months

*Agriculturalist or civil engineer - familiar with soil conservation and agricultural terracing projects in countries like Taiwan, Philippines, etc.

Training - Ministry of Agriculture and the Small Farmer

In the beginning of the project the contractor will assist the Ministry of Agriculture in training the actual technicians working on the project, identifying and time-phasing the various aspects of the project and developing an implementation plan. As quickly as possible the contractor will work with the Ministry of Agriculture, JAS and Agricultural Credit Board to identify officers for training both on a long term degree and a short term special training basis. Areas of training that may be included are:

<u>Field of Study</u>	<u>No. of Officers</u>	<u>Total time man-years</u>
Agricultural extension	15	30
Agricultural credit	20	10
Soil conservation	10	20
Agricultural marketing	10	10
Other	10	10
Total	65	80

This training will be aimed at developing the kind of expertise required by the MA and farmer associations to carry on the work started by this demonstration project and extend it to the other thirty-one identified areas

consisting of 400,000 acres that should be involved in a soil erosion control program. An attempt should be made by the MA and the contractor to train as many people as possible during the early stage of the project so they can return and use their training to benefit the project.

The Ministry of Agriculture has an Agricultural Information Service and the contractor will work with them to provide the necessary educational material required to promote the project. Since at least 40% of the target group are functional illiterates this will require the development of visual materials such as posters and simple leaflets. Media such as coloured slides, films and perhaps video tape depicting local scenes for community meetings will also be utilized. Some material and equipment may be provided to the Information Service under this project.

Project Implementation

Although nearly 60% of the cost of the soil conservation and road upgrading effort is for labor, and 30% for materials, some of the work on terraces will be done by the equipment presently owned by the Ministry of Agriculture and new equipment to be purchased under this project. Some of the work may be done by private contractors depending upon cost and availability of equipment. The maintenance section of the Ministry of Agriculture is reported to need additional support. The contractor will be responsible for the surveying of all existing equipment and developing a list of spare parts required. He will also be responsible for developing both a preventative maintenance and general maintenance program. Training of mechanics and operators will be undertaken to optimize the labor/equipment mix that will be required if the project goals are met within the stated cost estimates.

Under the technical assistance contract one agricultural production economist will be provided on a full time basis. He will work with the officers in the Ministry of Agriculture section of planning and evaluations to help develop the kind of information required to adequately evaluate the progress of the work. Factors such as increased production per unit of land, amount of land being utilized for productive purposes, farmers income, share of the consumers dollar and general improvement in rural life will be measured. Additional inputs from short term agriculturalists or sociologists will be utilized as required.

The major responsibility for project implementation will fall upon the agricultural extension and soil conservation officers of the Ministry of Agriculture. The technical assistance contractor will work closely with these technicians in preparing farm plans, introducing improved practices to increase production of existing crops and advising on the introduction of new crops to take advantage of the soil conservation work that will allow their production. Their efforts will be coordinated with those of the Agricultural Credit Board in providing credit and the AMC in making an efficient marketing system available.

Land Use

Data from the Census of Agriculture (1968-69) show the major crop in Pindars River Valley to be sugar cane, accounting for some 23% of the total area. Mixed cropping was found on another 21 per cent. Other important crops included citrus, yam, legumes, vegetables and some coffee. Grassland, ruiate and fallow together occupied 23 percent of the watershed according to the census information. It would appear however after observing the area and researching other sources that the amount of total crop land was overstated and grassland, ruiate (bush) and fallow land will comprise over 50% of the area.

The same situation exists in Two Meetings, however, there the pure stand crop was bananas 18% of the total area. Mixed cropping, however, accounted for 23% of the watershed. Important crops were yams, Irish potatoes, ginger, edible legumes and vegetables with some citrus and coffee.

The UNDP/FAO presented the following summary of present land use:

<u>Present Land Use</u>	<u>Pindars Watershed</u>		<u>Two Meetings W/S *</u>	
	<u>Acreage</u>	<u>Percent of area</u>	<u>Acreage</u>	<u>Percent of area</u>
Agricultural Land (excluding fallow)	6,060.6	31.6	2,920.7	29.2
Fallow Land	6,905.0	36.0	4,677.4	46.8
Non-productive land (ruiate and bamboo)	5,664.6	29.5	2,218.1	22.2
Forest Land	546.4	2.9	49.5	.5
Urban Land	16.4	-	130.3	1.3
Totals	19,193.0	100%	9,996.0	100%

*W/S = watershed.

Value of Farm Production

The farm gate price for farm crops being produced in the project area during 1974 was estimated at J\$15.9 million by the UNDP/FAO task force. They further estimated that after soil conservation treatments had been carried out that the value of production would rise to J\$25.6 million at 1974 farm gate prices. However, detailed farm production data does not exist for the farms in the two watershed areas and this information would have to be collected at the onset of the project.

The study referred to above did not take into consideration the changes in cropping patterns and improved technology that would take place under a coordinated program approach. It can be assumed, given the necessary inputs, that the farmers in the project area will replace present crops such as sugar cane with the more valuable labor intensive production of more valuable crops such as tomatoes and other market vegetables. Crops that will provide greater returns to labor and per unit of land. In fact the Pindars River area has a history of growing tomatoes but this production was discontinued because of disease problems. There are varieties and knowledge exists that would allow this crop to be grown successfully in the area.

Given these assumptions and using 1974 farm gate prices it is estimated that production will exceed J\$50 million when the soil conservation treatments are completed and appropriate technological packages are applied to change the present cropping patterns. This estimate does not include the value of forest or livestock production that will be from land taken out of agricultural production.

Small Farmer Participation - Achievement of Project Purpose

One of the most important aspects of this project is the development of grassroot organizations to be undertaken by the Ministry of Agriculture extension service, building upon the existing small farmers organization like the JAS or developing group efforts through new associations if required. In order to achieve the objectives of the project - improved quality of life through increased agricultural production as a result of appropriate soil conservation measures, project implementation will have its foundation at the level of the small farmer. Indeed the participation of the farmer is the key to the success of the whole project. Extensive educational efforts will

have to be undertaken. The extension service must motivate the small farmers through their associations, and in conjunction with appropriate soil conservation measures and appropriate agricultural technology, channel the farmers' efforts to a more productive existence. Group effort will be stressed in areas such as marketing and processing utilizing the format established by the JAS/AMC grading and packaging scheme as a vehicle to ensure that the small farmer receives his fair share of the consumers ultimate price. The Peoples' Cooperative Banks, another grassroot organization that represents the small farmers will be assisted with technical and capital resources to make improved and more timely credit available to the poor farmer. Self-help measures will be emphasized throughout the program. The existing community spirit and the desire for self help will be built up in addition to the physical infrastructure improvements. The project will attempt to leave the small farmers with the ability to sustain a more productive existence.

The infrastructure and educational elements of the projects will be designed in such a way so as to facilitate replication to the 31 other watersheds in Jamaica.

End of Project Status:

See logical framework.

Critical Assumptions

Farmer Participation: In order to maximize the benefits from a soil conservation program, it is estimated that 75 - 80% of the farmers in the two watershed areas should participate in the program. Minimum participation necessary to achieve project objectives is estimated to be 50%. Because of the nature of the terracing, ditching and waterway activities to be carried out, farmer participation of less than 50% would be unsatisfactory. Previous pilot efforts have demonstrated success in obtaining a high level of farmer interest and participation. With the proper educational efforts at the onset of the program, there is every reason to believe maximum farmer participation will be obtained.

III - AID AND OTHER RELEVANT EXPERIENCE

To date USAID has not had any experience with this type of project in Jamaica. While the concept of integrated rural development in a specific geographic or regional area is not new, the approach and scale proposed in this paper is a new experience for Jamaica.

The proposal has used a feasibility study of the area done by UNDP/FAO, however the UNDP does not intend to provide any future financing.

Soil conservation work has also been carried out in Jamaica by the Yallahs Valley and Christiana Area Land Authorities for more than 25 years. Although considerable amounts of money were spent, there was only partial success in physical rehabilitation and land use. There is existing evidence from this earlier work however to show that a regional improvement project based on soil conservation practices can be successful.

In more recent years the soil conservation section of MA with the assistance of a FAO soil scientist have carried out soil conservation demonstrations and research on ¹¹⁰ acres at the Smithfield Demonstration and Training Center. Research results over a four-year period showed that with the most intensive soil treatment that only 7 tons of soil were lost per year vs. 54 tons on untreated land with the same comparative slope. It can be expected that similar results will be achieved in the project area and the techniques learned are transferable. The Center will also be available for training personnel assigned to this project.

The GOJ/MA has started a small pilot project in the area proposed by this paper. The GOJ/MA project is less than a year old and a formal evaluation of the results, to date, has not been undertaken. Members of USAID/Jamaica, AID/W and agricultural consultants assisting the Mission in preparation of the PRP visited the project site and were favorably impressed with progress and farmer interest.

IV BENEFICIARIES:

There is a rural population of approximately 11,000 in the Pindars River and 13,000 in the Two-Meetings portions of the project area. This includes an estimated 5,000 farm units in the two watersheds. Over 70% of the farms in these areas are of less than 5 acres in size with a large proportion of those farms with more than 5 acres in size having incomes far below the median farm income level due to the low productivity of the land.

Surveys have not been conducted to determine the average farm income of the project areas, however, for purposes of project analysis for the 1973 UNDP/FAO study an estimate of net cash income per farm was made. This estimate implied an average cash income of \$722 per family in Pindars River and \$902 in Two-Meetings. Allowing for the value of subsistence consumption, per capita income could have been of the order of \$224 in Pindars River and \$306 in Two-Meetings.

Initial beneficiaries of this proposed project include farmers who have soil conservation works constructed on their properties, those whose properties are protected by stream control devices, laborers who are employed as a result of project activities, people served by road construction and maintenance activities, provision of water supplies and rural electrification. Of an estimated 5,000 farmers, up to 80% or 4,000 farmers are expected to benefit directly by soil conservation measures conducted in the watershed areas and 2,000 to 2,500 laborers will be employed in soil conservation and other construction and maintenance programs. 1,000 families will be benefited by improved housing. When duplication of beneficiaries is considered, i.e., for example, farmers who benefit from both soil conservation measures and employment or improved housing and water, the number of initial beneficiaries may be as many as 3,500 families or 17,500 persons assuming an average of 5 persons per family.

Ultimate beneficiaries will include the 24,000 residents of the project area, through increased economic activity. Ultimate beneficiaries will include farmers who utilize water supplies originating in the affected watersheds, as the prevention of erosion and the resultant sedimentation will tend to prevent reduction or even to increase supplies of water available for irrigation and other uses downstream from the project areas. The GOJ is considering future construction of a dam near Lucky Valley (the lower end of the Pindars River area) for the impoundment of water for irrigation of farm lands in the Clarendon Plains. The UNDP/FAO Study estimated that 9,700 additional acres of land could be irrigated from this source. Control of erosion in the watershed area could greatly prolong the useful life of such a structure, thus providing benefits to an estimated 1,500 farmers utilizing irrigation water from the Rio Minho, fed by the Pindars

River and its tributaries. Additionally, information derived from the execution of this project, and the trained corps of agricultural officers and technicians developed through training components and practical experience will be utilized for the further development and execution of soil conservation and other development practices which may be applicable to 31 remaining watersheds throughout the country. Such measures could benefit some 400,000 acres.

The extent of production increases cannot be readily quantified for the following reasons:

1. The type of agriculture may be modified.
2. The extent to which farming may be modified will be subject to individual decisions of thousands of small farm operators.
3. No data are available to estimate productivity of the different cropping patterns which may be applied to the various treated areas.

However, preliminary results from pilot test areas which previously were non-productive and have had soil conservation practices applied, indicate that satisfactory yields of different varieties of crops can be obtained. Increases of total agricultural production appear to be reasonably attainable toward the end of the four year project. The crop mix is expected to include a greater percentage of higher priced crops, including vegetables, plantains and other perishable food crops so that gross income will increase at a significantly higher rate.

Benefits of the project will begin to accrue soon after the initiation of the program. The first benefits to be realized will be the employment opportunities created by the construction of terraces and other soil conservation structures, the construction of roads, water supplies and other infrastructure. Farmers whose lands are disturbed for crop production during the construction phase will be provided employment. Additional labor will be drawn from the unemployed and under-employed persons in the affected area. Increased productivity of treated farm lands is expected to become apparent with the first harvest of crops following treatment. It is further anticipated that the farming of treated lands may be considerably intensified and the amounts of land in fallow greatly reduced or eliminated.

SOCIOLOGICAL CONSIDERATIONS:

A sample survey of 63 farmers in the Pindars River and 49 farmers in Two-Meetings was made under auspices of the UNDP/FAO project to sample farmer opinion relevant to the two areas in respect to such topics as household composition, land ownership, use of credit, farm problems and needs, area needs and conservation practices.

Included in the results of the survey were the following:

- (1) The average size of household in both watersheds was 5 persons.
- (2) Few farmers or household members reported other sources of income than farming.
- (3) Most householders in the sample owned the house in which they lived, and almost all expressed a need for improvement in their housing situation.
- (4) Wood and Kerosene were the most commonly used fuels.
- (5) Eighty percent of land operated by farmers in the sample was owned, the balance being rented or leased.
- (6) In Pindars River 42% and in Two-Meetings 50% of farmers sampled reported having outstanding loans. The average size of loan in Pindars River was J\$203 with an outstanding balance of J\$170. In Two-Meetings average size of loan reported was J\$690 with an outstanding balance of J\$419. This difference is probably due to the more intensive cultivation of Irish potatoes and the easier access to urban markets for perishable products. In both watersheds a large number of loans were obtained through People's Co-operative Banks, however, a larger dollar value of credit was received through the Self Supporting Farmers' Development Program.
- (7) When questioned on needed improvements in their farm situation, an overwhelming response of "More money" was required. It was not specified whether this should be in the form of product prices, subsidies, credit or in other forms.
- (8) When questioned relative to soil conservation measures, most respondents indicated an awareness of some types of conservation practices and responded that they thought such practices would be helpful. Based on frequency of response, priority needs would fall in the following order for the Pindars River area: improved roads, clinic, schools, electricity, water supply and youth clubs and AMC buying stations. For the Two-Meetings area, youth clubs was mentioned more times than any other need, followed by improved roads, clinics, schools and electricity, water supply and AMC buying station.

- (9) There was almost total agreement from both watersheds that farmers would work on projects to improve community facilities.
- (10) When queried about future production plans, most farmers expressed a desire to expand production of both cash and permanent crops on an approximately equal basis. Older farmers planned no changes in production.

These responses indicate that in Pindars River watershed, sugar cane, citrus, some coffee and cocoa, yams, peas, and vegetables will continue to be crops of importance although the relative mix of these may change sharply. In Two-Meetings banana production, yams, Irish potatoes, peas and vegetables will continue to be crops of major importance.

Successful soil conservation demonstration projects in the watershed will contribute to obtaining the cooperation of the initial beneficiaries in the project area. Success of the program should not be greatly hampered by present socio-economic values. However considerable educational work will be required to explain the objectives of the program and secure the cooperation of the farmers throughout the area. The limitations of communications facilities to reach individual farm operators make this a major task.

Of a total watershed area in Pindars River of 19,193 acres, 10,763 acres were determined by the UNDP Study to need some form of soil conservation treatment, plus 5,740 acres was classified as suitable for forestation. In the Two-Meetings area corresponding figures were 6,955 acres and 1,302 acres respectively. Some 5,000 farmers and their families could be directly affected.

Property owners considered most likely to resist implementation of soil conservation measures are the absentee land owners and some older farmers who may resist change. Such resistance may be overcome either by persuasion of neighbors or as a last recourse, Government purchase of land from non-cooperators, and reallocation of the properties. There is no probability of any group, other than the intended beneficiaries, being able to take over the project and divert it to their own benefit.

THE ROLE OF WOMEN:

There are a number of women farm operators in the area who will participate on the same basis as male operators. A majority of the remaining women share the labors of planting, weeding and harvesting with other members of the family and market a major part of the production, in addition to doing the cooking, laundry and other traditional household chores. Proposed improvements

in amenities for home living, (including improvements in water supply, electrification and improved communications,) increased local production of foodstuffs, and improved marketing facilities will all contribute to improving her quality of life. Up to 5,000 women are expected to benefit under the program as initial beneficiaries. Women will also participate as ultimate beneficiaries in more or less the same proportion as with the initial benefits. Typical examples include women who will enjoy easier access to food supplies resulting from increased production, easier access to schools, markets and centers of civic activities, etc.

V. A. MAJOR FEASIBILITY ISSUES:

INSTITUTIONAL:

As previously discussed, the GOJ Ministry of Agriculture has been planning to decentralize its operations for more than one year to more effectively deliver services to the farmers. Principal reasons for delay relate to additional financial requirements, additional personnel requirements and the administrative difficulties of absorbing several heretofore semi-autonomous agencies under the auspices of the MA. However, Ministry of Finance approval of the re-organization plan is expected in the near future.

Whether or not decentralization is effected prior to the implementation of this project, questions arise as to who would have project management responsibilities, what the appropriate timing for the project should be, etc. These and other questions relating to the capabilities of the MA to effectively implement an integrated rural development program, as well as other planned IDB programs, will have to be addressed during the preparation of the PP.

FINANCIAL:

The initial cost of the land preparation is fairly high - US\$ 875 per farmer or US\$ 380 per acre. However, the cost is not out of line with previous GOJ efforts in the Land Lease Program. Under Phase I of that program the cost per farmer was US\$814; under Phase II it was US\$2784; and under Phase III it was US\$9534. (The higher cost in each of the three different Land Lease Programs is related to the greater degree of infrastructure provided in each phase.) production in the region* is expected to increase from US\$16 million to US\$50 million per year.

During the preparation of the PP, ways to reduce the cost per beneficiary and to spread the cost over a greater number of beneficiaries, perhaps in other watershed areas, will be examined in detail. It should be noted, however, that this project is a training/demonstration/research project which will attempt to develop the institutional capacity of the MA to extend agriculture production technology and soil conservation efforts to other areas of the country. Through the TA assistance and training both overseas and locally the technical competence in the MA will be developed so that the project may be duplicated without incurring further costs in these areas.

B. OTHER ISSUES:

TECHNICAL:

1. LIVESTOCK:

The feasibility of introducing more livestock (including chickens, dairy cattle, goats, sheep and hogs) to the small farmer will also be considered so that grass produced upon the risers of the terraces can be effectively utilized and

*
Proposed project area.

in order to increase the availability of animal protein. Also, in conjunction with AID's Inland Fisheries Project, fish production will be introduced to these farmers who have small ponds on their land.

2. AVAILABILITY OF LABOR:

With the use of some equipment, an average of 100 man days of labor is needed to terrace one acre of land. Re-forestation requires about 50 man days of labor. To minimize the effect on a farmer production, the land should be re-habilitated as quickly as possible during the dry season, using as much labor as feasible. (For this reason, self help measures which could be undertaken over extended periods of time are not practical.) The availability of un-or under-employed labor in the project area will be determined.

3. LAND OWNERSHIP:

As discussed in the previous section on critical assumptions, 75% farmer participation is required to maximize the soil conservation benefits of the program. There will be several instances where soil conservation work should be conducted on land owned by absentee landlords or wealthier farmers outside of the "target group". In these selected instances attempts will be made to require these landlords or wealthier farmers to contribute a greater percentage of cost of the work done or to sell their land to the MA for distribution to the poor landless farmers in our target group. Obviously, objective criteria for farmer participation and contribution (such as income, size of farm holding, etc.) will have to be established early in the program.

VI

OTHER DONOR COORDINATION

There is no other contribution to this project from foreign donors, either bilateral or multilateral. However, donor coordination will be especially important as the MA implements their reorganization plan over the next several years. New programs involving the agriculture sector in general - such as the \$31 million GOJ/IBRD Rural Development Program, the proposed \$10 million IBRD Agriculture Credit III Loan to the Jamaica Development Bank, a possible IDB agriculture marketing loan and a possible EEC loan for banana production; will have to be closely coordinated to ensure maximum effectiveness to the small farmer. Implementation of on-going programs will have to be accelerated.

Over the years the UNDP/FAO has made significant contributions to the GOJ in the field of soil conservation. They have conducted local training courses and provided scholar-

ships that now gives the MA the necessary technical capability to go ahead with this project. They are presently planning to include additional soil conservation efforts in their 1978-1981 UNDP program cycle. This will mainly be involved with planning on a national level to help the GOJ develop a general strategy for future program development in the area of watershed management. The UNDP/FAO effort will supplement the AID/GOJ project and help supply the information required for future program development.

We have discussed with the Peace Corps, the possibility of providing volunteers to act as advisors in soils conservation and agriculture extension. These volunteers would work with the Jamaican soils conservationists and agriculture extension agents assigned to the project. It is anticipated that there will be approximately 15 GOJ soils conservationists and up to 15 extension agents required to implement the project. Most of these, will have had some training, but will require further in-service training and on-the-job training to up-date certain skills. The training would be on-going during the life of the project. Additionally, the PCVs would assist in coordinating the activities of the extension agents and conservationists.

The Jamaica Peace Corps office, is anxious to participate in the project and has promised full cooperation and coordination in further development. It is planned, that during the development of the PP, in-depth discussions will be held with PC officials and the MA, to determine the numbers and skills of the PCVs required in the project. Officials of the GOJ/MA are generally in agreement with this approach.

VII FINANCIAL PLAN

This \$20 million program anticipates an AID loan of approximately \$8 million and a GOJ contribution of \$12 million. As estimated in the financial plan, AID's contribution would be principally for technical assistance, training, equipment and materials.

With regard to the \$7.7 million soil conservation element, AID funds would purchase materials and GOJ funds would pay for labor and operating costs.*

Initial estimates of the GOJ contribution indicate that much of the labor cost in the program could be funded by providing more productive opportunities for present employees of GOJ's Impact Works Program.

*

Could include some AID financed labor costs.

FINANCIAL PLAN

INTEGRATED RURAL DEVELOPMENT I

(US\$ - 000 omitted)

<u>ACTIVITY</u>	<u>AID</u>	<u>GOJ</u>	<u>TOTAL</u>
SOIL CONSERVATION			
Terracing/ ditching/waterways - 14,000 acres	1760	3000	4760
Reforestation & Land purchase - 5,000 "	700	2060	2760
Pasture - seeding - 1,350 "	-	220	220
RURAL ROADS (50 miles at \$30,000/mile)	750	750	1500
RURAL HOUSING (1000 homes at \$ 700/home)	-	700	700 ^{1/}
RURAL WATER	250	250	500
RURAL ELECTRICITY	-	500	500
AG. CREDIT (short & long term)	-	1500	1500
AG. MARKETING (Bldgs for 33 J&S offices)	175	175	350
SMALL SCALE PROCESSING OPERATIONS	300	200	500
TECHNICAL ASSISTANCE	960 (FX)	-	960
TRAINING (US & LOCAL)	740 ^{2/}	-	740
EQUIPMENT & MATERIALS	900 (FX)	-	900
MOA PERSONNEL EXPENSES (15 new soil conservationists (project specific) & 30 headman)	-	450	450
SUB-TOTAL	6535	9805	16340
INFLATION/CONTINGENCY (20%)	1307	1961	3268
TOTAL	US\$ 7842	US\$11766	US\$19608

^{1/} The use of MIG funds will be examined.

^{2/} Foreign exchange (FX) component estimated at 75%.

VIII. IMPLEMENTATION PLAN

Administrating Agency

The Ministry of Agriculture will have final responsibility for the administration of the project. As previously discussed the Ministry has under consideration a major reorganization plan which could affect decisions regarding location within the Ministry of responsibility for principal administrative activities. If the reorganization is carried out as proposed, current thinking is that actual administration of the project will be conducted through the Regional Director of the Southern Region. A Coordinator responsible to the Regional Director would be responsible for the various elements and general operations of the project. This individual would also serve as the main contact point for USAID/Jamaica and the technical assistance team.

The Soil Conservation Division of the Ministry has a small trained cadre of soil conservation technicians which with proper technical assistance and training of additional personnel should be capable of executing the proposed program of soil conservation measures. Even though entities of other Ministries will be involved in such activities as road construction, housing, water supply and electrification, administrative arrangements for these services will be handled by the project coordinator.

Host country contracting, subject to USAID approval, is proposed. Even though the host country may have primary contracting responsibility USAID will have responsibility for providing guidance to insure that pertinent AID regulations are followed and for otherwise monitoring the use of loan funds. AID will also assist the implementing agency in identifying and negotiating for technical assistance services required for the execution of the project, as well as assist in arrangements for participant training programs which are financed under the loan.

It is anticipated that, at least, during the first year of implementation of the project the USAID will require the full time services of a project monitor to assist with the loan implementation. Similarly during the terminal phases of implementation, closer monitoring will be required. Prior to finalization of the PP a decision should be reached relative to establishing a food and agriculture position to monitor the loan and perform additional duties in the agricultural area. Monitoring services could also be provided

through an alternate arrangement such as a PASA or a Mission personal services contract.

Following are a series of project implementation actions and proposed action agents. These proposals should be ratified or appropriate changes made during the PP preparation stage of the project:

1. Identify any short term T.A. required for PP development.

Action Agent: USAID and AID/W.

2. Obtain AID/W and GOJ approval as appropriate and issue appropriate documentation to fund required TDY or contract assistance for PP preparation.

Action Agent: USAID.

3. Identify borrower's administering units for loan project.

Action Agent: GOJ/USAID.

4. Prepare Project Paper - include scopes of work for long term T.A. team for project execution.

Action Agent: AID/W, USAID and MA.

5. After Project approval, draft, negotiate and sign loan agreement.

Action Agent: USAID/AID-W/GOJ.

6. Prepare and issue invitation to Bid for T.A.

Action Agent: USAID/MA.

7. Analyze and award bid for T.A.

Action Agent: USAID/MA.

8. Prepare and execute contract for T.A.

Action Agent: USAID/MA.

9. Prepare appropriate documentation for commodity procurement and procure commodities.

Action Agent: USAID/MA.

10. Arrange for receipt, inventory, and storage of commodities.

Action Agent: MA.

11. Make US, third country and local training arrangements.

Action Agent: USAID/MA.

IX PROJECT DEVELOPMENT SCHEDULE

Due to the very limited staff of USAID/Jamaica it will be essential that TDY services of key planning personnel, as well as a team to perform the micro studies noted in the Sector Assessment be made available from AID/W on a timely basis in order to insure that finalization of the PP is not unduly delayed.

ADDITIONAL STUDIES

In order to prepare the PP some additional area specific data is needed. These include micro-studies to determine baseline data on agricultural production, productivity and credit, marketing structure, availability of sufficient labor in the area to execute the project, the willingness of farmers to participate in the soil conservation program, small scale labor intensive agri-business opportunities, small farmer social and institutional analysis leading to extension requirements and the extent to which farmers are willing to share in the cost of construction of soil conservation facilities or structures.

A team to collect and analyze such data will be needed after approval of the PRP and might consist of the following:

Marketing specialist	1 MM
Agricultural economist	2 MM
Rural sociologist (Jamaican)	1 MM
Research assistant	2 MM

USAID/Jamaica will arrange for local support and participation of the Ministry of Agriculture in preparing these studies.

In addition, consultant services to assess low cost housing schemes (1 MM) and small scale agri-business opportunities (1 MM) applicable to the project area will be required.

The cost information for construction of soil conservation structures developed by the UNDP JAM/505 study upon which cost estimates have been based, should be reviewed by AID/W/Engr. and a determination made relative to the adequacy of these data to meet the requirements of "Section 611". If the cost estimates are not adequate, engineering services (1/2 MM) will be required.

PP REQUIREMENTS

TDY services of AID/W representatives required for finalizing the design of the project and preparation of the Project Paper including the development of scope of work for members of the technical assistance team, will include the following:

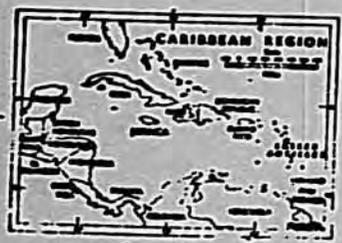
LA/DR/RD	1 MM
LA/DR Finance Officer	1 MM
Agricultural Economist	1 MM

JAMAICA

ANNEX B

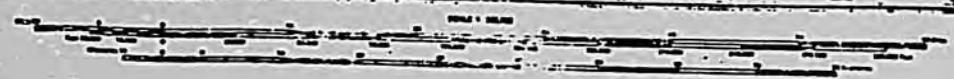
SCALE 1:500,000

C A R I B B E A N S E A



C A R I B B E A N S E A

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ANNEX C

LOGICAL FRAMEWORK

SECTOR GOAL: To provide increased opportunities for agricultural employment, thereby reducing under and unemployment and rural to urban migration in Jamaica.

PROJECT PURPOSE: To increase small farmer agricultural production by strengthening the institutional and technical capabilities of the MA and other farmer associations.

OUTPUTS:

- (a) Employment opportunities created.
- (b) Terracing, forestation and seeding activities completed.
- (c) Personnel in MA and other farmer associations trained.
- (d) Labor intensive methods applied to feeder road construction.
- (e) Low cost housing methodology developed and implemented.
- (f) Rural water and electricity supplied.
- (g) Agri-business enterprises operational.

INPUTS: See Financial Plan.

MEASURES OF GOAL ACHIEVEMENT:

- (a) Overall unemployment reduced.
- (b) Underemployment reduced. Farmers and laborers in area have additional seasonal employment opportunities.
- (c) Rural to urban migration reduced.

END OF PROJECT STATUS:

- (a) Long term agriculture-related employment opportunities created.
- (b) Ag production in project area increased from J\$16 million in 1976 to J\$50 million after soil conservation treatments are completed and agricultural technology packages are applied.
- (c) US\$1.5 million in ag credit disbursed by PC Banks in the project area.
- (d) Small scale agri-business enterprises operating as viable businesses.

- (e) Agricultural extension agents in conjunction with forestry and soil conservation advisors effectively reaching the target group of 5,000 farmers in the project area.
- (f) Staff of MA, JAS, PC Banks and farmer associations trained and delivering effective services to the small farmer.

MAGNITUDE OF OUTPUTS:

- (a) Over 1 million days of employment generated over a four year period for soil conservation and forestry elements alone.
- (b) 14,000 acres of land terraced and ditched; 5,000 acres reforested; 1,350 acres seeded for pasture.
- (c) 65 technicians trained abroad and 150 trained locally.
- (d) 50 miles of feeder roads upgraded.
- (e) Low cost housing provided to 1,000 farmers.
- (f) Rural water systems and electricity serve 1,800 farmers, plus their families.
- (g) Agri-business enterprises providing employment opportunities and processed agricultural products.

IMPLEMENTATION TARGETS - type and quantity:

- (a) 18 years of TA
- (b) 80 years of training
- (c) equipment procured
- (d) additional personnel on board at MA

ASSUMPTIONS FOR GOAL ACHIEVEMENT:

Farmer participation - see critical assumption discussed in detailed description of project.

ASSUMPTIONS FOR PURPOSE ACHIEVEMENT:

Institutional and financial support of MA.

OPTIONS FOR AID FINANCING

BACKGROUND

As the Mission stated in the agricultural sector assessment, providing increased employment opportunities by revitalizing the agricultural sector seems to offer the key to Jamaica's future. To reduce rural to urban migration, rural life must be made more attractive through improved infrastructure such as housing, rural roads, domestic water systems and access to social services such as health care and education. The sector assessment identified the constraints to increasing small farmer production as institutional, land distribution, marketing, research and credit. The PRP addresses several of these constraints in a region specific integrated rural development approach.

During the preparation of the PRP the lack of an adequate delivery system of credit to the small farmer became more and more evident. The Mission feels this problem is of sufficient magnitude to be attacked overall. If additional resources were available, the Mission would undertake a substantial expansion in the scope of AID's rural development effort in Jamaica and would approach the problem through a supervised agricultural credit program which would strengthen the small farmer and governmental organizations, planning, extension, marketing, research and credit delivery systems. Secondly, financing would be provided for production and investment purposes. 150,000 small farmers across Jamaica could be reached as the program develops.

Additional money could be used to fund labor intensive approaches to upgrading rural roads, domestic water supply and electricity systems. Housing Investment Guarantee funds could be used in financing low cost rural housing. Intermediate technology could be applied to create small scale agri-business opportunities across Jamaica.

The Mission believes that significant progress in agricultural production on a country-wide basis cannot be expected until the agricultural credit problem is addressed. Credit may not be essential to the small farmer if he continues his present crop mix and technological practices. He can plant yams without fertilizer and leave 1/3 to 1/2 of his land fallow and still survive because he has other food crops that will provide his family with enough to eat. He has little need for credit because his inputs are limited mainly to the family labor supply. If he owns his land, as the majority do, he pays no rent and he gets a 75% rebate on land taxes. However, if additional employment opportunities are to be provided in agriculture and domestic food production increased, then technology must be improved. The small farmer controls almost half of the arable land. He must be educated to use credit and it must be available to him in a convenient manner both for production and investment purposes.

Agricultural credit is further discussed on pages 39 - 41 and in Appendix 2 - 1 and 2 - 2 of the Assessment.

THE PROBLEM

The existing agriculture credit systems are considered very inefficient. The "Green Paper" on agriculture in Jamaica recommends that all agricultural credit be consolidated in one single institution. The plan to reorganize the MA reached the same conclusion. IBRD and IDB also consider the present system ineffective. Everyone points to the difficulty in developing a sound program in agriculture where credit is being handled by many different institutions. On review of the situation and in light of USAID experience, the Mission feels the whole area of agricultural credit must be restructured.

USAID recognizes that in order to have technological progress in Jamaican agriculture which leads to increased production, several elements are required: Relevant research; effective extension; adequate and available credit; an efficient information and marketing system; equitable land distribution; and institutional strengthening.

- Research and marketing are being addressed by two separate proposals currently being considered by the IDB.
- Extension at least in western Jamaica will be addressed by IBRD's Rural Development I Loan. This loan calls for changes in the MA to bring about decentralized operations and establishment of a unified extension service.
- The GOJ is approaching land reform through resettlement and co-operative farming programs such as the three phased Land Lease Program.
- Agriculture credit is being provided by the IDB and IBRD, but principally to the Jamaican Development Bank. Credit is also provided by the various commodity boards.

However credit is not being provided in an effective manner to the poorest of the small farmers. For example, the IDB's Self Supporting Farmer Development Program administered by the Jamaican Development Bank lends money to farmers owning 5 - 25 acres at 4% interest. The minimum loan is \$1000 with no emphasis on reaching the poorest farmers. No major institutional changes have been brought about; the purpose of the loan is simply to increase production and to this end \$16 million has been disbursed, but only 6,000 loans have been made. The JDB has a window using IBRD funds that makes minimum loans of \$15,000 at 8-3/4% to large agricultural and livestock producers. The Agricultural Credit Board provides money at 3% to 115 People's Cooperative Banks who lend to the small farmers at 6%. The PC Banks were established early this century and are probably operating below their capacity to reach the small farmer but have the potential for greater effectiveness if given proper technical assistance, training in credit, extension and improved services from the MA. A rural development program based on the

provision of supervised agricultural credit could be developed through the grass roots support of these banks. Experience gained in the implementation of the proposed Pindars River/Two-Meetings Program should be invaluable in this regard.

CONCLUSIONS AND RECOMMENDATIONS:

Should additional resources be available beyond that proposed in the PRP request we would continue with the area program described in the project description and expand our assistance efforts through the mechanism of supervised agricultural credit and other supporting services island-wide directed at revitalizing the agricultural sector thereby providing increased employment opportunities throughout rural Jamaica.

The difficult task of developing a single agricultural credit organization would have to be tackled. Several institutions now granting credit, such as the commodity boards should have this activity taken away from them. The agricultural interest rate policies in Jamaica would have to be examined in great detail. The present system provides credit at rates ranging from 4% to 10% for periods up to 15 years. Bad debts, some more than fifty years old, now being carried by the PC Banks and the Agricultural Credit Board should be written off. The move to bring the poor farmer into the credit system may be resisted because of the problems involved in servicing loans. Special interest groups will be affected.

Despite the problems, the Mission believes this is an opportune time, subject to the allocation of additional AID resources in excess of the \$8.0 million proposed, to devote a serious effort with the GOJ to develop a broad based rural development program which concentrates on the small farmer throughout Jamaica.

Preliminary studies should be carried in the following areas as the expanded program is developed.

- All credit sources to agriculture would need to be identified. The structure of the various institutions should be studied. The total amount of credit presently available, the present interest rate structures and the intended recipients clarified. Small farmer attitudes toward credit should be surveyed.
- Opportunities for further development of rural institutions and investments in rural infrastructure including low cost health care delivery systems, agricultural extension through farmer associations, continuing education, rural roads, and HIG funds for low cost housing should be investigated.

Application of intermediate technology to small scale, rural based agri-business ventures should also be examined.

The Mission believes a loan in the range of \$25 million (\$15 million for credit, \$5 million for rural infrastructure and \$5 million for institutional development) may be required to finance this expanded program. This is based on the fact that as many as 75,000 poor farmers are outside the present credit system. Funds provided for institutional development will primarily be for training of Agricultural personnel needed for program implementation. Loan funds could be disbursed in tranches as these studies are completed and the recommendations implemented. In the implementation of an expanded rural development program, present institutions would be used when practical and strengthened. Rural roads could be upgraded by labor intensive methods developed at the Parish Council or Ministry of Public Works level and extension production and marketing organizations mobilized with AID assistance. The reorganization of the MA would be supported by AID and other donors efforts in research, marketing, extension, and demonstration rural development programs. The close coordination would have to be maintained with other donors, and with those institutions disbursing agricultural services and credit. However, the Mission believes GOJ is now firmly committed to small farmer development and the time is appropriate for AID participation.

BUDGET: Time constraints did not permit the Mission to conduct the extensive investigations and consultations necessary to develop a detailed budget and identify host country and AID inputs for an expanded integrated Rural Development Program.

C

A = ADD
C = CHANGE
D = DELETE

PROJECT IDENTIFICATION DOCUMENT FACESHEET

TO BE COMPLETED BY ORIGINATING OFFICE.

2. DOCUMENT CODE

3. COUNTRY/ENTITY **JAMAICA** 4. DOCUMENT REVISION NUMBER **1**

5. PROJECT NUMBER (7 DIGITS) **[532-0046]** 6. BUREAU/OFFICE
 A. SYMBOL **LA** B. CODE **[5]** 7. PROJECT TITLE (MAXIMUM 40 CHARACTERS)
[Integrated Rural Development I]

8. PROPOSED NEXT DOCUMENT
 A. **[2]** 2 = PRP 3 = PP B. DATE **10 7 6**

10. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 = .9075)

FUNDING SOURCE		BASE
A. AID APPROPRIATED		8,000
B. OTHER U.S.	1.	
	2.	
C. HOST COUNTRY		12,000
D. OTHER DONOR(S)		
TOTAL		20,000

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION
 A. INITIAL FY **[7|8]** B. FINAL FY **[8|1]**

11. PROPOSED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. FIRST FY 78		LIFE OF PROJECT	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	H. GRANT	I. LOAN
(1) FN	B 213		210		8,000		8,000
(2)			220				
(3)							
(4)							
TOTAL							8,000

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each)
 130 | 060 | 070 | 810 | 820 | 851

13. SPECIAL CONCERNS CODES (MAXIMUM SIX CODES OF FOUR POSITIONS EACH) 14. SECONDARY PURPOSE CODE

15. PROJECT GOAL (MAXIMUM 240 CHARACTERS)
 To provide increased opportunities for agricultural employment, thereby reducing under and unemployment and rural to urban migration in Jamaica.

16. PROJECT PURPOSE (MAXIMUM 480 CHARACTERS)
 To increase small farmer agricultural production by strengthening the institutional and technical capabilities of the MOA and other farmer associations.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)
 4 TDY technicians for 6 weeks each; total of 6 m/m for developing PRP \$18,000.

18. ORIGINATING OFFICE CLEARANCE
 Signature _____ Title **AID Affairs Officer**
 Date Signed **10 22 76**

19. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
 MM DD YY

Part I

FACE SHEET

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Jamaica

Project Title: Integrated Rural Development I

Funding (Fiscal Year and Amount): FY 78 - \$8,000,000

Life of Project: 4 years

IEE Prepared by: Frank W. Campbell

Date: Oct. 19, 1976

Threshold Decision: Negative Determination

Mission Concurrence:

Signed: Charles P. Campbell

Date: 10/22/76

Assistant Administrator's Decision:

Approved: _____

Date: _____

Disapproved: _____

Date: _____

ENVIRONMENTAL IMPACT

THRESHOLD DECISION

Pursuant to the authority delegated to the Assistant Administrator for Latin America in Delegation No. _____ and based upon an Initial Environmental Examination for the proposed action, Integrated Rural Development I _____, I hereby make the following determination and decision:

1. Negative Determination. The proposed action is not an action which will have a significant effect on human environment and is, therefore, an action for which an Environmental Impact Statement or an Environmental Assessment will not be required.

Approved:

Date: _____

Assistant Administrator
for Latin America

IMPACT IDENTIFICATION AND EVALUATION FORM

Part III

Impact Identification and Evaluation 2/

Impact Areas and Sub-areas 1/

A. LAND USE

1. Changing the character of the land through:

- a. Increasing the population ----- N
- b. Extracting natural resources ----- N
- c. Land clearing ----- M
- d. Changing soil productive capacity ----- M+

2. Altering natural defenses ----- H

3. Foreclosing important uses ----- N

4. Jeopardizing man or his works ----- N

5. Other factors

----- -

----- -

B. WATER QUALITY

1. Physical state of water ----- M+

2. Chemical and biological states ----- U

3. Ecological balance ----- L

4. Other factors

----- -

----- -

1/ See Explanatory Notes for this form.

2/ Use the following symbols:

- N - No environmental impact
- L - Little environmental impact
- M - Moderate environmental impact
- H - High environmental impact
- U - Unknown environmental impact

IMPACT IDENTIFICATION AND EVALUATION FORM

C. ATMOSPHERIC

1. Air additives -----	N
2. Air Pollution -----	N
3. Noise pollution -----	N
4. Other factors	
_____	-
_____	-

D. NATURAL RESOURCES

1. Diversion, altered use of water -----	H
2. Irreversible -----	L
3. Other factors	

E. CULTURAL

1. Altering physical symbols -----	N
2. Change of cultural traditions -----	L
3. Changes in cultural patterns -----	L
4. Other factors	
_____	-
_____	-

IMPACT IDENTIFICATION AND EVALUATION FORM

3

G. HEALTH

1. Changing a natural environment -----	N
2. Eliminating an ecosystem element -----	L
3. Other factors	
<u>Increased nutrition</u>	M
<u>Increased potable water</u>	M

H. GENERAL

1. International impacts -----	N
2. Controversial impacts -----	N
3. Larger program impacts -----	H
4. Other factors	
_____	-
_____	-
OTHER POSSIBLE IMPACTS (not listed above)	
_____	-
_____	-
_____	-

See attached Discussion of Impacts.

Part II. Environmental Analysis - Project Description

This project is designed to implement a modern soil conservation program based on the ditching, terracing and construction of waterways on 14,000 acres of land in two important watersheds- the Pindars River and two meetings - in central Jamaica. In addition 5,000 acres of land presently in brush or otherwise unsuitable for agriculture will be reforested. Research results in Jamaica under similar conditions indicate that up to 54 tons per acre of top soil are lost per year under the present cropping system with yam production and up to 72 tons per acre, per year with banana production. The construction of bench terraces reduced the loss to 7 tons per acre with these crops.

The steep slopes found in the interior of Jamaica are populated with small farmers with an average land holding of 2.3 acres. In the project area the majority of the farmers affected have less than five acres. The farmers involved will be introduced to modern technology through the MOA agricultural extension service in conjunction with the local branches of the Jamaica Agricultural Society (JAS) - the farmers - grassroot membership organization. They will also be assisted in getting agricultural credit through a supervised program utilizing the People's Cooperative Banks in the area and the Agricultural Credit Board. Improved marketing will be encouraged through a joint project now being carried out by the JAS and the Agricultural Marketing Corporation (AMC).

The project will also provide infrastructure such as rural water systems, rural electrification, improved roads and better housing to provide the poor rural population with more of the amenities of life.

The technical assistance input of 18 man years during the life of this four-year project will be provided by a technical assistance contractor, jointly selected by the GOJ and USAID/Jamaica. Technical assistance will be provided in the fields of Agricultural Extension, Soil Conservation, Agricultural Economics, Agricultural Engineering and other related fields. It is anticipated that up to 65 GOJ employees will be provided with up to 80 man years of training abroad under this project. There will also be local training courses - both formal and informal - to provide the necessary expertise to the GOJ to carry out this project and to give

them the technical capacity to implement the same type of project in the 31 other identified watersheds with 400,000 acres of land in Jamaica, if the approach in the project area proves to be feasible.

The end result of the project will be increased agricultural production with farm gate price of produce increasing from less than J\$16 million to over J\$50 million at the conclusion of the projected soil conservation practices. In addition the soil erosion will have been reduced by a factor of seven or eight. This will allow for the construction of a downstream dam on the Pindars river to impound water for the irrigation of 9,700 acres of level land on the Clarendon plains. The construction of this dam is not part of this project but is in the national plan of the MOA, scheduled for 1984. The reduced soil erosion and river bed control will also help improve the potable water supply situation to several municipalities in the two meetings watershed.

The goal of the project is to provide increased opportunities for agricultural employment, thereby reducing under and unemployment and rural to urban migration in Jamaica.

Part IV. Summary and Recommendation

The prefeasibility study conducted by the UNDP/FAO and the preliminary studies carried on by USAID/Jamaica and the GOJ/MOA show that no significant negative or irreversible changes to the environment will occur in the geographic area of the proposed project nor in any area on the periphery of the area.

In certain impact areas and sub-areas the changes brought about by the project will be medium to high, e.g., land clearing, altering natural defenses, physical state of the water, altered use of water, etc. However, the changes brought about by the project will be positive rather than negative. As an example: under the traditional practices of cultivation on the steep slopes of the watershed area erosion and the resulting loss of top soil is very high. Research has shown that under these conditions the loss of top soil is 54 tons per acre, per year in yam cultivation and up to 72 tons in bananas, two of the most important crops in the region. With bench terracing and hillside ditching treatment this loss has been reduced to 7 tons per acre, per year, in the pilot program now underway in the same area.

In the final project design and in the implementation of the project the necessary controls will be exercised to see that other practices will be carried out to further reduce erosion in the area, e.g. proper ditching, culverts etc., in the road rehabilitation element. The current rural water system will be expanded to provide access to potable water to most of the people not now having access to this system. Increased farm production and the introduction of additional crops will not only increase the farmers income but will provide a healthier diet for him and his family. On balance the environmental impact of this project will have a positive effect on the human and natural conditions in the area.

As the result of the studies carried out to date and this Initial Environmental Examination it is recommended that the Assistant Administrator for Latin America approve the Threshold Decision attached to this IEE.

532-046
5320046 - (4)
4p.

PD-AAB-458-E1

AGENCY FOR INTERNATIONAL DEVELOPMENT

Advice of Program Change

Country : Jamaica

Project Title : Integrated Rural Development

Project Number : 532 - 0046

FY 1977 CP Reference : None

Appropriation Category : Food and Nutrition

Intended Obligation : \$13,000,000

The FY 1978 Congressional Presentation included this project as "Integrated Regional Rural Development" and indicated that an Advice of Program Change would be forthcoming to permit obligation during FY 1977.

The A.I.D. rural development strategy in Jamaica is directed at assisting small, low income farmers increase their agricultural production and creating additional employment opportunities. There are 150,000 small farmers in Jamaica, most of whom occupy hillside farms averaging three to five acres. Nearly all of Jamaica's domestic food is produced by these farmers.

The purposes of this proposed five-year project are: (a) to increase agricultural production on small hillside farms in two river valleys in central Jamaica (i.e., the Pindars and Two Meetings watersheds); (b) to control soil erosion, thereby establishing a base for future agricultural production and increasing the supply of water for both household and agricultural purposes; and (c) to strengthen the capability of the Ministry of Agriculture.

The project evolved from studies of Jamaica's 33 major watersheds conducted by the United Nations Food and Agriculture Organization from 1967 - 1975. Preservation of these watersheds is regarded by the Jamaican Government as essential to the long term future of Jamaican agriculture. The watersheds in which project activities will be carried out have been identified as having first priority for rehabilitation.

8/19

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The immediate beneficiaries of the project will be the 25,000 residents in the Pindars and Two Meetings Watersheds. Other beneficiaries will include rural residents occupying land downstream from the project site who will benefit from increased and improved water supply for both household and agricultural purposes. Longer term beneficiaries from developing an agricultural production soil conservation model that can be replicated on hillside farms throughout Jamaica's major watershed areas will be the other small farmers in Jamaica.

The project will establish erosion control measures such as land terracing, forestation and road rehabilitation which will permit the introduction of improved agricultural practices on small hillside farms. Small farmer organizations will be strengthened to provide credit, other agricultural inputs such as fertilizer, and marketing services to their members. The project will be implemented principally by the Southern Region of the Ministry of Agriculture in conjunction with the Forestry Department and the Ministry of Public Works.

As a complementary input to this project, the Jamaican Government will be financing rural infrastructure such as housing, potable water and electrification for the purpose of improving the standard of living in rural areas.

Clearances:

- 5 -

LA/DR:JSanbrailo (Draft)

MBrown (Draft)

CBWeinberg

Date

GC/LPC:KKammerer

Date

23 Aug 77

AA/LA:AValdez

Date

LA/GC:JKessler

Date

5/19

LA/DP:DErbe (Draft)

AA/PPC:AShakow (Info)

LA/CAR:WRhoads (Draft)

LA/CAR:WWheeler (Draft)

LA/DR:JPBittner: 8/18/77/pnr

Integrated Rural Development	Category	Food and Nutrition	PROPOSED OBLIGATION (\$,000)	13,000
	KIND OF LOAN	Project	INITIAL OBLIGATION	FY: 1977

Goal
To improve the standard of living of small hillside farmers in rural Jamaica.

Sub-Goal
To establish an agricultural production model based on continuous and multiple cropping techniques that can be replicated on small hillside farms throughout Jamaica.

Purposes
The specific purposes are (a) to increase agricultural production on small hillside farms in the Pindars River and Two Meetings watersheds; (b) to control soil erosion in the watersheds, thereby establishing an agricultural base for the future and increasing the supply of water for both household and agricultural purposes; and (c) to strengthen the capability of the human resources in the Ministry of Agriculture (MinAg).

Background
This program evolved from studies of Jamaica's 33 major watersheds conducted by the United Nations Food and Agriculture Organization. Two of these watersheds were later identified as first priority for rehabilitation based on degree of soil erosion, potential for hillside agricultural production and downstream potential for irrigation and water supply. This five-year project will establish erosion control measures as a vehicle to introduce improved agricultural practices for increased production in the Pindars River and Two Meetings watersheds. This project will be implemented within two specific watersheds; however, the Jamaicans view this project as setting the stage for replication throughout other watershed areas occupied almost entirely by small farmers.

Major Outputs (cumulative)	Fiscal Year				
	78	79	80	81	82
Land treated with soil conservation measures (acres)	2200	6500	12200	16700	17700
Land reforested (acres)	1000	2600	4200	5000	5000
Roads upgraded (miles)	5	15	22	22	22
Demonstration centers & Sub-Centers operational	2	20	40	55	55
Farmer organizations providing improved services	2	10	20	30	30

Host Country and Other Donors

The Jamaican Government will contribute 40% of the total program costs.

A.I.D. Financed Inputs	(\$ Thousands)
Erosion control costs	9,600
Demonstration centers	450
Farmer organizations & services	400
Evaluation & replication	320
Equipment & vehicles	1,750
Contingency	480
Total	13,000

PDAAB-458-F1

532-046 11/4

5320046-5

LA/DR-IEE-19

9p

ENVIRONMENTAL THRESHOLD DECISION

Location : Jamaica
Project Title : Integrated Rural Development I
Funding : 8.0 million
Life of Project: Four Years

Mission Recommendation:

Based on the Initial Environmental Examination, the Mission has concluded that the project will not have a significant effect on the human environment and therefore recommends a Negative Determination.

The Latin America Bureau's Development Assistance Executive Committee has reviewed the Initial Environmental Examination for this project and concurs in the Mission's recommendation for a Negative Determination.

AA/LA Decision:

Pursuant to the authority vested in the Assistant Administrator for Latin America under Title 22, Part 216.4a, Environmental Procedures, and based upon the above recommendation, I hereby determine that the proposed project is not an action which will have a significant effect on the human environment, and therefore, is not an action for which an Environmental Impact Statement or an Environmental Assessment will be required.

/s/ Donor M. Ligon

Assistant Administrator
for Latin America

24 NOV 1976

Date

Clearances:

DAFC Chairman: CWeinberg

LA Environmental Coordinator: MDeMetre

LA/DR:JPBittner:vc:11/19/76

RECORD COPY

ENVIRONMENTAL THRESHOLD DECISION

Location : Jamaica
Project Title : Integrated Rural Development I
Funding : \$8.0 million
Life of Project: Four Years

Mission Recommendation:

Based on the Initial Environmental Examination, the Mission has concluded that the project will not have a significant effect on the human environment and therefore recommends a Negative Determination.

The Latin America Bureau's Development Assistance Executive Committee has reviewed the Initial Environmental Examination for this project and concurs in the Mission's recommendation for a Negative Determination.

AA/LA Decision:

Pursuant to the authority vested in the Assistant Administrator for Latin America under Title 22, Part 216.4a, Environmental Procedures, and based upon the above recommendation, I hereby determine that the proposed project is not an action which will have a significant effect on the human environment, and therefore, is not an action for which an Environmental Impact Statement or an Environmental Assessment will be required.

James G. Linn, Acting

Assistant Administrator
for Latin America

Nov. 24, 1976

Date

Clearances:

DAEC Chairman: CWeinberg *[Signature]*
LA Environmental Coordinator: MDeMetre *[Signature]*

LA/DR:JPBittner:vc:11/19/76

RECORD COPY

Part I

FACE SHEET

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Jamaica

Project Title: Integrated Rural Development I

Funding (Fiscal Year and Amount): FY 78 - \$8,000,000

Life of Project: 4 years

IEE Prepared by: Frank W. Campbell

Date: Oct. 19, 1976

Threshold Decision: Negative Determination

Mission Concurrence:

Signed:

Charles P. Campbell

Date:

10/22/76

RECORD COPY

Part II. Environmental Analysis - Project Description

This project is designed to implement a modern soil conservation program based on the ditching, terracing and construction of waterways on 14,000 acres of land in two important watersheds- the Pindars River and two meetings - in central Jamaica. In addition 5,000 acres of land presently in brush or otherwise unsuitable for agriculture will be reforested. Research results in Jamaica under similar conditions indicate that up to 54 tons per acre of top soil are lost per year under the present cropping system with yam production and up to 72 tons per acre, per year with banana production. The construction of bench terraces reduced the loss to 7 tons per acre with these crops.

The steep slopes found in the interior of Jamaica are populated with small farmers with an average land holding of 2.3 acres. In the project area the majority of the farmers affected have less than five acres. The farmers involved will be introduced to modern technology through the MOA agricultural extension service in conjunction with the local branches of the Jamaica Agricultural Society (JAS) - the farmers - grassroot membership organization. They will also be assisted in getting agricultural credit through a supervised program utilizing the People's Cooperative Banks in the area and the Agricultural Credit Board. Improved marketing will be encouraged through a joint project now being carried out by the JAS and the Agricultural Marketing Corporation (AMC).

The project will also provide infrastructure such as rural water systems, rural electrification, improved roads and better housing to provide the poor rural population with more of the amenities of life.

The technical assistance input of 18 man years during the life of this four-year project will be provided by a technical assistance contractor, jointly selected by the GOJ and USAID/Jamaica. Technical assistance will be provided in the fields of Agricultural Extension, Soil Conservation, Agricultural Economics, Agricultural Engineering and other related fields. It is anticipated that up to 65 GOJ employees will be provided with up to 80 man years of training abroad under this project. There will also be local training courses - both formal and informal - to provide the necessary expertise to the GOJ to carry out this project and to give

them the technical capacity to implement the same type of project in the 31 other identified watersheds with 400,000 acres of land in Jamaica, if the approach in the project area proves to be feasible.

The end result of the project will be increased agricultural production with farm gate price of produce increasing from less than J\$16 million to over J\$50 million at the conclusion of the projected soil conservation practices. In addition the soil erosion will have been reduced by a factor of seven or eight. This will allow for the construction of a downstream dam on the Pindars river to impound water for the irrigation of 9,700 acres of level land on the Clarendon plains. The construction of this dam is not part of this project but is in the national plan of the MOA, scheduled for 1984. The reduced soil erosion and river bed control will also help improve the potable water supply situation to several municipalities in the two meetings watershed.

The goal of the project is to provide increased opportunities for agricultural employment, thereby reducing under and unemployment and rural to urban migration in Jamaica.

IMPACT IDENTIFICATION AND EVALUATION FORM

Part III

Impact Areas and Sub-areas 1/

Impact
Identification
and
Evaluation 2/

A. LAND USE

1. Changing the character of the land through:

a. Increasing the population -----

N

b. Extracting natural resources -----

N

c. Land clearing -----

M

d. Changing soil productive capacity -----

M+

2. Altering natural defenses -----

H

3. Foreclosing important uses -----

N

4. Jeopardizing man or his works -----

N

5. Other factors

-

-

B. WATER QUALITY

1. Physical state of water -----

M+

2. Chemical and biological states -----

U

3. Ecological balance -----

L

4. Other factors

-

-

1/ See Explanatory Notes for this form.

2/ Use the following symbols: N - No environmental impact
 L - Little environmental impact
 M - Moderate environmental impact
 H - High environmental impact
 U - Unknown environmental impact

C. ATMOSPHERIC

1. Air additives -----	N
2. Air Pollution -----	N
3. Noise pollution -----	N
4. Other factors	
_____	-
_____	-

D. NATURAL RESOURCES

1. Diversion, altered use of water -----	H
2. Irreversible -----	L
3. Other factors	

E. CULTURAL

1. Altering physical symbols -----	N
2. Change of cultural traditions -----	L
3. Changes in cultural patterns -----	L
4. Other factors	
_____	-
_____	-

IMPACT IDENTIFICATION AND EVALUATION FORM

G. HEALTH

- 1. Changing a natural environment ----- N
- 2. Eliminating an ecosystem element ----- L
- 3. Other factors
 - Increased nutrition ----- M
 - Increased potable water ----- M

H. GENERAL

- 1. International impacts ----- N
- 2. Controversial impacts ----- N
- 3. Larger program impacts ----- H
- 4. Other factors
 - -
 - -

1. OTHER POSSIBLE IMPACTS (not listed above)

- -
- -
- -

See attached Discussion of Impacts.

Part IV. Summary and Recommendation

The prefeasibility study conducted by the UNDP/FAO and the preliminary studies carried on by USAID/Jamaica and the GOJ/MOA show that no significant negative or irreversible changes to the environment will occur in the geographic area of the proposed project nor in any area on the periphery of the area.

In certain impact areas and sub-areas the changes brought about by the project will be medium to high, e.g., land clearing, altering natural defenses, physical state of the water, altered use of water, etc. However, the changes brought about by the project will be positive rather than negative. As an example: under the traditional practices of cultivation on the steep slopes of the watershed area erosion and the resulting loss of top soil is very high. Research has shown that under these conditions the loss of top soil is 54 tons per acre, per year in yam cultivation and up to 72 tons in bananas, two of the most important crops in the region. With bench terracing and hillside ditching treatment this loss has been reduced to 7 tons per acre, per year, in the pilot program now underway in the same area.

In the final project design and in the implementation of the project the necessary controls will be exercised to see that other practices will be carried out to further reduce erosion in the area, e.g. proper ditching, culverts etc., in the road rehabilitation element. The current rural water system will be expanded to provide access to this system. Increased farm production and the introduction of additional crops will not only increase the farmers income but will provide a healthier diet for him and his family. On balance the environmental impact of this project will have a positive effect on the human and natural conditions in the area.

As the result of the studies carried out to date and this Initial Environmental Examination it is recommended that the Assistant Administrator for Latin America approve the Threshold Decision attached to this IEE.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Advice of Program Change

COUNTRY : Jamaica
 PROJECT TITLE : Integrated Rural Development
 PROJECT NUMBER : 532-0046
 FY 1977 CP REFERENCE : None
 APPROPRIATION CATEGORY: Food and Nutrition
 INTENDED OBLIGATION : \$700,000 (grant)

This is to advise that A.I.D. intends to obligate a \$700,000 grant during FY 1977 for the above referenced project.

The proposed grant is a companion to a \$13 million Integrated Rural Development Loan which will also be obligated during this fiscal year. (An Advice of Program change for the loan was forwarded on August 24). The purposes of both the grant and the loan are: (a) to increase agricultural production on small hillside farms in two river valleys in central Jamaica (i.e., the Pindars and Two Meetings watersheds); (b) to control soil erosion, thereby establishing a base for future agricultural production and increasing the supply of water for both household and agricultural purposes; and (c) to strengthen the capability of the Ministry of Agriculture.

Grant funds will provide at least ten person years of training and eight person years of technical assistance for the objective of strengthening the human resource capability of the Ministry of Agriculture. Long and short term technical advisors will assist the Jamaicans in managing this project and in planning for replication of similar projects in the future. The Jamaicans will be providing full time counterparts to each of the long term advisors. Short and long term training will be undertaken both in Jamaica and in the U.S. This grant assistance is considered an important component of the entire Integrated Rural Development Program and it is expected that additional grant funds amounting to about \$1,300,000 will be provided in future years.

ANNEX: Activity Data Sheet

RECORD COPY

Drafted by: LA/DR: JPBittner³: baw: 09/14/77: X-29162

Clearances: LA/DR: ✓ CBWeinberg C₈
LA/DR: MBrown
AA/LA: ALValdez
GC/LA: JLKessler
GC/LPC: KKammerer
LA/DP: DERbe
LA/DR: RGomez
AA/PPC: A Shakow : (Info)
LA/CAR: JPLockard : (Draft)
GC/LA: TGeiger : (Draft)

Country:

GRANT ACTIVITY DATA

TA

TITLE	FUNDS	PROPOSED OBLIGATION (\$000)	
		FY 77	FY 78
Integrated Rural Development NUMBER 532 - 0046	Food and Nutrition	700	
	PRIOR REFERENCE	INITIAL OBLIGATION FY: 1977	SCHEDULED FINAL OBLI FY: 1980
	None		

Goal: To improve the standard of living of small hillside farmers in rural Jamaica.

Purposes: To increase agricultural production on small hillside farms in two river valleys in central Jamaica (the Pindars and Two Meetings watersheds); to control soil erosion, thereby establishing a base for future agricultural production and increasing the supply of water for both household and agricultural purposes; and to strengthen the capability of the Ministry of Agriculture (Min Ag).

Background: Through this grant and an FY 1977 companion loan for \$13 million, the program will establish erosion control measures such as land terracing, forestation and road rehabilitation which will permit the introduction of improved agricultural practices on small hillside farms. Small farmer organizations will be strengthened to provide credit, other agricultural inputs such as fertilizer, and marketing services to their members. The project will be implemented principally by the Southern Region of the Ministry of Agriculture in conjunction with the Forestry Department and the Ministry of Public Works.

Outputs (cumulative):

	Fiscal Year			
	78	79	80	81
Demonstration centers and subcenters operational	2	20	40	55
Farmer organizations providing improved services	2	10	20	30
Min Ag employees receive advanced training		x	x	x

Host Country and Other Donors

The Jamaican Government will contribute more than 25% the cost of this combined loan and grant program.

FY 1977 Program:

U.S. Technicians: Seven long term technicians in soil conservation, agricultural extension, horticulture, farming systems, marketing, credit and production extension.

Training: Long term training for four Jamaicans. Short term training for at least 50 Min Ag employees.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									PRINCIPAL CONTINGENT AGENCIES	
					Estimated FY 76			Estimated Transition Quarter			Proposed FY 77				
					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total		
Through 6/30/75															
Estimated FY 76															
Estimated through 6/30/76				U.S. Technicians ..									565	565	To be selected
Estimated Transition Quarter				Participants									135	135	
		Future Year Obligations	Estimated Total Cost	Commodities											
Proposed FY 77	700	1,300	2,000	Other Costs											
				Total Obligations ..									700	700	

NOV 8 1976

James

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LA)

FROM : LA/DR, Charles B. Weinberg

SUBJECT: Issues Paper - Jamaica Integrated Rural Development I

The DAEC will review the subject Project Review Paper and Agricultural Sector Assessment on Wednesday, November 3, 1976 at 9:30 a.m. in the LA/DR Conference Room (2248 N.S.)

The PRP proposes a four year \$8 million loan (\$20 million total program) which will introduce soil conservation measures together with agricultural credit, marketing and improved technology along with social amenities designed to improve the standard of life in rural areas. Project objectives are as follows:

- Increased agricultural production through improved practices and by cultivating land that is not now in productive use.
- Provide employment opportunities to rural and urban underemployed and unemployed, thereby assisting the Government of Jamaica (GOJ) in resolving its chronic unemployment problem and at the same time reducing rural to urban migration.
- Change the present cropping pattern by providing stable soil conditions that will allow continuous cropping and the introduction of higher value crops.
- Provide the producer with a greater share of the consumers' food dollar through improved marketing practices.
- Create amenities in the project area that will provide the rural poor with a better life.

The project will be implemented by the Ministry of Agriculture (MA) and will directly benefit an estimated 5,000 farm families with an average landholding of 2.3 acres in the Two Meetings and Pindars River Valleys of central Jamaica. The project will form the basis for rural development measures which may be applicable to Jamaica's remaining thirty-one watershed areas covering about 400,000 acres. Improved agricultural technology and marketing practices plus credit will be extended to the small farmers through their existing farmer organizations. Approximately 20,000 acres of land will be terraced, reforested or seeded for pastureland; 50 miles of feeder roads will be upgraded

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through labor intensive practices; housing, domestic water supply systems and electricity will be introduced. Approximately one million days of employment will be generated from the soil conservation and forestry development activities alone. The institutional capability of the MA and other farmer organizations will be strengthened through technical assistance and training. Further, the project will provide a testing ground for the Ministry's proposed decentralization and reorganization.

No major environmental issues have been identified; the Initial Environmental Examination recommends a Negative Determination regarding the project's impact on the human environment.

Issues related to the Agriculture Sector Assessment which will be discussed by the DAEC are:

1. Identification of Constraints: The assessment identifies the natural resource base, land tenure, crop mix, livestock production, and farm systems and technology level as the principal production system constraints. Other constraints are the lack of adequate credit, marketing facilities and institutional weaknesses. The DAEC will discuss the adequacy of the analyses of the crop mix and farm systems constraints, and seek clarification of the conclusions that the lack of credit and the marketing system do not offer major constraints to production.

2. AID Strategy: The DAEC will discuss the Mission's intended small farmer development strategy as it evolves from the constraints and opportunities analysis of the assessment.

The DAEC will consider the following issues and discussion points related to the PRP:

1. Scope of Project: The PID was approved for \$5 million, however, the PRP proposes an \$8 million rural development loan (\$20 million program) in two watershed areas directly benefiting 5,000 farmers.

Depending upon which elements of the project are identified as solely benefiting the target farmers (as opposed to having a broader impact on institutional development), the cost per farmer calculation is as high as \$3,580 for the total project.

Direct cost?
Any multiplier effect?

Several issues are of concern to the DAEC:

- a. How does this project relate to the Mission's strategy; i.e., why this particular approach to small farmer development rather than one which directly affects a larger number of farmers with a lower cost per beneficiary?

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SEP 28 1977

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: ES

FROM: AA/PPC, Alexander Shakow

9p.

Problem: Authorization of the \$15 million Jamaica Integrated Rural Development Loan/Grant Program.

Discussion: This proposed five year program (a \$13 million loan and a \$2 million grant) is aimed at improving the standard of living of small hillside farmers in Jamaica. Specific purposes are to increase agricultural production on hillside farms in two river valleys in central Jamaica (the Pindars and Two Meetings watersheds); to control soil erosion; and to strengthen the capability of the Ministry of Agriculture to replicate the project in other watersheds. Your approval is requested because the life of project funding exceeds \$10 million.

The program will establish soil erosion control measures as a vehicle to introduce improved agricultural practices in the two watershed areas, comprising almost 30,000 acres and occupied by 25,000 persons. The project will be implemented by the Ministry of Agriculture (MinAg) in collaboration with the Forestry Department and the Ministry of Public Works. The MinAg's Extension Service, the Jamaican Agricultural Society (JAS) and the Peoples Cooperative Banks (PC Banks) will play a major role in educating farmers, providing inputs, credit and marketing assistance.

The \$26.2 million program will be jointly funded by A.I.D. and the Government of Jamaica (\$11.2 million). The major components are as follows:

- Erosion control activities subdivided into the three categories of (a) soil conservation including terracing, drainage and pastureland on about 17,700 acres; (b) forestation on about 5,000 acres; and (c) engineering works including 22 miles of road rehabilitation and stream control measures (GOJ - \$3.8 million and A.I.D. - \$9.6 million).
- Five demonstration and training centers and 50 small farm sub-centers established to promote the benefits of land terracing and of multiple and continuous cropping techniques. (GOJ - \$30,000 and A.I.D. \$450,000.)

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- Farmer organizations such as the JAS and PC Banks strengthened by providing training and seed capital to facilitate the availability of credit, inputs and marketing services. (GOJ - \$1.3 million and A.I.D. - \$400,000.)

- Rural infrastructure such as housing, electricity and potable water provided to a portion of the farmers in the project area. (GOJ - \$1.4 million.)

Approximately 26 person years of long and short term technical assistance and 40 person years of participant training will be provided under the \$2 million grant to assist in implementing this project and also to set the stage for replication by strengthening the capabilities of the MinAg's staff. In addition, equipment and vehicles costing \$1.75 million will be provided under the loan to the MinAg for use in this and subsequent projects.

The LA Bureau reviewed and approved this project on August 25. The loan was approved by the DLC on September 21. The Initial Environmental Examination, recommending a negative determination, was approved on November 24, 1976 and clarified by the addition of an environmental analysis annex to the PP.

Advices of Program Change for the \$13 million loan and for \$700,000 of the grant (the FY 77 portion) were forwarded to the Congress on August 24 and September 16, respectively. No objections were raised to the loan notification when the 15 day waiting period expired on September 7. The waiting period for the grant notification expires September 30, and no objections are anticipated.

Pursuant to your September 2 decision regarding authorization of grant projects which require Congressional notification, the project may be approved before the grant notification period expires.

Recommendation: That you authorize the proposed Jamaica Integrated Rural Development Program for \$15 million by signing the attached Project Authorization and Request for Allotment of Funds.

Clearance:

AA/LA:ALValdez *ALV* Date 9/27/77

GC:MBalk *MB* Date 9/27/77

SER/FM:TEJacka *TEJ* Date 9/26/77

LA/DR:JPBittner:vc:9/22/77
X29162

Clearance:
LA/DR:JSanbrailo *B*
 /MBrown *S*
 CWeinberg *S*
GC/LA:JKessler *JK 9/24*
PPC/DPRE:EHogan *EH 9/24*
LA/DR:RGomez (draft)
LA/DP:DERbe (draft)
LA/GC:TGeiger (draft)
LA/CAR:JLockard (draft)
SER/ENGR:CStevens (draft)

LA/DR:JPBittner *Rw*:vc:9/22/77 Ext. 29162

532-046

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS PART I		1. TRANSACTION CODE <input type="checkbox"/> A ADD <input checked="" type="checkbox"/> C CHANGE <input type="checkbox"/> D DELETE	PAF 2. DOCUMENT CODE 5
3. COUNTRY/ENTITY Jamaica		4. DOCUMENT REVISION NUMBER <input type="checkbox"/>	
5. PROJECT NUMBER (7 digits) [532-0046]	6. BUREAU/OFFICE A. SYMBOL: LA B. CODE: [5]	7. PROJECT TITLE (Maximum 40 characters) [Integrated Rural Development]	
8. PROJECT APPROVAL DECISION <input checked="" type="checkbox"/> A APPROVED <input type="checkbox"/> D DISAPPROVED <input type="checkbox"/> DE DEAUTHORIZED		9. EST. PERIOD OF IMPLEMENTATION YRS. [05] QTRS. [0]	

10. APPROVED BUDGET AID APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 77		H. 2ND FY 78		K. 3RD FY 79	
		C GRANT	D. LOAN	F GRANT	G LOAN	I GRANT	J. LOAN	L. GRANT	M. LOAN
(1) F&N	213	210	210	700	13,000			1,300	
(2)		220	220						
(3)									
(4)									
TOTALS				700	13,000			1,300	

A. APPROPRIATION	N. 4TH FY		Q. 5TH FY		LIFE OF PROJECT		11 PROJECT FUNDING AUTHORIZED (ENTER APPROPRIATE CODE(S)) 1 - LIFE OF PROJECT 2 - INCREMENTAL LIFE OF PROJECT	A. GRANT	B. LOAN
	O. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN			
(1) F&N					2,000	13,000		2	1
(2)									
(3)									
(4)									
TOTALS					2,000	13,000		8	1

12. INITIAL PROJECT FUNDING ALLOTMENT REQUESTED (\$000)

A. APPROPRIATION	B. ALLOTMENT REQUEST NO. <u>1</u>	
	C. GRANT	D. LOAN
(1) F&N		13,000
(2)		
(3)		
(4)		
TOTALS		13,000

13. FUNDS RESERVED FOR ALLOTMENT *Allotted*

TYPED NAME (Chief, SER/FM/FOI) FCD

SIGNATURE Hanna Biber for

DATE 9-26-77

14. SOURCE/ORIGIN OF GOODS AND SERVICES 000 941 LOCAL OTHER _____

15. FOR AMENDMENTS, NATURE OF CHANGE PROPOSED

FOR PPC/PIAS USE ONLY	16. AUTHORIZING OFFICE SYMBOL	17. ACTION DATE			18. ACTION REFERENCE (Optional)	ACTION REFERENCE DATE		
		MM	DD	YY		MM	DD	YY

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

Deputy
THE/ADMINISTRATOR

AID LOAN 532-T-010
(AID-DLC/P-2256)

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

PART II

Name of Country: Jamaica
Name of Project: Integrated Rural Development
Project Number: 532-0046

Pursuant to Part I, Chapter 1, Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Loan and a Grant to the Government of Jamaica (the "Cooperating Country"), of not to exceed Thirteen Million Seven Hundred Thousand United States Dollars (\$13,700,000) the ("Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services required for the project as described in the following paragraph.

The project will increase agricultural production on small hillside farms in the Pindars River and Two Meetings watersheds, control soil erosion in the watersheds, and strengthen the capacity of the Ministry of Agriculture through the following activities: soil conservation, reforestation, road construction and rehabilitation, establishment of agricultural training centers, provision of training and credit to farmer organizations, agricultural extension, and provision of electricity, potable water, and housing to small farmers. Of the Authorized Amount, \$13 million dollars ("Loan") will be loaned and \$700,000 granted ("Grant") to the Cooperating Country. The Grant funding herein authorized for the Project (\$700,000) will be obligated when the Project Grant Agreement is executed and the Loan funding herein authorized (\$13 million) will be obligated when the Project Loan Agreement is executed.

I approve the total level of A.I.D. appropriated funding planned for this Project of not to exceed Fifteen Million United States Dollars (\$15,000,000), of which \$13 million will be Loan funded and \$2 million Grant funded including the funding authorized above, during the period FY 1977 through FY 1981. I approve further increments during that period of Grant funding up to \$1.3 million, subject to the

availability of funds in accordance with A.I.D. allotment procedures and satisfactory compliance with Congressional notification requirements.

I hereby authorize the initiation of negotiation and execution of the Project Grant Agreement and the Project Loan Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority subject to the following essential terms and conditions together with such other terms and conditions as A.I.D. may deem appropriate:

1. Interest Rate and Terms of Repayment

The Cooperating Country shall repay the Loan to A.I.D. in United States Dollars within twenty (20) years from the date of first disbursement of the Loan, including a grace period of not to exceed seven (7) years. The Cooperating Country shall pay to A.I.D. in United States Dollars interest from the date of first disbursement of the Loan at the rate of (a) two percent (2%) per annum during the first seven (7) years, and (b) three percent (3%) per annum thereafter, on the outstanding disbursed balance of the Loan and on any due and unpaid interest accrued thereon.

2. Source and Origin of Goods and Services (Loan)

Except for ocean shipping, goods and services financed by the Loan under the Project shall have their source and origin in the Cooperating Country or in countries included in A.I.D. Geographic Code 941 except as A.I.D. may otherwise agree in writing. Ocean Shipping financed under the Loan shall be procured in any eligible source country except the Cooperating Country.

3. Source and Origin of Goods and Services (Grant)

Except for ocean shipping, goods and services financed by the Grant under the Project shall have their source and origin in the Cooperating Country or in the United States except as A.I.D. may otherwise agree in writing. Ocean shipping financed under the Grant shall be procured in the United States.

4. Conditions Precedent to First Loan Disbursement

Except as A.I.D. may otherwise agree in writing, prior to any disbursement or to the issuance of any commitment documents under the Project Loan Agreement, the Cooperating Country shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (i) a legal opinion of the Attorney General of Jamaica or other legal counsel acceptable to A.I.D. to the effect that the Project Loan Agreement has been duly authorized and/or ratified by the Government of Jamaica and executed on its behalf and that it constitutes a valid and legally binding obligation of the Government of Jamaica, in accordance with all its terms;
- (ii) evidence of the appointment of a full-time project manager;
- (iii) evidence that the Pindars River and Two Meetings valleys have been duly declared watersheds or areas for rehabilitation pursuant to the Land Authority Law and the Watershed Protection Act; and
- (iv) evidence of the designation of a Project Advisory Committee composed of representatives of the major implementing organizations.

5. Conditions Precedent to Loan Disbursements for Soil Conservation Activities

Except as A.I.D. may otherwise agree in writing, prior to any disbursement or the issuance of any commitment documents under the Project Loan Agreement to finance soil conservation activities, the Cooperating Country shall furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (i) evidence of the establishment of a Soil Conservation Fund which will be earmarked for carrying out soil conservation activities on small private farms in other than Pindars River and Two Meetings watersheds and will be initially capitalized by requiring farmers participating in the Project to

pay for twenty-five percent (25%) of the cost of soil conservation activities undertaken on their land, exclusive of costs of waterways construction; and

- (ii) an implementation plan for soil conservation activities under the Project with emphasis on activities to be carried out during the first year.

6. Conditions Precedent to Loan Disbursements for Reforestation

Except as A.I.D. may otherwise agree in writing, prior to any disbursement or the issuance of any commitment documents under the Project Loan Agreement to finance reforestation, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D., an implementation plan for reforestation under the Project with emphasis on activities to be carried out during the first year.

7. Conditions Precedent to Loan Disbursements for Roads, Waterways, Dams and Embankments

Except as A.I.D. may otherwise agree in writing, prior to any disbursement or the issuance of any commitment documents under the Project Loan Agreement to finance any road construction or rehabilitation, waterway or check dam construction, or river embankment works, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (i) An implementation plan for road construction and rehabilitation, waterway and check dam construction and river embankment works under the Project with emphasis on the activities to be carried out during the first year; and
- (ii) Evidence of completion of survey work showing the location of the roads, waterways, dams and embankments to be constructed and improved.

8. Covenants for Project Loan Agreement

Except as A.I.D. may otherwise agree in writing, the Cooperating Country shall covenant in the Project Loan Agreement that the Ministry of Agriculture will make maximum efforts to employ on a permanent basis a sufficient number of soil conservation and agricultural

officers to carry out other watershed programs similar to this Project after its termination.

9. Condition Precedent to Grant Disbursements over \$50,000

Except as A.I.D. may otherwise agree in writing, prior to any disbursement or the issuance of any commitment documents under the Project Grant Agreement in excess of \$50,000, the Cooperating Country and A.I.D. shall fully negotiate and duly execute the Project Loan Agreement.

RM Neeter
Deputy Administrator
9/29/77
Date

Clearance:

GC, MBall	<u>JEM</u>	Date	<u>9/21/77</u>
GC/LA, JLKessler	<u>JLK</u>	Date	<u>9/26/77</u>
LA/DR, CWeinberg	<u>CW</u>	Date	<u>9/17/77</u>
LA/DR, PBittner	<u>PB</u>	Date	<u>9/16/77</u>
AA/LA, AValdez	<u>AVE</u>	Date	<u>9/27/77</u>
PPC/DPR, EHogan	<u>EH</u>	Date	<u>9/29/77</u>
SER/FM/C, TBlacka	<u>TB</u>	Date	<u>9/21/77</u>
LA/CAR: JLockard	<u>JL</u>	Date	<u>9/21/77</u>
AA/PPC: AShakow		Date	

on action memo

GC/LA, TLGeiger: lb: 9/15/77 ZB

24 AUG 1977

3p

INFORMATION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LA)

FROM: LA/DR, Charles B. Weinberg

SUBJECT: Issue Paper - Jamaica, Integrated Rural Development I

The DAEC will review the subject PP on Thursday, August 25, 1977 at 2:30 p.m. in the LA/DR conference room (2248).

The proposed five year program is aimed at improving the standard of living of small hillside farmers in Jamaica. Specific purposes are to increase agricultural production on hillside farms in the Pindars and Two Meetings watersheds; to control soil erosion; and to strengthen the capability of the Ministry of Agriculture to replicate the project in other watersheds.

The program will establish soil erosion control measures as a vehicle to introduce improved agricultural practice in the two watershed areas, comprising almost 30,000 acres and occupied by 25,000 persons. The project will be implemented by the Ministry of Agriculture (MinAg) in collaboration with the Forestry Department and the Ministry of Public Works. The MinAg's Extension Service, the Jamaican Agricultural Society (JAS) and the Peoples Cooperative Banks (PC Banks) will play a major role in educating farmers, providing inputs, credit and marketing assistance.

The \$26.2 million program will be jointly funded by A.I.D. (\$13 million loan and \$2 million grant) and the Government of Jamaica (\$11.2 million). The major components are as follows:

1. Erosion control activities subdivided into the three categories of (a) soil conservation including terracing, waterways and pastureland on about 17,700 acres; (b) forestation on about 5,000 acres; and (c) engineering works including 22 miles of road upgrading and rehabilitation and river and stream control. (GOJ - \$3.84 million and A.I.D. - \$9.6 million).
2. Five demonstration and training centers and 50 small farm sub-centers established to promote the benefits of land terracing and of multiple and continuous cropping techniques. (GOJ - \$30,000 and A.I.D. \$450,000).
3. Farmer organizations such as the JAS and PC Banks strengthened by providing training and seed capital to facilitate the availability of credit, inputs and marketing services. (GOJ - \$1.28 million and A.I.D. - \$400,000).
4. Rural infrastructure such as housing, electricity and potable water will be provided to a portion of the farmers in the project area (GOJ - \$1.38 million).

Through the \$2 million grant, approximately 26 person years of long and short term technical assistance and 40 person years of participant training will be provided to assist in implementing this project and also to set the stage for replication by strengthening the capabilities of the Ministry of Agriculture's staff. A.I.D. will also provide equipment and vehicles costing \$1.75 million to the MinAg for use in this and subsequent projects.

An Advice of Program Change has been forwarded to the Congress because this project was not included in the FY 77 Congressional Presentation. The Initial Environmental Examination was approved and recommended a negative determination.

Issues

1. Project Costs and Benefits - Allocated equally among the 25,000 residents of the two watershed areas, the project cost averages over \$1,000 per person. Project benefits are principally viewed as production and income increases accruing to farmers whose land will be terraced. The DAEC will consider (a) whether the PP has adequately considered all of the benefits of this project (including downstream benefits such as erosion costs avoided and water for irrigation); and (b) whether, with a view toward replication, the project represents a least cost approach to activities such as the soil conservation treatments, forestation activities and road rehabilitation.

2. Economic Analysis - The DAEC will review the appropriateness of the economic analysis conducted and consider whether the PP presents sufficient evidence to warrant a determination that: (a) the project is economically feasible from a societal point of view; and (b) there are sufficient financial incentives for small participating farmers; (c) the trade off between hand labor and machinery for construction activities is adequately analyzed and the mix proposed is justified.

3. Grant Funded Technical Assistance and Training - The proposed FY 78 \$2 million grant component of this project was not requested at the PRP stage, nor included in the Bureau's FYs 78 and 79 budget presentation. The DAEC will discuss the rationale for and importance of the technical assistance and training elements and consider whether these elements should be loan or grant financed.

4. Procurement of Equipment - Annex N recommends sole source procurement for the heavy equipment to be purchased with loan funds. The DAEC will explore the rationale for this recommendation and consider whether a waiver for proprietary procurement is justified.

5. Social Analysis - The social analysis is based on a survey of about 500 farmers in the two watersheds. A key to project success is farmer participation. The DAEC will seek clarification of indications of farmer willingness to cooperate with MinAg representatives and with other project participants. DAEC will also discuss whether cultural value which views farm work as degrading will affect the supply of agricultural laborers.

*DAEC to be consulted
to discuss effect
of reorg.*

6. Agricultural Extension - The GOJ will employ twenty extension agents in the project area for a ratio of one agent to 200 farmers (compared to the present ratio of about one to 1,500). Two questions need to be examined: the nature of the training programs envisioned for these new extension agents; and the impact of the reorganization of the MinAg on the capacity of the extension agents to effectively service the farmers.

7. Participating Farmers - The PP states that the Mission's target group is farmers with land holdings below 5 acres and that the average size farm is 2.9 acres. In order to maximize the benefits of soil conservation treatments, however, the project will encourage 100% participation of farmers regardless of size of land holdings. The DAEC will discuss the criteria for farmer eligibility, including the question of how larger farmers owning more than 5 acres of land should be incorporated into the program.

8. Project Management - The PP recommends a full time A.I.D. direct hire project manager who will eventually supervise the technical assistance team. The DAEC will consider the position's requirements and the appropriateness of a direct hire employee.

PD-APB-458-D1

5320046-10

A.I.D. Project No. 532-0046

PRO AG 77-4

2/p.

PROJECT GRANT AGREEMENT

INTEGRATED RURAL DEVELOPMENT PROJECT

GOVERNMENT OF JAMAICA

AGENCY FOR INTERNATIONAL DEVELOPMENT

DATE: SEPTEMBER 30, 1977

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Project Grant Agreement

Dated September 30, 1977

Between

The Government of Jamaica ("Grantee")

And

The United States of America, acting through the
Agency for International Development ("A.I.D.").

Article 1: The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, is designed to increase agricultural production on small hillside farms in the Pindars River and Two Meetings watersheds, to control soil erosion in the watersheds, and to strengthen the capacity of the Ministry of Agriculture through the following activities: soil conservation, reforestation, road construction and rehabilitation, establishment of agricultural training centers, provision of training and credit to farmer organizations, agricultural extension, and provision of electricity, potable water, and housing to small farmers. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2 Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

Article 2: The Project (Continued)

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Seven Hundred Thousand United States ("U.S.") Dollars (\$700,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

(a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant and a proposed companion Loan for the Project which the Parties will be negotiating in the near future, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$11,200,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is September 30, 1981, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

Article 3: Financing (Continued)

SECTION 3.3. Project Assistance Completion Date.

(a) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.

(b) Notification to A.I.D. of the nomination and appointment of a full-time Project Director for the Integrated Rural Development Project.

(c) A technical assistance plan including, inter alia, scopes of work and job descriptions.

(d) A training plan including, inter alia, schedule for expected departures and fields of study.

Article 4: Conditions Precedent to Disbursement (Continued)

SECTION 4.2. Disbursement in excess of \$50,000. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any disbursement in excess of \$50,000, the Grantee will, except as the Parties may otherwise agree in writing, enter and execute a Loan Agreement with A.I.D., in form and substance satisfactory to A.I.D., for a companion Loan to finance in part the Project.

SECTION 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Section 4.1 and 4.2 have been met, it will promptly notify the Grantee.

SECTION 4.4. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Grantee.

(b) If all of the conditions specified in Section 4.2. have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas of constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Jamaica ("Local Currency Costs").

Article 7: Disbursements

SECTION 7.1. Disbursements for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or,

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

Article 7: Disbursement (Continued)

SECTION 7.2 Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government; or

(2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Jamaica by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Jamaica at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Jamaica.

Article 8.1: Miscellaneous

SECTION 8.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address: Minister of Agriculture
Ministry of Agriculture
Kingston, Jamaica

Alternate address for cables: Same as above

To A.I.D.:

Mail Address: Mission Director
USAID Jamaica
2 Oxford Road
Kingston 5, Jamaica

Alternate address for cables: Same as above

All such communications will be in English. Other addresses may be substituted for the above upon the giving of notice.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Minister of Agriculture and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, Jamaica, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF JAMAICA

By: L. P. Thomas

Title: PERMANENT DEPUTY - MIN-AG.

UNITED STATES OF AMERICA

By: Arnon W. Levin

Title: MISSION DIRECTOR
US41D/JAMAICA

Date: September 30, 1977

Amplified Description of the Project

A. Project Objectives.

The Grant will assist the Ministry of Agriculture to implement the Integrated Rural Development Project and develop the institutional capability to replicate the project. The Integrated Rural Development Project is a multi-faceted project that encompasses soil conservation, reforestation, road construction and rehabilitation, agricultural training, assistance to farmer organizations, agricultural research and extension, agricultural credit, expansion of rural electrification, delivery of potable water, and improvement of rural housing. The project areas is comprised of two watersheds, the Pindars River and Two Meetings, located in Middlesex county. The target population in these watersheds is primarily the small farmer with an average farm size of about three acres.

The Project will be initiated by an intensive extension campaign to present to farmers in the area the proposed program and the benefits of soil conservation and improved farming practices. Participating farmers will be identified and schedules for construction of bench terraces and other soil conservation practices will be developed. Following this, survey teams will lay out the areas to be modified on the individual farms and construction teams will begin work. In adjoining test plots, agronomic and economic research will be intensified on suitable practices and crop mixes promising the highest yield to the farmer. Concurrently, extension teams will be further trained in communication techniques to reach participating farmers.

Training centers for in-service and farmer training will be established in the project area. Once soil conservation works are established on each farm, including land dedicated to reforestation, extension agents will focus on assisting farmers to maintain their structures and to use new information on suggested farming practices and marketing outlets.

The efforts described so far are directed primarily to the productive base -- the individual farmer. However, as these activities are initiated and subsequently intensified, attention will also be given to the institutional matrix that affects the productive base. Improvement of the agricultural extension and credit system, development of alternative outlets for the farmer's produce by encouraging agro-industrial activities, improvement of rural roads to allow more efficient flow of goods and services between farms and markets and improvement of data collection and analysis

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activities are the objectives.

The project will enhance the quality of rural life by enabling farm families to participate in housing programs and by improving or establishing connections for potable water and electricity.

B. Project Components.

The total cost of the project is estimated to be US\$26.2 million. The Project Grant Agreement provides the initial contribution by A.I.D. of US\$700,000. These funds are to be used to contract technical assistance and to train technicians. The technical assistance and training will be directed towards strengthening the institutional capability of the Ministry of Agriculture and other participating agencies, to implement the Integrated Rural Development Project, and to provide a strong base for future replication of the Project.

Approximately seventy-six (76) person months (US\$500,000) of long-term and short-term technical advisors will be contracted, for, inter alia, the following positions: project co-director, tropical horticulturalist, farming systems specialist, soil conservation specialist, extension specialist, marketing and agro-industrial specialist, agricultural credit specialist, and farmer organization specialist. Additional support staff may also be contracted as needed.

Approximately one hundred fifty-five (155) person months (US\$200,000) of long and short-term training will be provided to qualified and eligible Jamaican technicians in, inter alia, the following fields: soil and agronomic conservation, tropical horticulture, extension, agricultural economics and statistics, and other specialities in the agricultural sciences.

The above contribution is proposed to be augmented in the amount of US\$1.3 million of grant in 1979 funds to provide additional technical assistance and training. The companion Project Loan Agreement, which will be negotiated in the near future, will provide an additional US\$13 million to assist in the implementation of the Project. It is understood that all A.I.D. funds other than the amount stated in Section 3.1 of this Agreement are subject to the condition of Section 2.2.

The Government of Jamaica will appoint a full-time Project Director for the Integrated Rural Development Project and the necessary funds for implementation of the Project. This contribution will be US\$11.2 million.

Project Grant Standard

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

Article A: Project Implementation Letters

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B: General Covenants

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors, or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use. (See HB 18.)

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor, financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit.

The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

Article B: General Covenants (Continued)

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records, and other documents relating to the Project and the Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or cause A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

ARTICLE C: Procurement Provisions (Continued)

(d) Transportation by air, financed under the Grant, if property or persons, will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services, which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

Article C: Procurement Provisions (Continued)

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such time, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by

Article C: Procurement Provisions (Continued)

all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION. C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

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Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancelable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

SECTION D.2. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

Article D: Termination; Remedies (Continued)

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.