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UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D.C. 20523

CARIBBEAN REGIONAL

PROJECT PAPER

BASIC NEEDS TRUST FUND

AID/LAC/P-313

Project Number:538-0103

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT  
PROJECT DATA SHEET

1. TRANSACTION CODE  
 A = Add  
 C = Change  
 D = Delete

Amendment Number \_\_\_\_\_

DOCUMENT CODE  
3

2. COUNTRY/ENTITY  
Regional Development Office/Caribbean

3. PROJECT NUMBER  
538-0103

4. BUREAU/OFFICE  
IAC

5. PROJECT TITLE (maximum 40 characters)  
Basic Needs Trust Fund

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)  
MM DD YY  
09 30 87

7. ESTIMATED DATE OF OBLIGATION  
(Under "B." below, enter 1, 2, 3, or 4)

A. Initial FY 84 B. Quarter 2 C. Final FY 84

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 6,985 )	( 5,715 )	( 12,700 )	( 6,985 )	( 5,715 )	( 12,700 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1						
2						
Host Country						
Other Donor(s)		144	144	1,925	1,575	3,500
<b>TOTALS</b>	<b>6,985</b>	<b>5,859</b>	<b>12,844</b>	<b>8,910</b>	<b>7,290</b>	<b>16,200</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FSE	770	800		0	0	12,700	0	12,700	0
(2)									
(3)									
(4)									
<b>TOTALS</b>				<b>0</b>	<b>0</b>	<b>12,700</b>	<b>0</b>	<b>12,700</b>	<b>0</b>

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)  
890 910

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)  
A. Code \_\_\_\_\_ B. Amount \_\_\_\_\_

13. PROJECT PURPOSE (maximum 480 characters)

To expand and conserve, using labor intensive methodologies, the stock of social and economic infrastructure which is essential to future growth and the provision of basic services and employment in the Eastern Caribbean LDCs and Belize.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY MM YY  
1 0 8 4 1 1 8 5 Final 0 8 8 7

15. SOURCE/ORIGIN OF GOODS AND SERVICES  
 000  941  Local  Other (Specify) \_\_\_\_\_

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)

17. APPROVED BY  
Signature: William L. Wheeler  
Title: Director  
Date Signed: MM DD YY  
06 26 87

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
MM DD YY  
09 04 88

PROJECT AUTHORIZATION

Name of Country:           Regional, Eastern Caribbean and Belize

Name of Project:           Basic Needs Trust Fund

Number of Project:        538-0103

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Basic Needs Trust Fund Project for the Eastern Caribbean and Belize to be carried out by the Caribbean Development Bank (the "Grantee") involving planned obligations of not to exceed Twelve Million Seven Hundred Thousand United States Dollars (\$12,700,000) in grant funds ("Grant") subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is three years and three months from the date of obligation.

2. The project ("Project") consists of assistance to establish a Basic Needs Trust Fund (BNTF) which, in expanding and conserving the stock of social and economic infrastructure of member countries of the Caribbean Development Bank, will finance selected, high priority, subprojects in such areas as school construction, clinics, rural roads, small water projects and small agriculture projects. Project funds will also be utilized to finance maintenance systems development, a project management team and other services including, but not limited to, country level supervisors and outside consulting work, as needed, to ensure timely implementation of subprojects.

3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

A. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Project shall have their source and origin in the United States (A.I.D. Code 000) or the member countries of the Caribbean Development Bank participating in the Project, except as A.I.D. may otherwise agree in writing. Except for the ocean shipping, the suppliers of commodities or services shall have the United States or the member countries of the Caribbean Development Bank participating in the Project as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Conditions Precedent

(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 representative of the Grantee, and of any additional representatives, together with a specimen signature of each person specified in such statement; and

(b) Evidence that Grantee has established the Basic Needs Trust Fund together with an appropriate system for implementing the project, including criteria for country eligibility and subproject selection and an appropriate staffing system within the Grantee's organization.

(2) First Disbursement for Project Activities in a Particular Participating Country

Prior to first disbursement, or the issuance of any documentation pursuant to which disbursement will be made, to finance project activities in a particular participating country, the Grantee will, except as the Parties may otherwise agree in writing, provide A.I.D., in form and substance satisfactory to A.I.D., an executed agreement with the participating country setting forth the terms and conditions of the country's participation in the Project.

C. Special Covenants

(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 related to (a) and (b) above may be used to help overcome such problems; and

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

(2) Subproject Management. Except as A.I.D. may otherwise agree in writing, the Grantee covenants that:

(a) Prior to first disbursement to a participating country for any subproject activities in such country, it will obtain from such country evidence that a Project Supervisor has been designated and assigned full-time to project activities in such country;

(b) Prior to first disbursement to a participating country for any project activities in such country, it will obtain from such country evidence that an account in a central bank or commercial bank acceptable to the Grantee has been established through which all local activities will be financed;

(c) Prior to first disbursement to a participating country for each sub-project activity in such country, it will contract with consultants, as necessary, to assist the participating country in carrying out sub-project design, implementation and monitoring;

(d) Prior to disbursement to a participating country for a specific infrastructure subproject activity, the Grantee will obtain from such country:

(i) a specific subproject proposal for Grantee review and approval which satisfies the appropriate subproject selection criteria, including the environment;

(ii) evidence, satisfactory to the Grantee, that the particular facility to be renovated is government-owned and operated, that the land upon which the facility is to be situated belongs to the government or that the activity to be conducted under the subproject will occur on publicly owned property;

(iii) evidence, satisfactory to the Grantee, of (a) a commitment (1) to continue maintenance of the particular subproject activity and (2) to budget for adequate funding of maintenance; and (b) an explanation of how this maintenance will be provided for, including local community involvement;

(iv) evidence, satisfactory to the Grantee, of a commitment to adequately staff the public facilities to be constructed or renovated; and

(v) for the procurement of furnishings, an itemized listing (including specifications) satisfactory to the Grantee, of such furnishings;

(3) Condition Precedent to Grantee Disbursement for a Construction Subproject

The Grantee covenants that, prior to disbursement for a construction subproject, the Grantee will obtain, in form and substance satisfactory to the Grantee, design and engineering details adequate to show the engineering standards of the facility including ability to withstand hurricanes.

(4) Environmental Analysis. The Grantee covenants that, prior to first disbursement to a participating country for any particular subproject activity which the Grantee finds to have potentially significant environmental effects, the Grantee will submit to A.I.D. for A.I.D.'s review and prior approval the Grantee's findings on the environmental effects of such subproject.

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(5) Performance Program. Prior to the approval by the Grantee of any subproject under the Performance Program, the Grantee shall advise A.I.D. of its intent to approve the particular subproject by country, title, and total amount to be funded for A.I.D.'s prior concurrence.



William B. Wheeler  
Director, Regional Development  
Office for the Eastern Caribbean

26 June 1984  
Date

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## I. SUMMARY AND RECOMMENDATIONS

### A. Facesheet

### B. Recommendation

It is recommended that the AID Regional Development Office/Caribbean authorize an Economic Support Fund (ESF) grant of \$12.7 million to assist in establishing the Basic Needs Trust Fund (BNTF) within the Caribbean Development Bank (CDB).

### C. Grantee and Implementing Institution

The Grantee and implementing institution will be the Caribbean Development Bank (CDB). Upon signing of the Project Agreement, the CDB will enter into agreements for the utilization of project funds with eight less developed countries (LDCs) of the Eastern Caribbean (Anguilla, Antigua, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia and St. Vincent and the Grenadines) and Belize. These nine countries will participate fully under all activities financed by the Project.

### D. Project Summary

The goal of the Project is to improve the economic and social status of lower income groups and to further promote social and economic growth. The purpose of the Project is to expand and conserve, using labor intensive methodologies, the stock of social and economic infrastructure which is essential to future growth and the provision of basic services and employment in the Eastern Caribbean LDCs and Belize. In order to meet the purpose, the BNTF project has as its objective to maximize the utilization of the countries' human resources in support of improvements to the basic economic and social infrastructure which will promote healthy and equitable growth in the region. The Project will also seek to foster greater self-reliance and to better equip the countries to more readily adapt to their changing economies.

Project funds will be used, along with \$3.5 million in CDB counterpart grant resources, to establish a Basic Needs Trust Fund (BNTF) which will finance selected, high priority sub-projects in such areas as school construction, clinics, rural roads, small water projects and small agriculture projects. Project funds will also be utilized to finance a core of professionals within the CDB's Infrastructure Division who will constitute the project management team for the Project. Assistance will also be provided to undertake maintenance activities, assist in financing country level project supervisors and outside A&E consulting work, as needed, to ensure timely implementation of sub-projects.

E. Summary Financial Plan

The following plan details costs of the Project over its three year and three month life in terms of total AID and CDB resources for the project:

<u>Financial Plan</u>			
(US\$000)			
<u>Component</u>	<u>AID</u>	<u>CDB</u>	<u>TOTAL</u>
1. Physical Infrastructure	9,707	2,843	12,550
2. Maintenance Activities	650	-	650
3. Project Management (CDB)	743	197	940
4. Project Management (country supervisors)	285	75	360
5. A&E Consultants	1,115	385	1,500
6. Evaluation	200	-	200
	<hr/>		
TOTAL	12,700	3,500	16,200
	=====		

Final allocation of project funds among the participating countries for physical infrastructure will be made during final negotiations between the CDB and participating countries. An initial \$1.0 million will be allocated against selected sub-projects for the six larger Eastern Caribbean LDCs and Belize (\$7.0 million) with \$200,000 and \$400,000 being earmarked for Anguilla and Montserrat, respectively. The balance, \$4.950 million, will use as a "performance program" based, among other things, on prior maintenance performance under the former Basic Human Needs (BHN) project (538-0030), timeliness of implementation and continued demonstrated need. RDO/C approval of country allocations and sub-projects for the performance program will be required throughout the life of the Project.

F. Summary Findings

The Project addresses a critical, on-going need to alleviate pervasive unemployment in the region and assists the countries in developing the social and economic infrastructure needed to ensure stable social and economic growth. The Project committee finds the Project to be technically, institutionally, financially, economically and socially sound.

G. Project Issues (DAEC Guidance Cable Annex 1)

1. Country Participation: The countries to participate are those detailed and conform to the country eligibility list of the prior BHN project, with the addition of Anguilla as a new member of the CDB.

2. Funding Level: A total of \$12.7 million of ESF grant funds are to be utilized. This combined with the CDB contribution of \$3.5 million in grant resources brings total project financing to \$16.2 million.

3. Project Administration Costs: These have been fully examined, found to be reasonable and shall be shared on a pro-rata basis with the CDB (79% AID and 21% CDB).

4. CDB Counterpart: After extended negotiations with the CDB, this institution will contribute a total of \$3.5 million in grant resources as detailed in the financial plan (Section V) of the paper.

5. Maintenance: This is an on-going concern of the Mission, CDB and participating countries. Based on a realistic approach to maintenance needs, the maintenance activities detailed in the Project elements section build upon and incorporate known maintenance experiences under the previous BHN project.

6. Employment: Helping to reduce unemployment in the short-term is a central element to the Project design. Both direct and indirect employment will be measured during and after the Project's completion. Selection criteria utilized in sub-project selection as well as final CDB-host government negotiations will emphasize the employment objectives of the Project.

H. Project Committee

Arthur L. Warman, Chief, Capital Projects Division,  
RDO/C

Trevor Too-Chung, Engineer, RDO/C

Edward Valmonte, Senior Manager, Infrastructure  
Division, CDB

Carlson Gough, Engineer, Infrastructure Division, CDB

Morris Charles, Engineer, Infrastructure Division, CDB

Alfred Fiks, consultant

John Barton, consultant

Mark Webber, consultant

I. RDO/C Project Review Committee

William Wheeler, Director

Ted Morse, Deputy Director

Ted Carter, Regional Legal Advisor

Terrence J. Brown, Chief, Development Resources

Brent Gatch, Engineer

John Tuleja, Controller

Terrence Liercke, Program Officer

Donald Harrison, Economist

## II. PROJECT BACKGROUND, PROBLEM STATEMENT AND RATIONALE

### A. Background

The original Basic Human Needs (BHN) Project (538-0030) was developed in the late 1970's to address under and unemployment and the critical need for social and economic infrastructure. The earlier project sought to (a) preserve and improve the physical infrastructure required to support long-term growth; and (b) create employment opportunities for a growing labor force.

The BHN Project was authorized on August 24, 1979, and formally initiated on August 31, 1979, with the signing of an \$8,000,000 grant and \$2,000,000 loan agreement with the CDB. The grant portion was devoted to primary school construction and rehabilitation as well as other public infrastructure improvements in Antigua, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia and St. Vincent. The loan funds were on-lent to Barbados to carry out similar activities. In addition, \$250,000 in grant resources was earmarked for a Skills Training Program in the construction trades for Barbados. On December 19, 1979, AID and CDB concluded an agreement which increased project funding by an additional \$2,500,000 for the LDCs, and included Belize as a participating country.

Initial sub-projects to be considered for funding under the project were identified, designed and prepared by means of a joint AID/CDB contract with regional consultants who conducted extensive discussions with participating country personnel. School sub-projects had been identified earlier after a similar survey by consultants in connection with development of the \$3.5 million Caribbean Education Development (CED) Project (538-0029) which was approved by the CDB on June 27, 1979. The CDB rationalized internal operating procedures in order to administer both the BHN and CED projects as an integrated program, and hired a core management staff consisting of two engineers and an architect, responsible to the CDB Deputy Director for Infrastructure.

The BHN project was evaluated twice, once after a year of project activity and secondly at the completion of the Project.

The first evaluation focused upon project implementation and made fourteen recommendations for improving implementation. The major recommendations included strengthening the role of project supervisors, improving reporting requirements and increasing community level participation. These recommendations and others, as appropriate, were incorporated into the Project's implementation.

The second and more extensive evaluation occurred in September, 1983. This evaluation illustrated that by January, 1980, or four months after the Project began, the first BHN round of

sub-projects--\$2,180,000 in school construction and \$2,151,000 in other infrastructure improvement, or over one-third of total project funding--received CDB approval, and CDB agreements with the individual governments for both the CED and BHN projects were executed soon thereafter. One year later, four sub-projects had been completed, another 35 were underway, and an additional 46 had been approved. Project funds were fully committed to 102 approved sub-projects by January, 1982, 17 months after the Project Agreement was signed, and AID funds were fully disbursed in a little over four years. This record of relatively prompt implementation is a significant achievement under the Project, reflecting the success of the simplified sub-project approval procedures employed by the CDB and the decentralized procedures for disbursements and monitoring.

In addition, the second evaluation found that beyond the projected "fast track" implementation, the Project had made significant steps in providing for the social and economic infrastructure required for sustained growth, allowed for employment generation and provided relief to the already strained fiscal positions of the recipient countries.

Under the school construction and rehabilitation component, 30 primary schools were constructed and an additional 12 rehabilitated, and new furnishings were provided for all classroom extensions. New additional places were provided to an estimated 11,000 pupils. In addition, it provided direct relief to the governments of Dominica and St. Lucia (following two disastrous hurricanes) by replacing or repairing many existing schools destroyed or damaged. It also provided direct relief to overcrowding of classroom spaces which had in some cases in excess of 50 students per room; and greatly improved the learning environment through the new furnishings, the addition of electricity and overall better design.

Utilizing the funds provided under the CED and BHN projects has also proved an ideal vehicle for carrying out a broad range of vital improvements to community water supplies and sanitary facilities, health clinics, roads and drainage systems. Eighteen small scale water and sanitary projects were undertaken. A total of twelve health clinics have been constructed or repaired, providing in many instances rural health care availability for the first time. Seven rural roads and bridge repair sub-projects were undertaken. A number of activities, such as soil conservation, land clearance and reforestation, have expanded the productive base of local communities, have served as pilot efforts which can be further extended by the communities or governments, and have provided models available for transfer to other countries with similar interest or potential. Some of these activities, peanut production and afforestation in particular, have drawn the attention of the Caribbean Agricultural Research and Development Institute (CARDI) in terms of their supporting possible replication in other countries.

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The combined employment impact of these sub-projects has been impressive, although not necessarily long-term in nature. Without calculating indirect employment (i.e. furnishings made locally, construction material and other indirect local labor inputs) over 110,000 work-weeks of direct employment were provided, generating nearly US\$4.0 million in direct additional earnings for workers in the region. On an individual basis, this is approximately US\$750 for each of the 4,300 or more workers employed under the Project. While on the average, infrastructure financed under the Project had a 35% direct labor content, falling somewhat short of the 40% target, the share of labor costs per category of subproject varied from a low of 18% (water supply in Monsterrat) to a high of 88% (afforestation in St. Vincent). On a country basis, these extremes averaged out considerably, with direct labor content for overall country programs ranging between 28% and 47%.

## B. Problem Statement

### 1. Regional Economic Milieu

The Commonwealth Caribbean consists of sixteen (16) dispersed nations with a total population of about five (5) million. The More Developed Countries (MDC's), based on national income levels, comprise about 4.4 million people. The Less Developed Countries (LDC's), which include the Windward and Leeward Island chains and Belize comprise about 660,000 people.

The Windward Island group is composed of Dominica (the largest in terms of area), St. Lucia (the largest in terms of population) Grenada and St. Vincent and the Grenadines. These islands are generally rugged in topography, have abundant precipitation and lush tropical vegetation. The Leeward Island group is composed of Anguilla (the smallest in all senses), Antigua (the largest in both area and population), Montserrat and St. Kitts/Nevis. These islands are generally flatter and drier with lower bushy-type vegetation. Belize, formerly British Honduras, is located on the east coast of Central America. It maintains strong relationships with the Windward and Leeward islands through the Caribbean Community (CARICOM) and the Caribbean Development Bank (CDB).

The small size of the countries as measured either by natural resource endowment, physical size, or population are major constraints to satisfactory economic development and self-sufficiency. With only very small domestic markets, it is not possible to be self-sufficient in a broad range of products, except at highly inefficient levels of production. Therefore, these countries are, and will continue to be, forced to specialize in the production of a very limited range of goods and services, and to depend heavily on foreign importation. With the advent of tourism in the late 1960's and early 1970's, these countries were forced to further open their economies - first for their visitors, and then

for their own people in terms of imported goods. This was done while their own production remained concentrated heavily in agricultural exports.

The inflation and world economic recession which ensued in the 1981/82 period has had a serious adverse impact on the economies in the Caribbean region. All the above countries are predominantly dependent upon imported petroleum for their main source of energy. Most are also now heavy importers of foodstuff as well as most of their manufactured goods. During the same period, the principal exports of the region - sugar, bananas and coconut products - have either experienced a decline in demand due to the recession, or declining prices because of exchange rates and increased competition from other countries.

Table 1 indicates the contributions to GNP by sector. Table 2 presents the overall percentages of employment for each of the important sectors.

TABLE 1  
GROSS DOMESTIC PRODUCT - 1982  
AND FIVE YEAR GROWTH

	<u>Agriculture</u>		<u>Manuf./Mining</u>		<u>Construct.</u>		<u>Tourism/Trade</u>		<u>Government</u>	
	(Dollar amounts expressed in Millions \$EC)									
	\$	<u>1/</u>	\$	<u>2/</u>	\$	<u>3</u>	\$	<u>3/</u>	\$*	<u>4/</u>
	(% = five year growth in constant prices)									
<u>Windward Islands</u>										
Dominica	50.7	-14	13.2	+89	14.0	+76	15.6	+93	45.0	+34
Grenada	52.9	n.a.	5.7	n.a.	14.7	n.a.	23.7	n.a.	66.7e	n.a.
St. Lucia	44.1	-1	34.0	+32	32.9	+88	58.0	+108	75.4	-43
St. Vincent	29.3	+33	21.3	+103	22.4	+16	22.6	+75	39.2	-77
<u>Leeward Islands</u>										
Antigua	20.9	+77	17.0	+101	+24.4	+31	73.6	+39	54.1	+33
Montserrat	3.3	+38	4.3	+92	6.8	+39	16.2	+11	18.7	+45
St. Kitts	27.9	+67	19.0	+49	9.8	+48	18.9	+203	29.4	+139
SUB-TOTAL	229.1		114.7		124.1		228.6		328.5	
Belize	125.4	0	23.0	+6	18.1	-4	38.2	-5	52.7	+17
TOTAL	354.5	137.7		142.2		266.8		381.2		

\* Government includes electricity and water utilities.

1/ Crops only

2/ Manufacturing only

3/ Tourism only

4/ Government only

TABLE 2  
SECTOR CONTRIBUTIONS TO  
GDP AND EMPLOYMENT

1982

	<u>Agriculture</u>		<u>Manuf./Mining</u>		<u>Construct.</u>		<u>Tourism/Trade</u>		<u>Government</u>	
	(Percentage)									
	GNP	EMPL	GNP	EMPL	GNP	EMPL	GNP	EMPL	GNP	EMPL
<u>Windward Islands</u>										
Dominica	30.7	40.0	8.0	7.2	8.5	11.8	9.5	8.3	27.3	16.7
Grenada	25.4	35.2	2.7	6.2	7.0	13.2	16.2	9.7	32.0e	13.6
St. Lucia	14.1	33.9	10.9	9.4	10.5	8.2	18.6	8.7	24.1	14.4
St. Vincent	15.6	n.a.	11.4	n.a.	12.0	n.a.	12.1	n.a.	21.0	n.a.
<u>Leeward Islands</u>										
Antigua	7.2	9.5	5.8	7.0	8.4	11.2	25.3	22.0	18.6	18.7
Montserrat	4.2	10.4	9.8	10.1	10.0	15.6	22.4	13.2	24.3	41.5
St. Kitts*	19.2	29.9*	13.7	18.0	7.1	2.8	13.7	8.4	21.2	22.7
Belize	39.6		7.3		5.7		12.6		16.6	
Region	24.0		8.2		8.5		16.4		21.5	

\* St. Kitts has nationalized the sugar industry; the amount of employment which would normally be 'government' is therefore understated.

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These governments have sought to expand their industrial sectors as a means to reduce the vulnerability of their economies on agricultural exports and to lessen somewhat the dependency on imports. The general pattern as shown in Table 2 indicates that agriculture is still dominant, employing approximately 35% of the labor force in the Windward Islands, but is much less important in the Leeward Islands. For the region as a whole, although showing some growth, manufacturing still contributes only modestly to GDP and employment.

The manufacturing sector in the region has been limited mostly to small plants for import substitution such as soft drink bottling, beer brewing, concrete blocks, cookies and biscuits, etc. There has been some emphasis on agricultural product processing such as coconut for soap in Dominica and spices in St. Lucia and Grenada. This follows the tradition of sugar processing and rum manufacture, and cotton processing inherited from colonial times. In recent years, however, enclave manufacturing, especially electronics and garments, have assumed increasing importance.

## 2. The Problem of Unemployment and Underemployment

Even with positive efforts on the part of AID, World Bank, other donor agencies and individual governments, unemployment in the region has continued to grow. This is partly caused by population growth and partly by the demography of the region (i.e. increasing numbers of youths seeking their first job). Many people who might formerly have chosen agricultural employment no longer consider this choice to be attractive or perhaps even viable. In addition, present policies regarding land tenure systems, lack of vocational training for agriculture, and pricing and marketing policies for agricultural produce make the choice of agriculture for a livelihood unappealing."

Until recently one alternative to being unemployed was to seek out ways to emigrate. Throughout the decades of the 1960's and 1970's, while the work force showed a growing rate of overall participation, there were changing patterns of employment due mostly as a result of emigration, and partly because of a sexual bias by women not to seek the lowest level, i.e. agriculture for their employment. This same sort phenomenon was experienced by the MDC's in the 1970's.

Overall labor force participation is presented in Table 3. The labor force has been defined as the number of people who are "economically active" in the population. The "economically active" population is defined as those people who worked (the employed), those who looked for work, and those who had a job (vague), but were not working at the time of the Census. The 1980 Census has indicated that there is a growing labor force and

increasing participation rates. The "participation rate" is the percentage of the total population between the ages of 15 to 65 that is economically active.

Table 3 presents, based on the census data, regional levels of unemployment. What is critical is that while employment and participation have grown so have the levels of unemployment. While Table 4 indicates the great extent to which human resources are under utilized, it tells only a part of the unemployment situation which is further exacerbated by high levels of seasonal and structural under employment which plague the island economies. For example, it is likely that seasonal fluctuations in tourism and agriculture can increase the projected levels of unemployment by as much as 50%.

TABLE 3  
LABOR FORCE

	<u>1970 Census Data</u>						<u>1980 Census Data</u>					
	<u>Labor Force</u>			<u>Participation Rate</u> or (%)			<u>Labor Force</u>			<u>Participation</u>		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>M</u>	<u>F</u>	<u>T</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>M</u>	<u>F</u>	<u>T</u>
<u>Windward Islands</u>												
Dominica	13210	7961	21272	79	42	57	16698	8635	25333	81	43	61
Grenada	17482	11200	28682	75	39	55	19312	12328	31640	83	47	64
St. Lucia	18652	10336	28988	79	35	55	23422	14439	37861	83	45	62
St. Vincent	15203	8528	23731	77	34	53	n.a			n.a	n.a	
<u>Leeward Islands</u>												
Antigua*			21800	83	41	60	17246	11132	28378	73	41	56
Montserrat	2554	1434	3988	79	36	56	2850	2006	4856	79	51	64
St. Kitts	8064	4989	13053	74	37	53	9739	6655	16394	85	50	61
Belize	26816	5937	32753	84	18	55	31782	8024	39806	98	30	65

\*Data from Antigua not Census Data but estimates from Grossman Report/ILO.

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TABLE 4  
UNEMPLOYMENT RATE

<u>Census Data:</u>	<u>1960</u>			<u>1970</u>			<u>1980</u>		
	<u>Male</u>	<u>Female</u>	<u>Both</u>	<u>Male</u>	<u>Female</u>	<u>Both</u>	<u>Male</u>	<u>Female</u>	<u>Both</u>
<u>Windward Islands</u>									
Dominica	4.4	3.5	4.0	6.2	8.4	7.0	16.1	22.4	18.3
Grenada	7.3	9.0	8.0	7.4	12.6	9.4	16.3	21.4	18.2
St. Lucia	9.3	8.9	9.9	8.3	11.1	9.3	15.7	19.5	17.2
St. Vincent	6.2	6.3	6.2	9.8	13.0	11.1			
<u>Leeward Islands</u>									
Antigua	12.8	11.4	12.3	9.7	16.0	12.0	21.3	19.9	20.7
Montserrat	11.8	12.1	11.9	3.2	7.3	4.6	11.0	15.8	13.0
St. Kitts	6.9	10.2	8.2	4.2	6.7	4.2	10.4	15.3	12.4
SUB-TOTAL	7.9	8.0	8.0	7.8	11.6	9.2			
Belize	n.a.	n.a.	n.a.	4.8	3.9	4.7	14.3	11.4	13.6

\*Date from census reports.

In addition, as presented in Table 5, indications from the census reports which were available indicate that unemployment for younger age groups of both males and females is significantly higher and has important social dimensions to the well being of society. The problem, if left unchecked, will become more acute. The current under 15 year age population, which is on average between 40% and 45% of the total population, will be the new entrants in the labor market over the next decade.

C. Rationale and Strategy

Despite the actions AID, other donors and individual governments are taking and are planning to take to expand employment by stimulating broad-based private sector investment, the full impact of many of these efforts to increase labor absorption is not expected before the late 1980's. In the meantime, many Caribbean countries will continue to face severe financial problems which constrain their ability to deal effectively with their serious under and unemployment problems. As such, the problem of providing adequate employment opportunities poses a real challenge to the new democratically elected governments of the Eastern Caribbean LDCs and Belize.

A wide assortment of AID and other donor projects implemented in the late 1970s have been undertaken in part as a means of avoiding growing levels of unemployment. The predecessor BHN project, as one example, proved to be a highly visible and effective mechanism for achieving significant employment impact under widely divergent local conditions, yet through a regional framework. The financing made available through the BHN project has been successful in permitting the countries to avoid the suspension of many important social and economic development projects which also impact on employment. Nevertheless, there is a continuing need to generate immediate short-term employment while longer-term development projects can lead to broader based economic growth.

TABLE 5

## UNEMPLOYMENT BY AGE/SEX

Youth Groups vs. Total

		<u>Age 15 to 19</u>		<u>Age 20 to 24</u>		<u>Total</u>	
		<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
<u>Windward Islands</u>							
Dominica	- 1970 Census	28.7	29.6	4.6	9.2	6.2	8.3
	- 1980 Census	49.8	66.7	19.9	30.	16.1	22.4
Grenada	- 1970 Census	27.8	46.7	11.2	16.9	7.3	12.4
	- 1980 Census	49.4	66.3	23.0	30.9	16.3	21.2
St. Lucia	- 1970 Census	28.4	33.2	7.5	11.9	8.2	10.9
	- 1980 Census	49.2	57.0	18.0	26.6	15.7	19.5
St. Vincent	- 1970 Census	34.2	43.5	12.2	12.5	9.6	12.8
	- 1980 Census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<u>Leeward Islands</u>							
Antigua	- 1970 Census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	- 1980 Census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Montserrat	- 1970 Census	11.9	26.6	1.4	5.3	3.2	7.3
	- 1980 Census	26.1	41.4	8.2	15.5	11.0	15.8
St. Kitts/ Nevis	- 1970 Census	16.3	26.0	5.0	6.8	4.2	6.6
	- 1980 Census	33.1	42.4	11.6	18.6	10./4	15.3
<hr/>							
Belize	- 1970 Census	18.7	12.9	4.3	1.5	4.8	3.9
	- 1980 Census	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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The current situation of growing unemployment has deleterious effects on providing basic services and employment in both the short and long-run. In the short-run, unemployed workers experience great difficulties in maintaining minimal standards of health, nutrition and shelter for themselves and their families and must depend upon local relatives and friends and remittances from relatives abroad. This economic situation is also one likely to breed dissatisfaction and frustration with attendant social and political problems.

The second characteristic of the current situation, the deterioration of the region's physical infrastructure, will seriously impede the effectiveness of the longer-range strategy described below. That strategy can be effective only if there is sufficient investment in the present to at least maintain the existing capital stock which serves as a basis of agricultural, industrial, tourism, and human resource development. Without such an effort, future investment will need to be diverted from investments which would contribute to the growth in real income to the replacement of costly infrastructure which has deteriorated prematurely. Under present economic conditions, the LDC governments and Belize can do little they have not already done to redress this situation, particularly to assist the large numbers of their citizens who cannot find productive employment. External assistance is required to meet employment objectives in the short-run until longer-run development strategies take hold.

Based on the above and the successes of the predecessor BHN Project, AID and the CDB will establish a jointly funded program to provide additional support for social and economic infrastructure and employment generation. There are three mutually supportive objectives for doing this.

First, without external assistance, the democratically elected governments in the region would have to cut back substantially in their investment programs. This would seriously compromise future public and private sector growth prospects, further increase unemployment, and would most likely undermine the political stability now existing in the Eastern Caribbean and Belize. Indigenous governments recognize that social and economic growth based on the free enterprise system will best meet the needs of its people. Over the longer-term, the recent passage of the Caribbean Basin Initiative (CBI) and the Mission's portfolio of projects supportive of the productive sector and larger-scale infrastructure projects will directly encourage public and productive investments that tackle the need for longer-term economic growth, including growth in employment. Over time, these and other activities will better enable the indigenous governments to generate their own revenues and capabilities to carry out activities of the type financed under this project.

In the immediate term, by providing support for improvements to the basic economic and social infrastructure which is needed to maximize the utilization of the countries' human and natural resources, the Project will make an important contribution to promoting healthy and equitable growth in the region.

Secondly, to support greater self-reliance, the Project will finance smaller scale infrastructure which promote increased productivity of the region's population and better equip the countries to adapt more readily to the requirements of their changing economies. With supporting AID and other donor financed activities which encourage diversified longer-term economic growth strategies, the governments in the Eastern Caribbean and Belize are trying, to the extent possible, to develop institutions, policies and practices which will permit further self reliance. The activities under the Project to encourage new maintenance practices, local level community involvement, and increased infrastructure development are contributing to this objective.

Finally, to encourage economies of scale, a key element of this project is its implementation through the Caribbean Development Bank (CDB). Based on its effective implementation of the original BIN Project, its role as a regional development institution and the cost savings in approaching the identified development problem through a regional rather than bilateral intervention, the CDB has again been selected as the most effective instrument in carrying out this project. In addition, use of the CDB will continue to demonstrate AID's on going support for this important regional institution. Since 1972, the CDB has carried out 16 AID-sponsored projects, disbursing a total of \$142 million in AID funds, and has become the central source of development finance in the region. This project is then a continuation of AID's involvement with region-wide institutions in order to promote regional coordination and to exploit economies of scale in development administration.

### III. PROJECT DESCRIPTION AND ELEMENTS

#### A. Goal and Purpose

The goal of this Project is to improve the economic and social status of lower income groups and to further promote social and economic growth. The purpose of the Project is to expand and conserve, using labor intensive methodologies, the stock of social and economic infrastructure which is essential to future growth and the provision of basic services and employment in the Eastern Caribbean and Belize.

#### B. Statement of Objectives

In order to meet the goal and purpose stated above, the BNTF project has as its objective, to maximize the utilization of the countries' human resources in support of improvements to the basic economic and social infrastructure which will promote healthy and equitable growth in the region, also foster greater self-reliance, and better equip the countries to more readily adapt to requirements of their changing economies.

#### C. Project Elements

The Project consists of three essential elements: (1) physical infrastructure fund; (2) maintenance systems development; and (3) management and implementation of the project.

##### 1. Physical Infrastructure Fund (\$12.5 million)

The Project will provide \$12.5 million to be utilized in financing high priority, labor-intensive, social and, economic infrastructure which meet basic selection criteria. This fund, which will be jointly financed by AID and the CDB, will finance both new construction and rehabilitation of existing infrastructure. During the finalization of the Project, AID-financed consultants and AID and CDB staff visited all nine countries to be included under the Project, reviewed a possible portfolio of some 250 sub-projects and made a preliminary identification of 157 potential sub-projects totaling approximately \$21 million which met the selection criteria elaborated upon below.

Priority sub-projects identified included, for example, the following: drainage, health clinics, schools, multi-purpose centers, water supply, forestation and soil conservation and rural roads. While initial implementation of the Project will require that the CDB and the individual governments finalize sub-project selection, the above categories are a representative sample of the types of activities to be financed under the Project.

2. Maintenance Systems Development (\$650,000)

The commitment to, and the provision of, adequate maintenance has been an on going concern of AID, CDB and the individual governments. Building upon the maintenance activities financed under the predecessor BHN project, this element of the Project consists of the following five sub-activities:

a. In-Country Maintenance Materials Funds (\$400,000)

Under the BHN Project each country was provided a matching grant for maintenance. In some cases this was very successful, yet in others, on going maintenance was affected as countries could not provide the required counterpart funds. To circumvent the funding problem under this project, a maintenance materials fund will be established within each country. The Project will finance maintenance materials and the governments will be responsible for providing the labor and any associated transportation. This will be either direct labor, provided through the relevant ministry, or voluntary labor, provided through the informal local advisory councils which are to be formed for each sub-project. As part of each sub-project, the use of community organizations such as the Parents/Teachers Associations (PTAs) or similar interested parties are to be asked to form an informal advisory council for the sub-project. This will not be a formal organization, rather a concerted attempt to encourage local community participation; the purpose of which will be to heighten the maintenance awareness needs associated with the sub-project. This attempt at local community involvement has worked quite well in several countries, and will be expanded upon under this Project by the country project supervisor in consultation with relevant ministry personnel.

b. Maintenance Plans Development (\$50,000)

Each participating country shall be required to develop a maintenance plan for facilities financed under the project. This shall be a requirement for their participation under the Project. To assist them in developing adequate and realistic maintenance plans, technical assistance will be provided.

c. Public Awareness Activities (\$50,000)

As has been identified in numerous studies, there exists within the Caribbean region limited awareness of the importance of maintenance. While the development of informal local advisory councils for sub-projects will be significant in promoting local awareness need for maintenance, additional promotional activities are required. The Project will finance materials for radio spots, newspaper advertisements and posters relating to maintenance. These are to be developed by the CDB. Host government

authorities will utilize these materials to stress maintenance awareness. The governments through their government information services or other relevant communications will finance the radio spots and publications.

d. Maintenance Manuals (\$25,000)

The predecessor BHN project financed development of maintenance manuals which were distributed to each government. The participating governments have requested that these manuals as well as similar manuals developed for other types of public infrastructure be modified into day-to-day working manuals for maintenance. Following their distribution, the CDB project management unit will monitor their use as part of their ongoing responsibilities.

e. Maintenance Implementation (\$125,000)

A requirement of this Project is that the maintenance activities carried out under the BHN Project be evaluated during initial implementation. Funding for this is provided for under the evaluation component of the Project provided and the exercise will occur approximately six months into the life of the Project. Funding for implementing the recommendations of that evaluation, as appropriate, will be provided by this component. These could include, for example, using appropriate maintenance technologies, strengthening community involvement and providing some financial assistance for maintenance needs of BHN financed subprojects.

3. Management and Implementation of the Project (\$3.0 million)

The Project will be managed and implemented based on the implementation model designed and used under the BHN project. As further elaborated upon in Section VI, Monitoring and Project Implementation, the essential elements of the implementation model program are as follows:

a. CDB (\$940,000)

Primary management responsibility will be provided by the CDB's Infrastructure Division, in which a management team for the Project will be established. This will consist of two engineers, an architect and a secretary. These personnel will be assigned to the Project from within the Infrastructure Division. Supporting financial services will be provided by the Bank's Finance Department. The management team will be responsible for overall implementation of the Project, including sub-project identification, procurement and retention of consultants, supervision of consultants, liaising with country project supervisors, resolution of implementation delays and final preparation of all reporting requirements.

b. A&E Consultants (\$1.5 million)

Construction design and supervision consultancy services will be provided to ensure that implementation of the Project will be as rapid as possible. These are deemed essential as most countries do not have the necessary capabilities to fully carry out the design and implementation of sub-projects. It is anticipated, based on the sub-project selection process, that most of the sub-projects will require a full range of consultancy services and that a selected minority will require at most only ancillary support for design and preparation of contract documents.

c. In-Country Supervisors (\$360,000)

Throughout the life of the Project, each country will have a country project supervisor. This individual will serve as day-to-day manager and supervisor of all financed sub-projects and will be the permanent liaison with the CDB's management team (See Annex 10 for a complete job description).

d. Public Information Program (\$68,000)

Funds are to be provided under the Project in order to improve upon the availability of information regarding possible employment opportunities possible under the Project and to ensure adequate publicity of the works financed. At present, information on the types of skills needed in the public works program is disseminated largely by word of mouth. The country supervisor in coordination with the relevant ministry will seek to promote awareness of employment opportunities under the Project.

e. Evaluations (\$200,000)

As elaborated upon in Section VI, three evaluation will be financed under the Project. Within the first six months of project implementation, an evaluation of maintenance activities under the BHN project will be undertaken. The results of that evaluation will be utilized to assist in maintenance implementation under the Project. An interim project evaluation will be undertaken to determine bottlenecks, effectiveness and overall implementation progress and make recommendations to rectify any existing delays. A final evaluation will be undertaken at project completion to evaluate its overall impact. The three evaluations will be undertaken by outside consultants.

D. Sub-Project Eligibility

During sub-project identification an analysis was undertaken of possible selection criteria which could be utilized in developing a detailed list of sub-projects for each participating country. Once selection criteria were agreed upon, relative weights were assigned. This was followed by examining all sub-projects

presented for consideration by participating countries. Using a Multiple Criteria Utility Assessment formula, an assessment of the relative worth of alternative sub-projects was undertaken. This led to the determination of initial eligibility of sub-projects. The criteria utilized and relative weight were:

	<u>Criteria</u>	<u>Relative Weight</u>
1.	Cost	0.5
2.	Anticipated labor content	1.0
3.	Anticipated start-up time	0.9
4.	Materials (% imports)	0.8
5.	Recurrent maintenance costs	1.0
6.	Environmental Impact	0.4
7.	In-house technical expertise	0.5
8.	Geographic dispersion	0.4
9.	Cost per beneficiary/user	0.8

Annex 7 describes each of the selection criteria and details the evaluation matrix for each of the participating countries, including rank ordering of sub-project. In addition to the selection criteria outlined above, host government priority, availability of alternative funding and consonance with AID and CDB policies were, and are, overriding factors in sub-project selection. It is hoped that a labor content of at least 40% will be achieved. Moreover, while a preference will be given to smaller projects, a limit of US\$500,000 per sub-project has been established. This is due to inflation, types of sub-projects presented and the fact that higher cost sub-projects tend to have significant foreign exchange costs.

These analyses resulted in the identification of a final listing of eligible sub-projects (See Annex 8). Total resources requested exceeded that available for financing. As such, upon initiation of the Project, the CDB management team will negotiate with individual participating countries a final allocation for sub-projects, using the sub-project listing developed, the above selection criteria and other relevant considerations as may be appropriate.

E. Country Allocations.

A total of \$12.75 million has been allocated for sub-projects. As a function of absorptive capacity, population, demonstrated need, size and quality of sub-projects and recipient government commitment to maintenance, a basic allocation to participating countries has been made as follows:

TABLE I

COUNTRY ALLOCATION

<u>COUNTRY</u>	<u>ALLOCATION</u>
Anguilla <sup>1/</sup>	\$ 200,000
Antigua	1,000,000
Belize	1,000,000
Dominica	1,000,000
Grenada	1,000,000
St. Lucia	1,000,000
St. Kitts/Nevis	1,000,000
Montserrat <sup>1/</sup>	400,000
St. Vincent and the Grenadines	1,000,000
	-----
	\$7,600,000
	=====

<sup>1/</sup> Anguilla and Montserrat have been accorded these amounts due to demonstrated need and the fact that both AID and CDB programs do not fully impact upon these countries. While there is some direct CDB lending in these countries, it is usually quite small and is not for the types of construction to be financed by this project.

The remaining \$4.950 million for sub-projects will be available for financing based upon the above sub-project criteria and the following additional criteria: (a) maintenance performance under BHN; (b) labor content achieved in sub-projects; (c) rapidity of implementation; (d) continued demonstrated need and (e) population and unemployment levels. The \$4.950 million will be reserved by the CDB as a "performance program" based on evaluation of all relevant criteria.

Final selection and allocation for life of project funding will be dependent upon final cost estimates and further negotiations between the CDB and each individual government. However, prior AID approval for both sub-project eligibility and country allocation will be required by AID in the Project Agreement. It is envisioned that final allocations will have occurred by the end of the second year of the Project.

#### IV. SUMMARY ANALYSES

The project has been examined to determine overall design feasibility in meeting the stated objectives and purpose statement. As part of this examination, the project was found to be technically, institutionally, socially and economically sound and to be ready for implementation. The following summarizes in brief the relevant project analyses. See Annex 6 for the complete analyses.

##### A. Technical Analysis

The central thrust of this project is to finance relatively small, labor-intensive, social and economic infrastructure sub-projects. These sub-projects, based on experiences of the prior BHN project and initial sub-project identification, are relatively uncomplicated and range in size from a low of \$5,800 for a rehabilitation activity to a high of \$1.0 million. The average costs for the sub-projects, based on comparison of overall average costs, is \$126,000.

The technology exists in all the islands to carry out in-country sub-project activities. Construction will be by force account or private contractors, depending upon the relative strengths of the technical ministries and the intention of achieving a 40% labor input. Annex 11 details initial recommendations on mode of construction by category of sub-projects, as determined during project design. A&E consultant work will be provided as needed to ensure timely implementation as well as adequate design and costings. The CDB will have overall project responsibility while individual country supervisors will monitor and supervise day-to-day, in-country sub-project activities. No construction equipment is deemed necessary for procurement under the project. Where possible, local materials will be utilized to enhance the labor impact of the project.

Given the past performances demonstrated under the predecessor BHN project and the provision of A&E consultant assistance where necessary, the host countries do have the capabilities to carry out construction and maintain the facilities to be provided. With respect to maintenance, the final evaluation for the predecessor BHN project noted that, overall, the facilities under that project are being adequately maintained. To ensure this, the grant agreement for this project will include a provision that requires the host governments to demonstrate to the CDB that this is in fact the case, and, whenever needed, rectify any existing maintenance needs prior to initiation of construction activities under the Project.

## B. Institutional Analysis

The Grantee and implementing institution will be the Caribbean Development Bank (CDB). Specifically, within the CDB's Infrastructure Division, a project management team consisting of two engineers, an architect and a secretary will be established. This team will be financed on a pro rata basis between the CDB and AID, will deal with all day-to-day aspects of the project and will be responsible for the central planning, development, implementation and supervision of project activities in each country.

Since its establishment in 1970 by its sixteen regional member countries, the U.K. and Canada, the CDB has evolved to be a major point of development administration in the Caribbean. The Bank possesses a highly qualified staff totalling 230, of which 105 are professional. The Bank manages and supervises an extensive series of projects, principally in agriculture, infrastructure, industry, housing and tourism. Moreover, since 1972, the Bank has carried out 16 AID-sponsored projects, disbursing a total of \$142 million in AID assistance. Based on this, the CDB has been found to be financially and administratively capable of carrying out the Project, and the proposed management team within the Bank is deemed appropriate for managing project activities.

## C. Social Analysis

The primary target group of this project are the under and unemployed persons living in each of the nine participating countries. The majority are unskilled laborers, unemployed youth and women who have difficulty finding employment even as the lowest paid, menial workers. Ancillary benefits will accrue to the local communities as a whole in that they will be utilizing the facilities constructed. Finally, the local advisory councils, which are to be created as one of the sub-project activities, will benefit through their strengthened role in community level maintenance.

As the population base in these countries is rising at a time of growing labor forces and tighter immigration controls on the part of the developed countries, an acute need exists to alleviate both short and long-term unemployment problems. For their part, the host governments are pursuing, with external donor support, social and economic growth based largely on free enterprise led growth. Over time, these policies and practices will better enable the governments to carry out the type of activities financed by this project. However, in the immediate short-term, assistance of the type being provided for under this project is deemed essential to generate employment.

Approximately 154,000 person weeks of employment will be generated over the three and a quarter year life of project. A total of approximately 6,417 direct temporary jobs will be created, much of

which will be filled by women. The full extent of employment generation, including that of women, will be measured during and after the project.

D. Economic Analysis

The economic outputs anticipated under the project are employment generation and capital stock rehabilitation, both of which are essential to continued economic growth in the participating countries.

The project has as an objective substantial short-term employment generation. An analysis of the direct and indirect labor content of the proposed sub-projects was undertaken. This analysis illustrates, in tentative form, that 154,000 person weeks of employment will be generated, ranging from very high labor content sub-projects such as land cleaning and soil conservation to lesser employment generation in such sub-project activities as small water systems.

A longer-term impact of the project will be capital stock rehabilitation. Due to a variety of economic impediments, the nine participating countries have been unable to finance extensive capital stock investments. Under this project, capital stock improvements totalling some \$65 million will be undertaken. Assuming a conservative ten year benefit stream and economic costs at 50%, a yearly benefit stream of \$2.1 million is achievable and reflects a 15% rate of return for the construction activities carried out.

V. COST ESTIMATES AND FINANCIAL PLAN

The proposed project will total \$16.2 million in grant assistance of which AID will contribute \$12.7 million assistance and the CDB will provide \$3.5 million. The Project will be implemented over a three year period. Table 1 details the overall budget for the Project and Table 2 details the Project's summary financial plan<sup>1/</sup>.

TABLE 1  
SUMMARY BUDGET  
(US\$000)

COMPONENT	AID	CDB	TOTAL
A. Physical Infrastructure	9,707	2,843	12,550
B. Maintenance	650	-	650
C. Project Management and Implementation	2,343	657	3,000
TOTAL	12,700	3,500	16,200 <sup>2/</sup>

<sup>1/</sup> All project costs have been carefully examined and documented for the Project. This includes, for example, illustrative costings by types of sub-projects, internal and yearly adjusted CDB operating costs and other ancillary costs associated with carrying out the Project. These shall remain on record in RDO/C. However, Annex 12 provides details of cost estimates for the maintenance and project management and implementation components of the Project. These form the basis for the calculations used in this section of the paper.

<sup>2/</sup> As final sub-project selection will occur after the signing of the Grant Agreement, it is not possible to fully allocate foreign exchange and local currency costs. However, as indicated on the PP face sheet, a tentative estimation of 55% FX and 45% LC has been determined. This is based on the range of sub-projects identified and activities financed under the predecessor BHN project.

The elements of the Project to be financed are as follows:

A. Physical Infrastructure Fund

A total of \$12.55 million (\$9.707 million AID and \$2.843 million CDB) will be utilized to construct labor intensive social and economic infrastructure. These will include, for example, schools, health clinics, small water projects and rural roads. A labor content of 40% is being planned for and, while a limit of US\$500,000 per individual sub-project is allowable, preference will be given to smaller projects.

B. Maintenance Systems Development

A total of \$650,000 will be provided in AID grant resources for maintenance activities under the Project. These are designed to build upon the maintenance activities financed under the BHN Project as well as to evaluate maintenance under that project in order to further elaborate maintenance activities under this project.

C. Management and Implementation of the Project

Undertaking the Project will consist of retaining A&E consulting work as needed, program support costs associated with the CDB, in-country supervisor support costs and three evaluations. A&E costs are divided as necessary for construction. Program support costs, both in the CDB and in-country, are shared between AID and CDB on a pro rata basis, and AID will finance the evaluation costs.

1. A&E Consultants (\$1.5 million). Local consultants will be retained as necessary to assist in sub-project design, supervision and cost certification. It is estimated, based on the sub-project selection activities thus far, that all of the sub-projects will require consultant assistance. Most will require a full range of services while only a selected minority will require partial consultant assistance. This has been calculated based upon the types of sub-projects identified, the existence of some plans from the predecessor BHN project, and the varying in-house capabilities of the recipient governments. A standard A&E consultant rate of 12% of construction costs has been utilized in determining the level of A&E assistance required.

2. CDB Program Support Costs (\$940,000). A CDB management team consisting of two engineers, an architect and a secretary will be established. Ancillary support services will be provided by the CDB's finance and legal department.

3. Evaluations (\$200,000). Three evaluations will be undertaken during the life of project. These are a maintenance evaluation (\$65,000), a mid-project evaluation (\$70,000) and a final evaluation (\$75,000).

TABLE II  
SUMMARY FINANCIAL PLAN

ITEM	YEAR 1		YEAR 2		YEAR 3		TOTAL
	AID	CDB	AID	CDB	AID	CDB	
A. <u>Physical Infrastructure</u>	<u>2,900,000</u>	-	<u>3,057,000</u>	<u>1,243,000</u>	<u>3,750,000</u>	<u>1,600,000</u>	<u>12,550,000</u>
B. <u>Maintenance</u>							
1. Manuals	25,000	-	-	-	-	-	25,000
2. Maintenance plans development	50,000	-	-	-	-	-	50,000
3. Public awareness activities	10,000	-	20,000	-	20,000	-	50,000
4. Country maintenance funds	-	-	200,000	-	200,000	-	400,000
5. Maintenance implementation	-	-	50,000	-	75,000	-	125,000
	<u>85,000</u>	-	<u>270,000</u>	-	<u>295,000</u>	-	<u>650,000</u>
C. <u>Project Management and Implementation</u>							
1. <u>CDB</u>							
(a) sub-project identification	17,000	5,000	-	-	-	-	22,000
(b) project seminars	7,000	2,000	9,000	2,000	-	-	20,000
(c) direct hire	107,000	28,000	118,000	32,000	130,000	35,000	450,000
(d) public information	20,000	5,000	14,000	4,000	20,000	5,000	68,000
(e) travel	24,000	6,000	26,000	7,000	29,000	8,000	100,000
(f) indirect costs	45,000	12,000	50,000	13,000	55,000	15,000	190,000
(g) contingency	13,000	3,000	28,000	7,000	31,000	8,000	90,000
	<u>233,000</u>	<u>61,000</u>	<u>245,000</u>	<u>65,000</u>	<u>265,000</u>	<u>71,000</u>	<u>940,000</u>
2. Country Supervisors	<u>87,000</u>	<u>23,000</u>	<u>95,000</u>	<u>25,000</u>	<u>103,000</u>	<u>27,000</u>	<u>360,000</u>
3. Consultants (A&E)	<u>520,000</u>	<u>60,000</u>	<u>348,000</u>	<u>162,000</u>	<u>247,000</u>	<u>163,000</u>	<u>1,500,000</u>
4. Evaluation	<u>60,000</u>	-	<u>70,000</u>	-	<u>70,000</u>	-	<u>200,000</u>
<b>TOTAL</b>	<b>3,895,000</b>	<b>144,000</b>	<b>4,085,000</b>	<b>1,495,000</b>	<b>4,730,000</b>	<b>1,861,000</b>	<b>16,200,000</b>

<sup>1/</sup> Figures contained in this table reflect expenditures per year, as adjusted for inflation, annual projected increases in CDB costs, travel and other associated costs in carry out the project.

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VI. MONITORING AND PROJECT IMPLEMENTATION

A. CDB

1. Implementation Responsibilities

Within the CDB's Infrastructure ~~DIVISION~~ a management team consisting of two engineers, an architect and a secretary will be established upon CDB Board approval of the Grant Agreement. This team will have overall responsibility for all facets of project implementation. This will include liaising with host governments, country supervisors, AID and external consultants as necessary to carry out the Project.

A basic country allocation for each country, based on the recommendations contained in the Project Paper, will be established. The CDB President will be authorized to negotiate individual country agreements. These agreements will deal specifically with sub-project review and approval processes, disbursements, the use of consultants, maintenance responsibilities, etc.

Following this and based on the work done to date, the CDB management team will seek to finalize with individual governments sub-projects and maintenance activities to be financed. This will include working with country supervisors, relevant ministers and external consultants as necessary. This should be a relatively smooth process as the procedures for finalizing sub-project selection were established during the predecessor project. The CDB management team will have authority to nominate sub-projects for CDB management approval in consultation with RDO/C. Upon internal approval within the CDB, individual countries will be informed and a letter of credit established in a local commercial bank. Throughout the life of the Project, the CDB management team will work closely with individual countries to ensure a rapid implementation of sub-projects and maintenance activities financed under the Project.

B. RDO/C

The Mission's Capital Projects Division will have overall AID project management responsibilities for the Project. Working in conjunction with the Engineering Division, Regional Legal Advisor, the Office of the Controller and, as appropriate, Mission management, this division will monitor all grant activities, maintain regular communications with the CDB, assure compliance with the Grant Agreement and participate in evaluations, and other

project work as necessary. In addition to these general areas, the Capital Projects Division will (a) review and forward for disbursement all CDB vouchers, (b) participate in any operational approval processes requiring AID review, (c) receive quarterly progress reports, and (d) visit, as feasible, individual participating countries to assure that the Project is being implemented as mutually agreed upon.

C. Host Country

During the life of the Project a wide range of sub-project construction and maintenance activities will be carried out at the country level. Each participating country will have a country supervisor responsible for all facets of the Project at the country level. This individual will be nominated by the country and upon approval by the CDB will commence to oversee the sub-project design, implementation and maintenance.

Design work and construction will be undertaken using existing staff resources of the respective ministry (e.g. Ministry of Health for health clinics, Ministry of Education for schools) and the country's Ministry of Construction and Works, provided (a) internal capabilities exist and (b) the labor to capital construction mix reaches the target level. In most cases, external consultants will be required for design and/or construction. In addition, experiences under the BHN project indicate that private contracts, as opposed to force account, often best meet the objectives of the Project. The final mode for both design and construction will be determined, based on Annex 11, as part of final CDB-host government negotiations. The country supervisor, as detailed in Annex 10, will be responsible for ensuring preparation of sub-project documentation, procurement, weekly monitoring and inspection, report writing, voucher preparation, etc.

Maintenance activities will receive special attention under the Project. This will begin with external technical assistance, coordinated by the CDB management team, to assist host governments in development of overall maintenance plans. Maintenance activities will be under the supervision of the country supervisor in association, as appropriate, with government ministries, private contractors and informal local advisory groups for the sub-projects. The development of the latter will be done as part of sub-project implementation and draw upon existing organizations, e.g. church groups, PTAs, etc., and other interested parties. The role of this group will be to stress local community involvement in maintenance. Based on the use of such groups in similar activities, most notably in Dominica, the use of such an advisory group should prove effective.

TABLE I  
PROJECT IMPLEMENTATION SCHEDULE

	1984						1985												1986												1987																					
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC									
1. Project Agreement	X																																																			
2. CBS & AIC Agreement		X																																																		
3. Preparation & Signing of Country Agreements		X	X	X																																																
4. CAs for Country Participation				X	X	X																																														
5. Final Sub-project Selection			X	X																																																
6. Procure A & E Consultants				X	X										X	X	X						X	X	X																											
7. Employ Country Supervisors					X																																															
8. First Supervisor Workshops					X																																															
9. Design of Sub-project					X																																															
10. Construction of Sub-projects																																																				
11. In-country Maintenance Plans Funds																																																				
12. Maintenance Plans Development					X																																															
13. Public Awareness Activities																																																				
14. Maintenance Manuals				X																																																
15. Maintenance Evaluations																																																				
16. Implementation of 15																																																				
17. 2nd Evaluation																																																				
18. Final Evaluation																																																				

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E. Disbursements

Following the signature of the Project Agreement, the CDB Board will establish the project management team in the Bank's Infrastructure Division. This will be followed by detailed negotiations between the CDB and participating countries on individual allocations. Concurrent to finalization of eligible sub-projects, the CDB will establish a Letter of Credit in a commercial bank for each participating country.

Because of the severity of cash flow problems in most of the participating countries, it is difficult to undertake the program on a reimbursable basis. Under normal circumstances, the participating country would assume the costs and seek reimbursement from the CDB. This often takes several months, thus delaying implementation. Given the scope of the activities to be undertaken and the need to ensure as rapid implementation as possible, the Letters of Credit will enable a smoother implementation and not unduly strain host government treasuries. Draw downs on the Letters of Credit will be done in accordance with actual expenditures for sub-projects and the CDB will replenish the accounts as necessary throughout the life of the Project. This will enable the country supervisor to meet payments for weekly force account payrolls, contractor and supplier billings, while exercising control and accounting of disbursements. The country supervisor will be empowered to make payments based on certified documentation by a designated official of the Ministry of Finance and, as appropriate, by retained consultants.

F. Procurement

1. A&E Consultants

The proposed sub-projects range from schools, clinics, water systems to rural roads and afforestation and are located in nine separate countries. All of the Projects will be undertaken by force account or through private contracts (See Annex 11 for initially recommended types of construction). As needed, short-term consultants will assist both private contractors and relevant ministries in planning and design. These consultants will perform periodic inspection of the work and its certification for disbursements. To provide this service, to be undertaken by indigenous Eastern Caribbean countries, a total of \$1.5 million has been budgeted over the life of the Project.

The capability is available in each island, and the CDB proposes to select and negotiate contracts with qualified firms from a list of potential consultants agreed upon by the CDB, country supervisors and relevant government authorities. These individual firms must be prepared to provide the services as needed to meet the rapid implementation schedule of the Project. In some cases, the use of existing designs financed under the BHN Project will be utilized. This is particularly appropriate for schools.

RDO/C has in the past accepted CDB's Guidelines for the Choice of Consultants for use on all active AID-funded projects with the CDB. As part of initial project implementation RDO/C will again examine CDB's procurement procedures to ensure compliance with changing AID policies and any changes which have occurred with the CDB's procedures. At the country level, the relevant ministry (e.g. Ministry of Education for schools) and the country supervisor will be responsible for services and related materials and equipment to be procured in consonance with AID's accepted CDB's procurement guidelines.

G. Reporting Requirements

Upon initiation of the Project a CDB/AID sponsored training seminar is to be held jointly with country supervisors, CDB and AID. The purpose of this will be to cover reporting requirements under the Project. Each country supervisor will be required to maintain working records which include direct and indirect labor impact, status of sub-projects, financial information, etc. These will be presented to the CDB quarterly for inclusion in a CDB quarterly progress report. The CDB reports to AID will present current information on disbursements and commitments on each sub-projects as well as work levels, implementation status and any implementation difficulties being encountered.

H. Evaluation Plan

There will be three evaluations to be undertaken during the life of the Project: (a) a maintenance evaluation, during the first six months; (b) a mid-project evaluation, approximately half way through the Project; and (c) a final evaluation upon completion of all project activities.

1. Maintenance Evaluation

The provision of adequate maintenance has been an on going concern of AID, CDB and participating countries. While the Project provides support for maintenance activities, taking into account varying limitations in each territory, an important point of the Project is an evaluation of maintenance activities under the predecessor BHN project. For example, participation in the performance program of this project includes, as a condition, demonstrated maintenance under the BHN Project. Also, the need to be fully cognizant of the successes and limitations of maintenance under the BHN Project will better ensure maintenance activities during and after this Project. The maintenance evaluation will examine:

- maintenance plans developed under BHN, including their utility, degree of implementation, and overall impact;

- current status of maintenance of BHN sub-projects;
- maintenance procedures, practices and arrangements currently in place;
- recommend improvements for maintenance activities overall and for each class of sub-projects (e.g., schools, clinics, etc.);
- examine maintenance activities under the new project and make recommendations, as needed, to further ensure the provision of adequate maintenance; and
- relative success in encouraging local community participation and make any further recommendations to encourage local level involvement in maintenance.

## 2. Mid-Project Evaluation

The second evaluation will be a mid-project evaluation to examine implementation progress and to identify problems. It will examine:

- average amount of time elapsed between sub-project identification and approval;
- average amount of time elapsed between country approval of sub-projects;
- adequacy of procurement arrangements, identifying specific problems;
- extent to which engineering consultants are being utilized; functional areas in which consultants are working; ability of consulting firms to respond rapidly to requests for specific skills;
- extent to which countries are utilizing funds earmarked for public information service; relationship to local Ministries of Labor; types of advertisement being disseminated via public information system;
- actual numbers of person weeks of direct and indirect labor being generated as a result of sub-project execution;

- percentage of participating workers who were unemployed during the six month period prior to initiation of works;
- percentage of participating workers between ages of 14-20;
- percentage of women in newly created jobs.

The above information, analyzed during the second evaluation, will allow RDO/C and the CDB to identify areas where implementation can be improved as well as to test the effectiveness of the system to attract sufficient labor to execute works projects. RDO/C and the CDB will participate in the evaluation, along with the outside consultants.

### 3. Final Evaluation

The final evaluation which will occur upon completion of all project activities will analyze the Project in terms of anticipated outputs and the projected end-of-project status (see Logical Framework, Annex 2). In addition, it will collect data on the following:

- labor costs as a percentage of total sub-project costs, by country as well as by category of sub-project (e.g. schools, health centers, etc.);
- benefits derived from the public works rehabilitated or improved;
- the extent to which the in-country maintenance activities have been institutionalized; and
- additional demand for sub-projects identified during the course of execution, also the final evaluations will, to the extent possible, do a follow-up study on workers employed during the sub-project execution phase (this may be done using sampling techniques, if statistically feasible), to determine the following:
  - (a) percentage of workers who have remained unemployed, as compared to those who have returned to unemployed/underemployed ranks; of particular interest will be percentages of youths in the 14-20 category and women; and

(b) specific skills, if any, acquired during period of employment under Project.

I. Environmental Considerations

An Initial Environmental Examination (IEE) has been prepared jointly by RDO/C and AID/W which recommends a Negative Threshold Determination. The IEE recognizes that the vast majority of possible sub-projects will neither need nor benefit from further environmental analysis. This shall apply to all sub-projects which are designed to rehabilitate, add to, extend, repair or maintain existing infrastructure, so long as such development does not significantly change, or cause to be changed, the character or use of the original infrastructure or affected area. However, in the case of sub-projects which may change, or cause to change, land use patterns, environmental systems such as hydrology, water and air quality, physical ecology, are of a controversial nature, or where there is a reasonable risk of significant adverse effects on the general environment, further environmental analysis will be required. As a covenant to the Project Grant Agreement, the CDB will, for any sub-project where consultants indicate there may be potentially significant adverse effects, further review the findings related to these environmental effects. Any such sub-projects will be subject to additional environmental analyses by the CDB staff and AID approval prior to CDB financing.

VII. CONDITIONS PRECEDENT AND COVENANTS

The following conditions and covenants will be included in the Project Grant Agreement.

A. Conditions Precedent to Disbursement

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; and

(b) Evidence that Grantee has established the Basic Needs Trust Fund together with an appropriate system for implementing the project, including criteria for country eligibility and subproject selection and an appropriate staffing system within the Grantee's organization.

2. First Disbursement for Project Activities in a Particular Participating Country

Prior to first disbursement, or the issuance of any documentation pursuant to which disbursement will be made, to finance project activities in a particular participating country, the Grantee will, except as the Parties may otherwise agree in writing, provide A.I.D., in form and substance satisfactory to A.I.D., an executed agreement with the participating country setting forth the terms and conditions of the country's participation in the Project.

B. Special Covenants

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 or constraints which may inhibit such attainment;

(c) Assessment of how such information related to (a) and (b) above may be used to help overcome such problems; and

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

## 2. Subproject Management

Except as A.I.D. may otherwise agree in writing, the Grantee covenants that:

(a) Prior to first disbursement to a participating country for any subproject activities in such country, it will obtain from such country evidence that a Project Supervisor has been designated and assigned full-time to project activities in such country;

(b) Prior to first disbursement to a participating country for any project activities in such country, it will obtain from such country evidence that an account in a central bank or commercial bank acceptable to the Grantee has been established through which all local activities will be financed;

(c) Prior to first disbursement to a participating country for each sub-project activity in such country, it will contract with consultants, as necessary, to assist the participating country in carrying out sub-project design, implementation and monitoring;

(d) Prior to first disbursement to a participating country for a specific infrastructure subproject activity, the Grantee will obtain from such country:

(i) a specific subproject proposal for Grantee review and approval which satisfies the appropriate subproject selection criteria, including the environment;

(ii) evidence, satisfactory to the Grantee, that the particular facility to be renovated is government-owned and operated, that the land upon which the facility is to be situated belongs to the government or that the activity to be conducted under the subproject will occur on publicly owned property;

(iii) evidence, satisfactory to the Grantee, of (a) a commitment (1) to continue maintenance of the particular subproject activity and (2) to budget for adequate funding of maintenance; and (b) an explanation of how this maintenance will be provided for, including local community involvement;

(iv) evidence, satisfactory to the Grantee, of a commitment to adequately staff the public facilities to be constructed or renovated; and

(v) for the procurement of furnishings, an itemized listing (including specifications) satisfactory to the Grantee, of such furnishings.

3. Condition Precedent to Grantee Disbursement for a Construction Subproject

The Grantee covenants that, prior to first disbursement for a construction subproject, the Grantee will obtain, in form and substance satisfactory to the Grantee, design and engineering details adequate to show the engineering standards of the facility including ability to withstand hurricanes.

4. Environmental Analysis. The Grantee covenants that, prior to first disbursement to a participating country for any particular subproject activity which the Grantee finds to have potentially significant environmental effects, the Grantee will submit to A.I.D. for A.I.D.'s review and prior approval the Grantee's findings on the environmental effects of such subproject.

5. Performance Program. Prior to the approval by the Grantee of any subproject under the Performance Program, the Grantee shall advise A.I.D. of its intent to approve the particular subproject by country, title, and total amount to be funded for A.I.D.'s prior concurrence.



FINANCIAL SUPPORT FOR THE PROJECT TO SUPPLEMENT A.I.D.'S CONTRIBUTION.

4. PROJECT ADMINISTRATION COSTS. WHILE A.I.D. REMAINS WILLING TO FINANCE COSTS OF PROJECT ADMINISTRATION AS IT HAS DONE IN THE PAST IN CDB-MANAGED ACTIVITIES, WE WOULD LIKE TO ENSURE THAT COSTS TO BE FUNDED BY A.I.D. ARE REASONABLE AND JUSTIFIED. THE PP SHOULD INCLUDE ANALYSIS OF PROPOSED PROJECT ADMINISTRATION COSTS. FURTHER, IN DEVELOPING THESE COSTS, MISSION IS URGED TO NEGOTIATE FIRST REAL POSSIBLE WITH CDB TO MINIMIZE EXPENSES A.I.D. IS EXPECTED TO FUND. IF CDB IS UNWILLING TO COME UP WITH A CONTRIBUTION TO OVERALL PROJECT COSTS AS SUGGESTED IN PAPA 2, MISSION SHOULD SEEK TO OBTAIN SOME ADMINISTRATIVE COST-SAVING BY THE CDB, SUBJECT OF COURSE, TO THE APPROVAL OF THE CDB BOARD.

5. MAINTENANCE. PP DEVELOPMENT SHOULD CONTINUE TO INCLUDE MAINTENANCE AS A CENTRAL ISSUE AND FOLLOW THROUGH ON THE PROPOSED USAGE OF MAINTENANCE SPECIALISTS DURING PP DEVELOPMENT. CDB IS PREPARED TO ASSIST MISSION AS NECESSARY IN IDENTIFYING TECHNICAL ASSISTANCE. IN DESIGNING THE PP, PROJECT FUNDS SHOULD BE BARRICADED FOR AN EARLY EVALUATION OF MAINTENANCE PERFORMANCE UNDER THE PREDECESSOR PP PROJECT. THESE FINDINGS SHOULD BE AVAILABLE FOR INCORPORATING IN THE MAINTENANCE PROGRAM FINANCED UNDER THE PROPOSED FOLLOW-ON PROJECT. MISSION SHOULD PLAN TO USE EVERY OPPORTUNITY DURING PLANNING AND IMPLEMENTATION TO ATTAIN MAINTENANCE OBJECTIVES AND INSTITUTIONALIZE MAINTENANCE OPERATIONS.

6. EMPLOYMENT. THE PREDECESSOR PP PROJECT MADE NOTABLE PROGRESS IN PROVIDING NON SECTOR-TURN ALLEVIATION OF UNEMPLOYMENT AND UNDEREMPLOYMENT. THIS IS EXPECTED TO BE THE CASE IN THE FOLLOW-ON PROJECT. IN SELECTING SUB-PROJECTS, BOTH DIRECT AND INDIRECT LABOR IMPACT SHOULD BE RECOGNIZED EXPLICITLY. ANY MISSION SHOULD HAVE BEST EFFORTS TO DEVELOP SPECIFIC SELECTION CRITERIA WHICH CAN MEASURE BOTH DIRECT AND INDIRECT EMPLOYMENT BENEFITS.

7. WHILE IT APPEARS THAT THERE IS NO ROLE FOR PRIVATE SECTOR IN PROJECT, ASIDE FROM CONSULTANTS, THE MISSION SHOULD TAKE A CREATIVE LOOK AT WHETHER PRIVATE SECTOR COULD BE DIRECTLY INVOLVED OR REPEARS INCLUDING PROJECTS WHICH COULD CONTRIBUTE TO PRIVATE SECTOR DEVELOPMENT.

8. MISSION IS URGED TO TAKE STEPS TO ACCELERATE IMPLEMENTATION OF AS MANY PROJECTS AS POSSIBLE, PARTICULARLY IN GUATEMA, IN ORDER TO SPEED PROJECT IMPLEMENTATION. OUTSIDE CONSULTANTS MAY BE NEEDED FOR THIS PURPOSE TO SUPPLEMENT CDB STAFF.

9. I.P.P. 1PP IS UNDER REVIEW BY THE BUREAU ENVIRONMENTAL OFFICE. PLEASE BE AWARE THAT SUB-PROJECT WILL BE REVIEWED TO ENSURE NO ADVERSE ENVIRONMENTAL EFFECTS. IT IS TENTATIVELY ANTICIPATED THAT OUR STAFF WILL UNDERTAKE SUCH REVIEWS AS PART OF SUB-PROJECT SELECTION.

10. MISSION AUTHORIZATION. MISSION REQUEST FOR FIELD APPROVAL IS BEING GRANTED. PLEASE NOTE THAT A CONGRESSIONAL NOTIFICATION FOR THE PROJECT WILL BE REQUIRED. SUEBIZ

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PROJECT DESIGN SUMMARY

ANNEX 2

LIFE OF PROJECT:  
FROM FY 84 TO FY 87  
TOTAL U.S. FUNDING \$12.7 million  
DATE PREPARED: 3/21/84

LOGICAL FRAMEWORK

PROJECT TITLE & NUMBER: Basic Needs Trust Fund (538-0103)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																
<p><u>Goal:</u></p> <p>To improve the economic and social status of lower income groups and to further promote social and economic growth.</p>	<p>Increase in total public and private sector employment with accompanying increases in real per capita income.</p>	<p>Annual and periodic data, regional and extra-regional studies.</p>	<p>Governments are pursuing development strategies that focus attention on equity based economic policies.</p>																
<p><u>Purpose:</u></p> <p>To expand and conserve, using labor intensive methodologies, the stock of social and economic infrastructure which is essential to future growth and the provision of basic services and employment in the Eastern Caribbean and Belize.</p>	<p>(a) Approximately 65 million in new or rehabilitated capital stock will occur;</p> <p>(b) Approximately 154,000 person-weeks of employment will be generated;</p> <p>(c) The labor content of each selected sub-project will approach the target level of 40%; and</p> <p>(d) Project will directly impact on the provision of basic social services.</p>	<p>Country Supervisor, CDB experts and project evaluations.</p> <p>" " "</p> <p>" " "</p> <p>" " "</p>	<p>The demand exists to support significant levels of capital stock rehabilitation; unemployment levels are such that labor intensive methodologies will be successful and current unemployed will be attracted to unskilled labor positions.</p>																
<p><u>Outputs:</u></p> <p>(a) significant improvements in social and economic stock rehabilitation or addition;</p> <p>(b) employment of low-income individuals; and</p> <p>(c) joint funded and operated program.</p>	<p>At least 100 new or rehabilitated sub-projects;</p> <p>At least 154,000 person weeks of employment;</p> <p>Creation of the BNTF at \$16.7 million level (\$12.7 million AID and \$3.5 million CDB)</p>	<p>CDB inspections, quarterly reports and evaluations.</p> <p>" " "</p> <p>" " "</p>	<p>Materials will be available to carry out sub-projects; countries will place emphasis on employment; and CDB and AID will have the resources necessary to capitalize BNTF.</p>																
<p><u>Inputs:</u></p> <p>(Implementation Target) Types and Quantity (US\$000)</p> <table border="1" data-bbox="96 1471 591 1610"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> </tr> </thead> <tbody> <tr> <td>Infrastructure</td> <td>2,900</td> <td>4,300</td> <td>5,350</td> </tr> <tr> <td>Maintenance</td> <td>85</td> <td>270</td> <td>295</td> </tr> <tr> <td>Management/implementation</td> <td>1,044</td> <td>1,010</td> <td>940</td> </tr> </tbody> </table>		Year 1	Year 2	Year 3	Infrastructure	2,900	4,300	5,350	Maintenance	85	270	295	Management/implementation	1,044	1,010	940	<p>(a) social and economic infrastructure</p> <p>(b) maintenance</p> <p>(c) program management and implementation.</p>	<p>AID and CDB disbursement reports.</p>	
	Year 1	Year 2	Year 3																
Infrastructure	2,900	4,300	5,350																
Maintenance	85	270	295																
Management/implementation	1,044	1,010	940																

COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481; FY 1984 Continuing Resolution.

Has it been determined or certified No.  
to the Congress by the President that the  
government recipient country has failed  
to take adequate measures or steps  
to prevent narcotic and psychotropic  
drugs or other controlled substances (as listed  
in the schedules in Section 202 of the  
Comprehensive Drug Abuse and Prevention  
Control Act of 1971) which are cultivated,  
produced or processed illicitly, in whole  
or in part, in such country, or transported  
through such country, from being sold illegal  
within the jurisdiction of such country  
to United States Government personnel or their  
dependents, or from entering the U.S.  
unlawfully?

2. FAA Sec. 620 (c). If assistance is to a No.  
government, is the government liable as  
debtor or unconditional guarantor on any  
debt to a U.S. citizen for goods or  
services furnished or ordered where  
(a) such citizen has exhausted avail-  
able legal remedies and (b) the debt  
is not denied or contested by such  
government?

3. FAA Sec. 620(e) (1). If assistance is No.  
to a government, has it (including  
government agencies or subdivisions)  
taken any action which has the effect  
of nationalizing, expropriating, or  
otherwise seizing ownership or control  
of property of U.S. citizens or entities  
beneficially owned by them without taking  
steps to discharge its obligations toward  
such citizens or entities?

4. FAA Sec. 532(c), 620(a), 620(f), 620D;  
FY 1982 Appropriation Act Secs. 512 and 513  
Is recipient country a communist country?  
Will assistance be provided to Angola,  
Cambodia, Cuba, Laos, Vietnam, Syria,  
Libya, Iraq, or South Yemen? Will  
assistance be provided to Afghanistan  
or Mozambique without a waiver? No.
5. ISDCA of 1981 Secs. 724, 727 and 730.  
For specific restrictions on assistance  
to Nicaragua, see Sec. 724 of the ISDCA  
of 1981. For specific restric-  
tions on assistance to El Salvador,  
see Secs. 727 and 730 of the ISDCA  
of 1981. N/A.
6. FAA Sec 620(j). Has the country  
permitted, or failed to take  
adequate measures to prevent, the  
damage or destruction by mob action  
of U.S. property? No.
7. FAA Sec. 620(l). Has the country  
failed to enter into an agreement  
with OPIC? No.
8. FAA Sec. 620 (o); Fishermen's Protec-  
tive Act of 1967, as amended, Sec. 5  
(a) Has the country seized, or imposed  
any penalty or sanction against, any U.S.  
fishing activities in international waters?  
(b) If so, has any deduction required by  
the Fishermen's Protective Act been made? No.
9. FAA Sec. 620(q); FY 1982 Apprriation  
Act Sec. 517. (a) Has the government  
of the recipient country been in default  
for more than six months on interest or  
principal of any AID loan to the country?  
(b) Has the country been in default for  
more than one year on interest or principa  
on any U.S. loan under a program for which  
the appropriation bill appropriates funds? No.

10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resource which the country has spent on military equipment? (Reference may be made to the annual "Taking into Consideration" memo: Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.) Yes.
11. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? No.
12. FAA Sec. 620(u)- What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the AID Administrator in determining the current AID Operational Year Budget? (Reference may be made to the Taking into Consideration memo.) Participating countries are current on their accounts.
13. FAA Sec. 620A; FY 1982 Appropriation Act Sec. 520. Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism? Has the country aided or abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime? No.
14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA No.

15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

No.

16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Session of the General Assembly of the U.N. of September 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

N/A.

17. ISDCA of 1981 Sec. 721. See Special requirements for assistance to Haiti.

18. FY 1984 Continuing Resolution. Has the recipient country been determined by the President to have engaged in a consistent pattern of the opposition to the foreign policy of the United States?

No.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

2. Economic Support Fund Country Criteria

No.

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Government of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

No.

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Government of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

N/A.

5C(3) - STANDARD ITEM CHECKLIST

Listed below are statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implemetation, or covered in the Agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of goods and services financed. Yes.
  
2. FAA Sec. 604(c). Will all commodity procurement financed be from the U.S except as otherwise determined by the President or under delegation from him? Yes.
  
3. FAA Sec. 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will agreement require that marine insurance be placed in the U.S. on commodities financed? N/A.
  
4. FAA Sec. 604(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? N/A.
  
5. FAA Sec. 608(a). Will U.S. Government excess personal property be utilized wherever practicable in lieu of the procurement of new items? N/A.
  
6. FAA Sec. 603. (a) Compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percentum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. U.S. flag carriers will be used as available and appropriate determination will be obtained from AID/W as to availability.

7. FAA Sec 621. If technical assistance is financed, will such assistance be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.
8. International Air Transport Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will provision be made that U.S.-flag carriers will be utilized to the extent such service is available? Yes.
9. FY 79 App. Act. Sec. 105. Does the contract for procurement contain a provision authorizing the termination of such contract for the convenience of the United States? Yes.

B. Construction

1. FAA Sec. 601(d). If a capital (e.g., construction) project, are engineering and professional services of U.S. firms and their affiliates to be used to the maximum extent consistent with the national interest? Yes.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? Yes.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million? Yes.

C. Other Restrictions

1. FAA Sec. 122(e). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A.

2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.
3. FAA Sec. 620(h). Do arrangements preclude promoting or assisting the foreign aid projects or activities of Communist-bloc countries, contrary to the best interests of the U.S.? Yes.
4. FAA-Sec. 636(i). Is financing not permitted to be used, without waiver, for purchase, long-term lease, or exchange of motor vehicle manufactured outside the U.S., or guaranty of such transaction? Yes.
5. Will arrangements preclude use of financing?
- a. FAA Sec. 104(f). To pay for performance of abortions or to motivate or coerce persons to practice abortions, to pay for performance of involuntary sterilization, or to coerce or provide financial incentive to any person to undergo sterilization? Yes.
- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. To finance police training or other law enforcement assistance, except for narcotics programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
- f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjust service compensation for military personnel? Yes.
- g. FY 1982 Appropriation Act, Sec. 505. To pay U.N. assessments, arrearages or dues? Yes.

- h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending? **Yes.**
- i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? **Yes.**
- j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the Government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? **Yes.**
- k. FY 1982 Appropriation Act, Sec. 515. To be used for publicity or propaganda purposes within U.S. not authorized by Congress? **Yes.**

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PROJECT CHECKLIST

Listed below are statutory criteria applicable generally to projects under the FAA and project criteria applicable to individual funding sources: Development Assistance (with a subcategory for criteria applicable only to loans); and Economic Support Funds.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP-TO-DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

A. GENERAL CRITERIA FOR PROJECT

- |    |   |   |
|----|---|---|
| 1. | <u>FY 1982 Appropriation Act<br/>Sec. 523; FAA Sec. 634A;<br/>Sec. 653(b).</u>  | A Congressional Notification<br>has been forwarded to Congress. |
|    | (a) Describe how authorizing<br>and appropriations committee<br>of Senate and House have<br>been or will be notified<br>concerning the project;   |   |
|    | (b) is assistance within<br>(Operational Year Budget)<br>country or international<br>organization allocation<br>reported to Congress (or<br>not more than \$1 million<br>over that amount)?   | Yes.  |
| 2. | <u>FAA Sec. 611(a)(1).</u> Prior<br>to obligation in excess of<br>\$100,000, will there be<br>(a) engineering,<br>financial or other plans<br>necessary to carry out<br>the assistance and (b) a<br>reasonably firm estimate<br>of the cost to the U.S.<br>of the assistance? | Yes.  |
| 3. | <u>FAA Sec. 611(a)(2).</u> If<br>further legislative action<br>is required within<br>recipient country, what is<br>basis for reasonable<br>expectation that such<br>action will be completed<br>in time to permit orderly<br>accomplishment of purpose<br>of the assistance?  | Yes.  |

h5

4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? **No further legislative action is required.**
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? **N/A.**
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. **Yes. Project is a regional multilateral activity and encourages regional economies of scale.**
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan **Yes. Project will provide vitally needed social and economic infrastructure which will encourage productive investment and employment.**

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associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
- Project serves to increase the capital stock of the nine participating countries and will further strengthen the countries in their efforts to promote free enterprise led growth and trade.
9. FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.
- No. U.S. locally owned currencies will be used. However, significant counterpart contribution will be made by the nine countries.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
- N/A.

11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? **Yes.**
12. FY 1982 Appropriation Act Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? **N/A.**
13. FAA 118(c) and (d). Does the project take into account the impact on the environment and natural resources? If the project or program will significantly affect the global commons or the U.S. environment, has an environmental impact statement been prepared? If the project or program will significantly affect the environment of a foreign country, has an environmental assessment been prepared? Does the project or program take into consideration the problem of the destruction of tropical forests? **Yes.**

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N/A

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria
- a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of

developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

b. FAA Sec. 103, 103A 104, 105, 106: Does the project fit the criteria for the type of funds (functional account) being used?

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

e. FAA Sec. 110(b).  
Will grant capital  
assistance be disbursed  
for project over more  
than 3 years? If so, has  
justification  
satisfactory to Congress  
been made, and efforts  
for other financing, or  
is the recipient country  
"relatively least  
developed"?

f. FAA Sec. 122(b). Does  
the activity give  
reasonable promise of  
contributing to the  
development of economic  
resources, or to the  
increase of productive  
capacities and  
self-sustaining economic  
growth?

g. FAA Sec. 281 (b).  
Describe extent to which  
program recognizes the  
particular needs,  
desires, and capacities  
of the people of the  
country; utilizes the  
country's intellectual  
resources to encourage  
institutional  
development; and supports  
civil education and  
training in skills  
required for effective  
participation in  
governmental processes  
essential to  
self-government.

2. Development Assistance Project  
Criteria (loans Only)

a. FAA Sec. 122(b).  
Information and  
conclusion on capacity of  
the country to repay the  
loan, at a reasonable  
rate of interest.

b. FAA Sec. 620(d). If  
assistance is for any  
productive enterprise  
which will compete with  
U.S. enterprises, is  
there an agreement by the  
recipient country to  
prevent export to the  
U.S. of more than 20% of  
the enterprise's annual  
production during the  
life of the loan?

c. ISDCA of 1981, Sec. 724  
(c) and (d). If for  
Nicaragua, does the loan  
agreement require that  
the funds be used to the  
maximum extent possible  
for the private sector?  
Does the project provide  
for monitoring under FAA  
Sec. 624(g)?

3. Project Criteria Solely for  
Economic Support Fund

Yes.

a. FAA Sec. 531(a). Will  
this assistance promote  
economic or political  
stability? To the extent  
possible, does it reflect  
the policy directions of  
FAA Section 102?

b. FAA Sec. 531(c). Will  
assistance under this  
chapter be used for  
military, or paramilitary  
activities?

No.

c. FAA Sec. 534. Will ESF funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives?

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

LAC/DR-IEE-84-7

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Caribbean Regional

Project Title and Number : Basic Needs Trust Fund  
#538-0103

Funding : FY'84, ESF \$10.0 million (G)

Life of Project : Three years

IEE Prepared by : Arthur L Warman, RDO/C  
Chief, Capitol Projects Office

Recommended Threshold Decision : Negative Determination

Bureau Threshold Decision : Concur with Recommendation

Copy to : William B. Wheeler  
Director, RDC/C

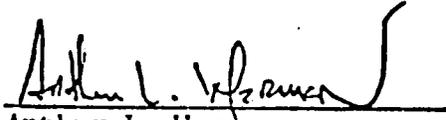
Copy to : Arthur L. Warman, RDO/C

Copy to : Wendy Stickel, LAC/DR

Copy to : IEE File

James S. Hester Date 29 December  
James S. Hester  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Caribbean Regional  
Project Title: Basic Needs Trust Fund (538-0103)  
Funding: FY 84, ESF \$10.0 million  
Life of Project: Three Years  
IEE Prepared By:   
Arthur L. Warman  
Chief, Capital Projects Office  
Date: October 18, 1983

Environmental Action

Recommended: This project is a continuation of AID support for developing social and economic infrastructure necessary to support the provision of basic social services and to stimulate employment. It is designed to finance projects supportive of national level development. This will include social infrastructure (schools, clinics, etc.) and economic infrastructure (drainage, soil conservation, etc.). All sub-projects will be reviewed to ensure no adverse environmental impact prior to their approval. Based on this, a negative determination is appropriate.

Concurrence:

  
William B. Wheeler  
Director  
USAID, Regional Development/Caribbean

Date:

21 Oct 1983

IMPACT IDENTIFICATION AND EVALUATION FORM

Impact Identification  
and Evaluation 1/

Impact Areas and Sub-areas

A. LAND USE

1. Changing the character of the land through:

- a. Increasing the population \_\_\_\_\_ N \_\_\_\_\_
- b. Extracting natural resources \_\_\_\_\_ N \_\_\_\_\_
- c. Land clearing \_\_\_\_\_ L \_\_\_\_\_
- d. Changing soil character \_\_\_\_\_ N \_\_\_\_\_

2. Altering natural defenses \_\_\_\_\_ N \_\_\_\_\_

3. Foreclosing important uses \_\_\_\_\_ N \_\_\_\_\_

4. Jeopardizing man or his works \_\_\_\_\_ N \_\_\_\_\_

5. Other factors

\_\_\_\_\_  
\_\_\_\_\_

B. WATER QUALITY

1. Physical state of water \_\_\_\_\_ N \_\_\_\_\_

2. Chemical and biological states \_\_\_\_\_ N \_\_\_\_\_

3. Ecological balance \_\_\_\_\_ N \_\_\_\_\_

4. Other factors

\_\_\_\_\_  
\_\_\_\_\_

1/ 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 \_\_\_\_\_ L \_\_\_\_\_
- 2. Irreversible, inefficient commitments \_\_\_\_\_ N \_\_\_\_\_
- 3. Other factors \_\_\_\_\_  
\_\_\_\_\_

E. CULTURAL

- 1. Altering physical symbols \_\_\_\_\_ N \_\_\_\_\_
- 2. Dilution of cultural traditions \_\_\_\_\_ N \_\_\_\_\_
- 3. Other factors \_\_\_\_\_  
\_\_\_\_\_

F. SOCIOECONOMIC

- 1. Changes in economic/employment patterns \_\_\_\_\_ N \_\_\_\_\_
- 2. Changes in population \_\_\_\_\_ N \_\_\_\_\_
- 3. Changes in cultural patterns \_\_\_\_\_ N \_\_\_\_\_
- 4. Other factors \_\_\_\_\_  
\_\_\_\_\_

IMPACT IDENTIFICATION AND EVALUATION FORM

G. HEALTH

1. Changing a natural environment \_\_\_\_\_ L \_\_\_\_\_

2. Eliminating an ecosystem element \_\_\_\_\_ N \_\_\_\_\_

3. Other factors

\_\_\_\_\_  
\_\_\_\_\_

H. GENERAL

1. International impacts \_\_\_\_\_ N \_\_\_\_\_

2. Controversial impacts \_\_\_\_\_ N \_\_\_\_\_

3. Larger program impacts \_\_\_\_\_ N \_\_\_\_\_

4. Other factors

\_\_\_\_\_  
\_\_\_\_\_

I. OTHER POSSIBLE IMPACTS (not listed above)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## CARIBBEAN DEVELOPMENT BANK

P.O. BOX 408 WILDEY

ST. MICHAEL BARBADOS W.I.

TELEPHONE: 61152 CABLE ADDRESS: "CARIBANK", TELEX WB 2287.

Our Ref: 27/2/67

1984-03-20

Mr. William Wheeler  
Director  
United States Agency for  
International Development  
Regional Development  
Office/Caribbean  
Gulf House  
Broad Street  
BRIDGETOWN

Dear Mr. Wheeler:

As you are aware, Bank staff have been holding discussions with your staff on a Basic Needs Employment Sector Project for the Bank's LDCs in the East Caribbean and Belize. This letter is to request formally a grant of approximately US\$12,700,000 which, together with the Bank's contribution of US\$3,500,000 (agreed to by the Bank's Board of Directors at its meeting on 1984-03-15) will be used for the financing of the Project.

The Project is designed to improve the economic and social status of the lower income groups of the East Caribbean LDCs and Belize thereby assisting them in meeting their basic needs.

It is anticipated that the Project will contribute significantly to relieving the growing unemployment, especially among the new entrants to and the younger members of the labour force, by providing for the earliest possible start-up of selected infrastructure sub-projects thereby responding to what is regarded as one of the major social and economic problems facing the Caribbean Region.

We look forward to your favourable reply and to the successful implementation of this Project.

Yours faithfully,

A handwritten signature in dark ink, appearing to read "William G. Demas", written over a horizontal line.

William G. Demas  
President

CPG/WGD/scb

A. Technical Analysis

From an engineering viewpoint, the proposed sub-projects are relatively uncomplicated and will require generally routine and simple planning, design and construction procedures for implementation. Basically, they are representative of routine improvements and additions to the economic and social infrastructure of the islands. The scope of sub-projects includes road and drainage improvements, water line extensions and health clinic additions, schools, and soil erosion control and reforestation. The cost per sub-project identified, ranges from a low of \$5,800 to a high of \$1.0 million, and will average approximately \$126,000. However, the Project does allow for construction of sub-projects of up to \$500,000. This is based in part on inflation and the fact that some priority sub-projects, most notably schools in Antigua, have costs which exceed the average costs projected.

1. Engineering Considerations

The technical capability exists in all islands for performing the planning and design for the sub-projects proposed. In some cases, plans already exist from the BHN project and need only review and updating for implementation. In most cases, however, government technical staffs are small, and the added planning and design load of this program could overload staff capabilities in selected countries.

To overcome this potential constraint, the CDB will contract with consulting engineering firms on each island to work with relevant ministries and the appointed country supervisor in preparing the plans and designs, detailing cost estimates, recommending final construction procedures, (i.e. force account or contractor) monitoring progress and preparing schedules and other related documentation required by the CDB for its approval of sub-project financing. In this way, the in-house capability of ministerial technical staffs will be supplemented as needed to fulfill the implementation objectives of the program. Other than A&E assistance which may be required, each country has been found to be fully capable of carrying out sub-project activities.

As part of the final design of the Project, the CDB, AID and retained consultants visited each island and prepared, in conjunction with local officials, a preliminary listing of sub-projects, including initial cost estimates. Of over 250 sub-projects presented for review, 157 potential sub-projects were identified (Annex 8), together with estimated costs and rank order based on the selection criteria utilized. Upon initiation of project activities, the CDB, consultants as appropriate, and host governments will further determine which sub-projects should be financed, the mode of construction (force account vs contract) and undertake the requisite work for final sub-project approval and financing. As many of the sub-projects have existing plans or are otherwise ready for financing, it is envisioned that sub-project implementation will begin as early as three months after signing of the project grant agreement with the CDB.

The CDB will minimize the engineering documentation needed for sub-project financing. For force account work on very small sub-projects, this could amount to a simple sketch outlining the work and its limitations, outline specifications, a breakdown of costs by labor, materials and equipment, and a construction schedule and time table. For larger sub-projects and contract work, however, more detailed plans and specifications, abbreviated in so far as practicable, will be necessary in order to utilize competitive bidding procedures.

## 2. Technology Mix

The program favors and supports the implementation of labor intensive social and economic infrastructure sub-projects. A labor content of 40% for each sub-project is the target level hoped to be achieved. Based on prior experiences, this is achievable in almost all cases except small water projects. Use of equipment will be generally limited to transport of materials to work sites.

## 3. Construction Procedures and Supervision

The decision on whether to use force account or contract will be the result of a final review and recommendation during the final planning and design stage. This will include the sub-project documentation submitted for approval and financing by the CDB. This documentation for review will be a presentation prepared by the country supervisor with the assistance of the executing agency and engineering consultants, as appropriate, and will be certified by an appropriate country administrative/finance officer.

Basically, the country supervisor will be responsible for overall implementing, supervising procurement and construction procedures, and maintenance. He will see that the schedule is followed and that the work is accomplished as planned. He will be responsible for seeing that materials, equipment and labor for all force account sub-projects are secured on a timely basis. For contract work, he will coordinate the work of the implementation agency and engineering consultant to initiate the invitation for bids in accordance with CDB procedures. The engineering consultant for his part, will be expected to assist and provide guidance in order to avoid undue delays.

During construction, the country supervisor, relevant ministry or contracted firm will monitor the progress and inspect the quality of the work. Together they will be expected to provide suggestions and offer guidance for improving work quality and/or accelerating progress. This will include certifying the acceptability of the construction and the progress payments which will be approved by the country supervisor as prepared by the implementing agency for force account work and by the contractor for contract work.

#### 4. Construction Equipment

No construction equipment is proposed for procurement under this project. Each country has the equipment available to perform the proposed sub-projects, either through the respective ministries and/or by private contractors.

For those countries which lack certain needed equipment in-house, principally that needed for road improvements, and/or whose equipment may be occupied with on-going work, the contract alternative will be considered for priority sub-project implementation. For those countries which utilize in-house equipment available for force account work, it is proposed to reimburse operating costs only and consider allowances for capital depreciation and replacement, cost items which are customarily reflected in equipment rental rates, as a host country contribution.

#### 5. Maintenance

Each sub-project will require that it be adequately maintained during and after the life of the Project. An assortment of maintenance activities are to be provided for under the Project. These include a maintenance materials fund, maintenance plans development, local community involvement, etc. Based on prior experiences and evaluations, each country has been determined to be capable of carrying out the routine maintenance which may be required. This will be further assessed during initial implementation.

### Institutional Analysis

#### 1. Caribbean Development Bank

As Grantee the CDB will have principal responsibility for administering and coordinating all components of the Project.

Since its establishment in 1970 by its sixteen regional member countries, the U.K. and Canada, the CDB has had a significant impact upon the economic development of the region. The Bank's major objective, as embodied in its Charter, is to promote economic cooperation and integration within the region and to contribute to the economic growth and development of its Caribbean members. Special emphasis is placed upon the LDC's.

The CDB has two governing bodies: a) the Board of Governors, which meets annually, is the chief policy making body and is composed of representatives of eighteen of the twenty-two member countries, except for Anguilla, Montserrat, B.V.I., Cayman Islands and Turks and Caicos who elect one representative collectively; b) the Board of Directors is an appointed twelve member group which meets seven times a year to direct general policies and operations, approve all loan guarantees and long-term investments, as well as financial statements and the CDB administrative budget.

The Bank possesses a highly qualified staff totalling 230, of which 105 are professionals drawn from member countries; the majority of which are West Indians. The Bank manages and supervises an extensive series of projects, principally in the agriculture, infrastructure, industry, housing, and tourism sectors.

In September, 1982, the CDB retained Peat, Marwick and Co. under an eight month contract, the purpose of which was to provide the CDB with an overview of the bank's existing organization and management capabilities. This work, completed in April, 1983, provides the basis for a program of improvements within the bank to better carry out its operations. This report lays out reform suggestions in five functional areas: operating systems, information systems, finance and administration, personnel management and organizational structure.

As a result of the study, the CDB is currently reorganizing itself to better carry out its operations. This includes, for example, greater attention to internal productivity of staff, streamlining and standardization of procedures, increased automation, enhanced project planning and rationalization of structures, staff levels and activities. With respect to this project, as detailed below, all project activities will be undertaken by a CDB project management team within the Infrastructure Division of the bank under the direction of this division's senior manager.

## 2. Project Coordination

The focus of the Project's overall coordination and administration will be a CDB project management team consisting of two engineers, an architect and a secretary operating within the CDB's Infrastructure Division. The team will be appointed from within the Bank and consist, to the extent possible, of professionals with prior experience under the BHN project. This team will deal with all day-to-day aspects of the BHNTF Project and be responsible for the central planning, development, implementation and supervision of Project activities in each country. Within this framework, the project management team will:

- ( i) process the selection of any consultants in accordance with CDB guidelines and supervise these consultants;
- ( ii) prepare and monitor sub-project implementation plans for each participating country;
- ( iii) recommend for the approval of CDB management all sub-project proposals submitted by participating countries;
- ( iv) handle all day-to-day activities relating to the nine participating countries, AID and other organizational units within the CDB; and

- ( v) evaluate and recommend modifications of sub-project procedures and practices as necessary.

The use of a management team for the project and the outlined responsibilities reflects the best mechanism for carrying out all components of the project. It reflects experiences gained under the BHN project and is consistent with the bank's evolving reorganization.

### 3. Host Country Level

To the extent that the proposed sub-projects fall into areas of particular expertise of host-government ministries (e.g. Ministry of Health for health clinics and Ministry of Education for primary and secondary schools), the CDB management team, country supervisor, and consultants will consult fully with these ministries during sub-project implementation. However, the country supervisor is charged with ensuring that all project activities at the country level are carried out. This requires on-going consultations, as appropriate, with individual Prime Ministers, Ministries of Finance, other interested parties, etc., so as to ensure timely implementation.

The use of the country supervisor as the focal point of all in-country activities reflects the successes of using this approach under the BHN project. In some cases, project construction activities will be carried out by force account using principally the local Ministry of Construction and Works and in other cases, based mainly on limited ministerial staff resources, by private contractors. The country supervisor will also coordinate all local level maintenance activities of the project and be tasked with maintaining an on-going liaison with the CDB management team. At the onset of the project, a training seminar will be held by CDB and AID to review collectively with the proposed nine country supervisors all aspects of the project. In addition to the routine communications between the individual country supervisor and the CDB, a second mid-life of project seminar will be held with all country supervisors. The purpose of this second and final seminar will be to focus on any implementation problems being encountered at the local level and otherwise review performance of sub-project activities to take.

## C. Social Analysis

### 1. Project Beneficiaries

The primary target group of intended project activities is the under and unemployed persons living in the eight Eastern Caribbean LDCs and Belize. Unemployment ranges from 12% of the labor force in St. Kitts and Nevis to 20% of the labor force in Antigua. Overall, unemployment averages out to about 16% of the available labor force for the countries to be included under the Project. As indicated in the Background Section the past two decades have seen a severe growing problem of unemployment. This has been accompanied by increases in the working age population, tightening of

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migration by the developed countries, dramatic increases in the levels of unemployed youth and females and a steady increase in underemployment.<sup>1/</sup>

The majority of the unemployed are unskilled laborers; although an estimated 90% have completed primary education, a real gap exists between the formal education system, which emphasizes rote learning and literacy, and the realities of the job market. Specialized skills training in trades and services is generally open only to secondary school graduates, so the new entrants to the job market, possessing only a primary school certificate, can find employment only as the lowest paid menial workers. As the unemployment problem grows more severe, even these jobs are increasingly difficult to obtain since there is competition from the better educated unemployed.

Compounding the unemployment problem is a growing population base, restrictions on external migration and a continuation of rural to urban migration. Recent work undertaken for the Mission by Devres, Inc., indicates that Eastern Caribbean countries are experiencing growing populations at a time of declining death rates, increasing birth rates and marked changes in migration. The ensuing result of this, as reported in census data, is that rapid population increases will further exacerbate unemployment problems. This is particularly evident as on the average 40% to 45% of the existing population in the Eastern Caribbean LDCs and Belize are under 15 years of age.

Migration has been a key factor or "safety valve" by which the unemployed seek work in other countries, thus relieving, to a limited extent, the employment burden of the individual countries. This has been particularly true in the Leeward islands, of Antigua, Montserrat and St. Kitts/Nevis with their close proximity to the U.S. However, the U.S., Canada and the United Kingdom are making immigration much harder. The net result of which will be increasing pressures for employment opportunities and social services on the part of individual governments.

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<sup>1/</sup> It is difficult, in the context of the Eastern Caribbean, to make a clear distinction between the unemployed and the underemployed; the latter, because of the seasonality in the agricultural and tourism sectors, may in fact swell the former by as much as 50% during the off-season but appear as "employed" in official data collected on employment. This discussion uses the term "unemployed" to cover both categories.

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While the situation is not yet critical in terms of social cleavage and unrest, the conditions are building up, and the governments of the region recognize the signs of potential problems. The present Project is in direct response to the area's conviction that present unemployment trends must be reversed in the shortest time frame possible. The system which the Project proposes to institutionalize cannot, of course, in and of itself, significantly alleviate the unemployment problems of the islands. Yet the jobs created will provide significant employment and income to the poor over the next three years.

## 2. The Longer-Term

The Project will provide short-term employment opportunities for a divergent range of unemployed persons in the region. This will occur over a three and a quarter year period and provide both income and ensure the provision of basic social services for a growing population. It will not, however, solve the longer-term problems of providing employment opportunities or essential social services for the ever increasing population base. Each government is well aware of this as are the external donors operating in the region. These newly democratically elected governments are pursuing, to the extent possible, development based largely on free enterprise led growth. Even with existing financial constraints, the governments are stimulating private productive growth as a means for ensuring longer-term employment and the tax base for the provision of social services. These require continued external assistance and time to fully impact on the changing economies of these countries.

The Caribbean Basin Initiative (CBI), external donor support, including AID, are undertaking to assist these countries in undertaking the structural changes in their economies. Over time, activities such as agricultural diversification and increased productive investment will better enable the governments to generate their own revenues and capabilities to carry out the type of activities financed by this project as well as promote equitable social and economic growth.

## 3. Benefit Incidence

It is anticipated that approximately 154,000 of person weeks of employment will be created as a result of project activities. Assuming an average duration of six months of actual work, a total of 6,417 direct temporary jobs will be created over the three year life of project. In addition to the significant wage earnings of the direct employment, indirect employment, in terms of local materials construction (i.e. schools furnishings) will be significant. The actual amount of indirect employment generated will be determined as part of sub-project implementation.

In addition to employment benefits and accompanying increases in wages, ancillary benefits will accrue to the local communities which will directly benefit from the sub-projects (e.g. schools, clinics and water systems) and to the country as a whole as its capital stock is added to or otherwise improved. Moreover, local community awareness of maintenance needs and requirements will be enhanced through the use of local advisory groups to be formed as part of sub-project selection and implementation.

#### 4. Role of Women

Women in the participating countries have high rates of participation in the labor force of these countries. This is due in part to demography and the fact that prior migration consisted in part of the male labor force. While the overall unemployment rate is significantly higher for women than for men, it is nonetheless felt that the proposed project will have a considerable impact on women. Since women traditionally have stronger ties to the home than men, they are able to be more flexible when it comes to temporary employment; whereas men, especially those with families to support often prefer to hold out for permanent positions, women often expect to divide their time between home and work. This was particularly evident under the BHN project.

Additionally, Caribbean women are frequently employed in manual labor public works projects and appear to be less affected by the "social stigma" of such work than men. As a result, it is expected that a significant amount of new jobs created under the Project will be filled by women. The second evaluation will examine the extent to which women participate.

#### Economic Analysis

##### 1. Demand Analysis

During the intensive review a team consisting of AID, CDB and consultants visited each country as part of project paper development. Based on familiarity by host governments with the operational precepts of the proposed project, each government was asked by telex to prepare suggested sub-projects with supporting documentation. During the visits in each country, discussions were held as appropriate with each Prime Minister, ministry personnel, private firms and other parties to identify and select a targeted group of sub-projects which met the selection criteria. Following this, detailed lists per country (See Annex 7) were developed. In total, 157 sub-projects, totalling \$21 million, were proposed as meeting the basic selection criteria. This demonstrated demand exceeds available resources, even if a number of sub-projects tentatively selected for financing should become unacceptable during further CDB and host-government negotiations.

##### 2. Economic Outputs

The quantification of anticipated economic outputs of the project can only be done very haltingly. For one, the sub-projects are almost entirely social and not economic in nature. For another, even for labor impact the type and magnitude of the outputs can vary greatly depending on mode of construction (force account vs contract); government priority (building vs reforestation); design specifications; the modus operandi of the construction agency (i.e. their habitual equipment - manpower mix); the extent to which the people hired were previously unemployed or underemployed; the value of any training that may occur and the extent of indirect economic outputs that may be generated (e.g. making furniture for the new schools).

Nevertheless, there are definitely economic outputs that can be attributed to the sub-projects to be financed under the Project. These are employment and capital stock rehabilitation.

(a) Employment

The predecessor BHN project had a basic objective of achieving a 40% rate of direct labor employment. The evaluation of that project indicated that an overall achievement of a 35% direct labor ratio was achieved. As the types of sub-projects to be financed are the same as the predecessor BHN project, the evaluation showed that:

( i) sub-projects involving the construction of building structures appeared to involve a more-or-less standard labor cost to materials and overhead relationship throughout the islands.

( ii) Other types of sub-projects, such as roads, water systems and drainage varied considerably in their labor utilization, primarily dependent upon the emphasis placed by government on labor-intensive methodologies and techniques.

(iii) agriculturally oriented sub-projects, such as reforestation and land conservation were projects types in which the labor intensity was the greatest. They also were carried out by a sector of the labor force that is most likely to suffer from underemployment.

The wages that the laborers receive for their work must be included as an economic output of the sub-projects. Although all these island economies are very open to importation, including the importation of food stuffs, the wages might be considered at full value if these workers would otherwise be all or partly unemployed. A comparison of the average wages paid per man-week for different type of work on a man-week basis quickly indicates that certain types of BHN sub-projects were staffed by the lowest skilled, and the lowest paid workers in the economy. The following examples are cited:

EC\$52.60 per week for agricultural feeder road construction in Montserrat.

EC\$33.67 per week in St. Kitts

EC\$47.06 per week in St. Lucia for soil construction projects

EC\$69.90 per week in Montserrat for reafforestation projects.

EC\$49.30 to \$66.67 per week in St. Vincent for building projects.

EC\$65.33 per week in Montserrat for redevelopment of spring water sources.

These workers were certainly at the bottom of the wage bracket. In comparison, the average wage costs on some other types of BHN sub-projects were:

EC\$229 per week - St. Lucia - water projects

EC\$172 per week - St. Lucia - school construction

EC\$160 per week - St. Kitts - school construction

EC\$148 per week - Antigua - school project

EC\$133 per week - Dominica - health clinics  
construction

An analysis of the direct and indirect labor content of the proposed sub-projects was undertaken, utilizing the above prevailing wage rates adjusted for inflation, various modes of construction, and types of sub-projects to be financed. This analysis indicates that an estimated 154,044 person weeks will be generated over the life of the Project. The range of employment and labor content by category of sub-project has been calculated as follows:

Direct and Indirect Labor Content <sup>1/</sup>  
by Type of Sub-Project

<u>Sub-Project Type</u>	<u>Percentage of Direct Labor under BHN</u>		<u>Total Labor (Direct and Indirect)</u> <sup>2/</sup> <u>Projected for BHTF</u>
	<u>Range</u>	<u>Average</u>	
<b>Buildings:</b>			
Schools	24 to 48%	(27) 33%	35%
Health Clinics	21 to 35%	( 8) 27%	29%
Other Public	34 to 47%	( 4) 44%	45%
Water Systems	18 to 38%	(17) 30%	32%
Roads	36 to 64%	( 5) 58%	58%
Drainage Systems	21 to 45%	( 5) 29%	31%
Reafforestation	58 to 88%	( 2) 75%	75%
Land Clearing	- -	( 2) 53%	53%
Soil Conservation	53 to 82%	( 2) 62%	62%

<sup>1/</sup> Measurement of indirect labor content is very difficult, however, unless a bill of materials is supplied, and the individual items are themselves priced out in terms of labor content and materials. On average, about 15 to 25% of the cost of these purchased materials represent wages. If the materials used in construction of a school, for example, represent approximately the same percentage of cost as the direct labor, i.e: 35%, and if 17 to 25% of these materials are of local origin, the following indirect labor would be generated as a result of the sample sub-project:

	<u>BHN Range</u>		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
% materials X % local X % labor	35 x .17 x .15		.35 x .25 x .25
additional labor as a percentage of total cost	0.89%	1.5%	2.2%

<sup>2/</sup> The assumptions made in achieving the above levels of direct and indirect labor are (1) that projects costs will be distributed similarly to BHN project; and (2) a total of \$16.2 million funding level is available.

(b) Capital Stock Rehabilitation

While a major objective of this project is to help the region's acute employment problem, the Project's most significant longer-term contribution will be capital stock rehabilitation. The severe recent economic and financial problems, resulting from (a) the massive OPEC oil price hikes in 1979-80, (b) the ensuing global recession, and (c) the monetary stringency in the U.S. which prolonged the global recession, have contributed to a substantial deterioration in the region's capital stock. In some cases, the infrastructure is unusable. In other cases, its value has been reduced significantly because of partial dilapidation or disrepair. Under this project, as detailed in the following table capital stock worth more than \$65 million will be improved\*. Full utilization of the capital stock that this project improves will assist importantly in arresting the region's current economic stagnation.

BNIF: Value of Improved Capital Stock  
(US\$ Million)

<u>Total</u>	65.2
School Rehabilitation	30.3
Roads	3.3
Health Centers	2.7
Water Supply and Drainage	7.8
Building Rehabilitation	1.9
Miscellaneous	17.2

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\* This assumes that expenditures of roughly 25 percent of the value of the capital stock are required for rehabilitation.

To examine the economic viability of undertaking these capital stock rehabilitation expenditures, cost benefit analysis was not utilized. Difficulties would be encountered in undertaking a cost-benefit analysis for each of the sub-projects because of the numbers of activities involved. Moreover, many of the sub-projects are of a social rather than economic infrastructural nature, and the problems associated with the preparation of cost-benefit analyses for social infrastructural activities are well documented. Instead, we specified economic costs and calculated the benefits required to generate a 15 percent rate of return, the minimum required to assure economic viability. Such a calculation would shed light on the feasibility of the Project.

This project to be implemented over three and a quarter years calls for total financial costs of \$16.2 million. However, these costs overstate significantly economic costs. Considerable unemployment, whose reduction is an important aspect of this project, prevails in the region. Hence, the opportunity cost of hiring individuals to work in the sub-project activities to be implemented under this project approaches zero. Therefore, since we estimate that 50 percent of this project's total expenditures will go either directly or indirectly for wages, economic costs have been set at 50 percent of financial costs. In sum, assuming a 10 year benefit stream and economic costs at roughly 50 percent of financial costs, annual economic benefits from the infrastructural repairs of \$2.1 million are required to yield a 15 percent rate of return for the Project.

In light of the success of the predecessor BHN project, this level of benefits -- \$2.1 million annually -- is indeed plausible. For example, under BHN, thirty schools were either built or rehabilitated. These schools are now housing more than 11,000 students. In addition, more than 90 other sub-projects were implemented, including roads, reforestation, soil conservation, drainage and water systems. These sub-projects are now having a significant positive development impact.

Selection Criteria and Utility Assessments by Contract

As part of final project design, AID-retained consultants and AID and CDB staff developed selection criteria against which host country sub-projects could be evaluated. Following this, relative weights were assigned to the agreed upon criteria. Using a technique known as a Multiple Criteria Utility Assessment, (MCUA), individual sub-projects were reviewed both in the individual countries and in Barbados. The MCUA provides a systematic method for assessing the relative worth of complex alternatives (i.e. sub-projects).

The following describes in brief each of the selection criteria utilized and presents its assigned weight. This is followed by a graphic presentation of the criteria, against which the final 157 sub-projects were assessed. Finally, the aggregated utilities for each proposed sub-project and assigned rank order of equilibrium is presented in tabular form for each country.

(1) Cost (0.5). Overall costs of each sub-project were considered. These sub-projects that were less expensive have a higher utility value per unit of production as those sub-projects would mainly rely upon local factors of production (e.g. labor and materials) as opposed to higher cost sub-projects which require importing labor and materials, whether from within the country or abroad.

(2) Anticipated Labor Content (1.0). As the project is premised on labor generation and the need to provide employment, this criteria received the highest ranking. Those sub-projects that had higher short and long-term labor content received a higher utility value.

(3) In-house technical expertise (0.5). The extent to which participating ministries had adequate staff to carry out the project without external A&E consultants was weighted. Complete in-house capability received the highest utility value due to cost implications and ancillary benefits to the executing agency (e.g. experience and additional skills).

(4) Geographic Dispersion (Spread) (0.4). This criteria was applied to compare proposed location of the proposed sub-project to population density and expenditures under the BHN project. This was assigned a weight in accordance with the desire to ensure that BNTF resources would not disproportionately go to particular locations.

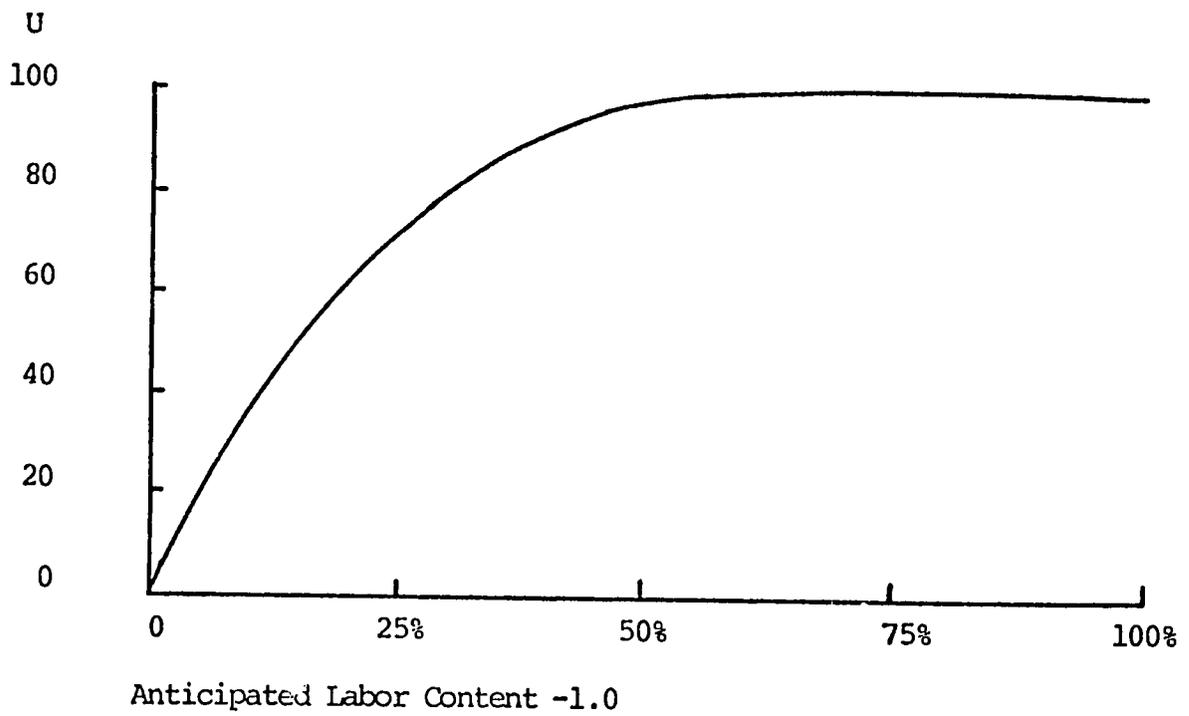
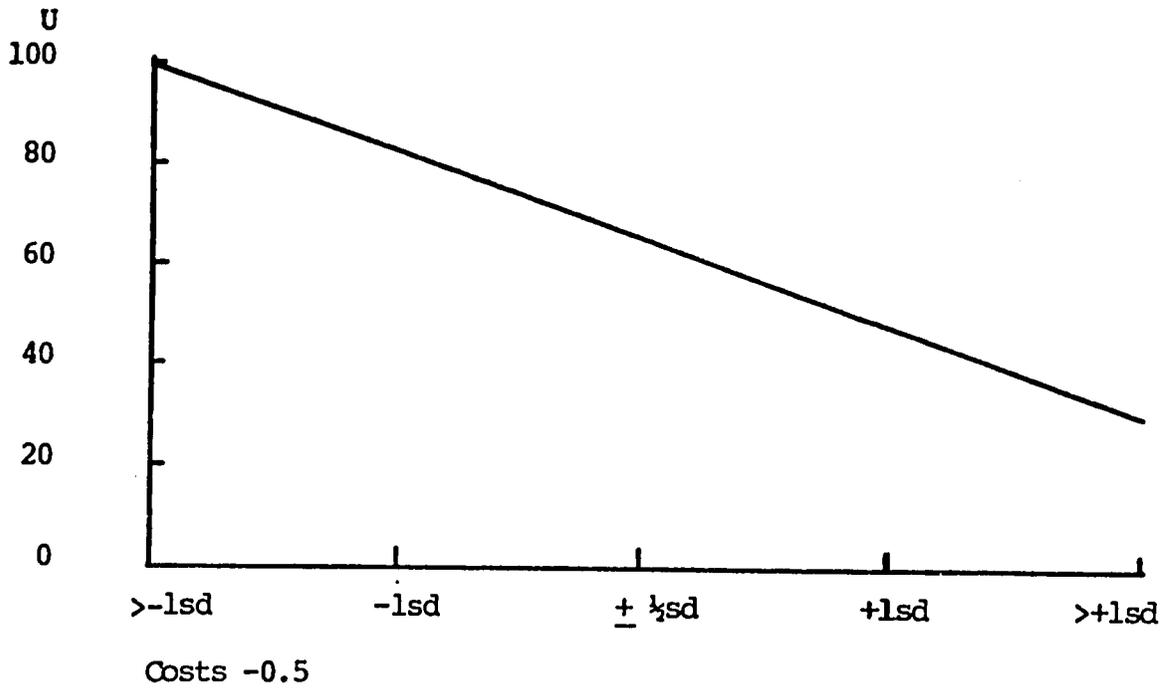
(5) Recurrent Maintenance Costs (1.0). Like labor content, this was assigned the highest utility value as recurrent maintenance type sub-projects are not desirable given existing maintenance constraints pervasive throughout the region. Those sub-projects having the lowest recurring maintenance received the highest utility.

(6) Anticipated Environmental Effect (0.4). Projects considered to possibly have an adverse environmental impact received the lowest utility and those having no, or positive environmental impact, received the highest utility.

(7) Anticipated Start-up Time (0.9). A feature of this project is its relative speed in implementation. Those sub-projects which are immediately ready for financing, or require only slight additional work received the highest utility.

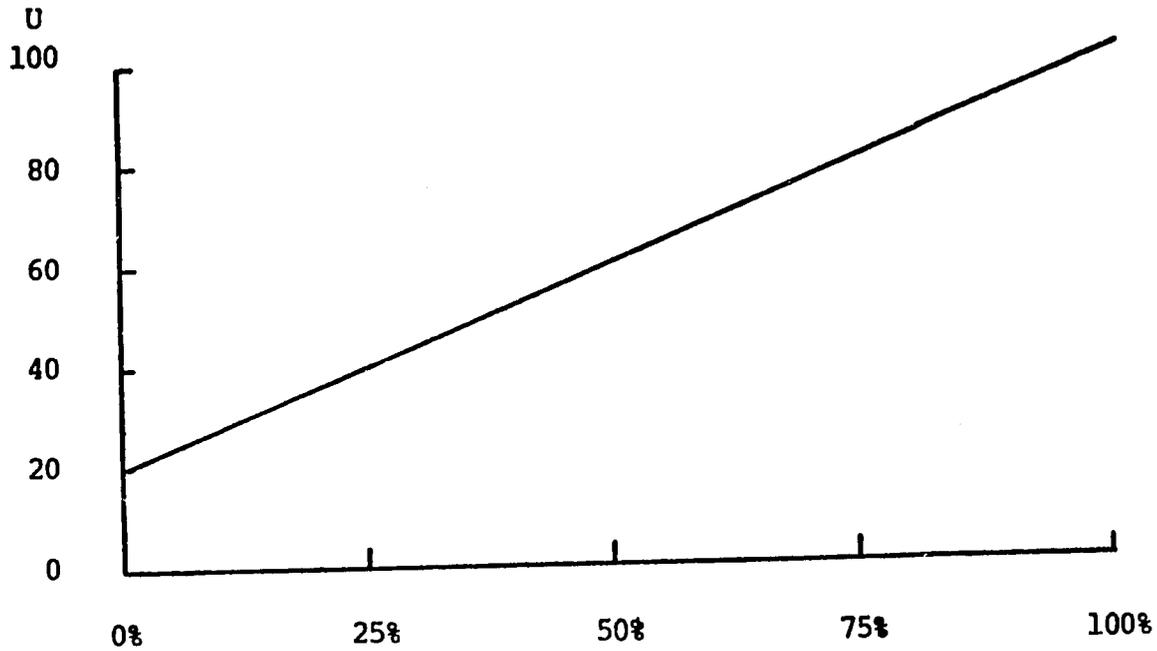
(8) Materials (0.8). To promote employment, locally made and available materials for sub-projects were assigned a higher utility than those which had significant import costs. Locally made materials are a direct contribution to indirect labor.

(9) Cost Per Beneficiary User (0.8). Within categories of sub-projects and where possible (e.g. water systems) user costs were considered as a utility value. High costs per beneficiaries were assigned lower utility, as this would reduce the overall benefits for a fixed level of resources.

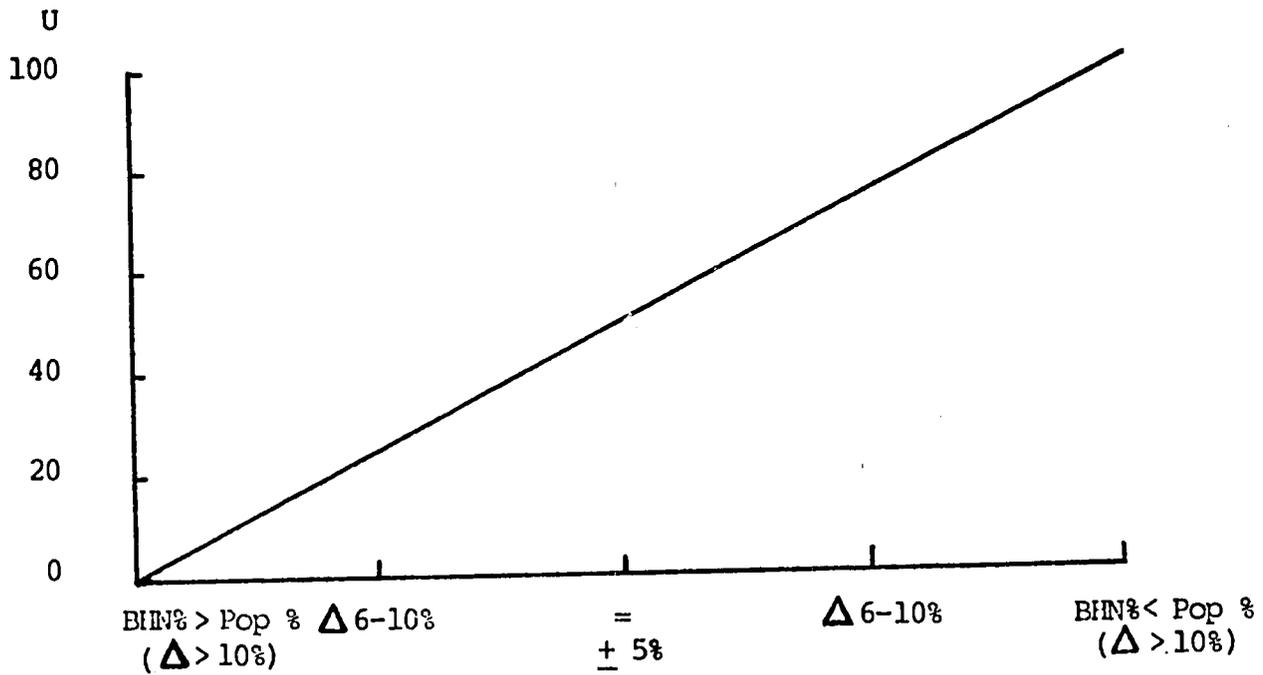


u = utility

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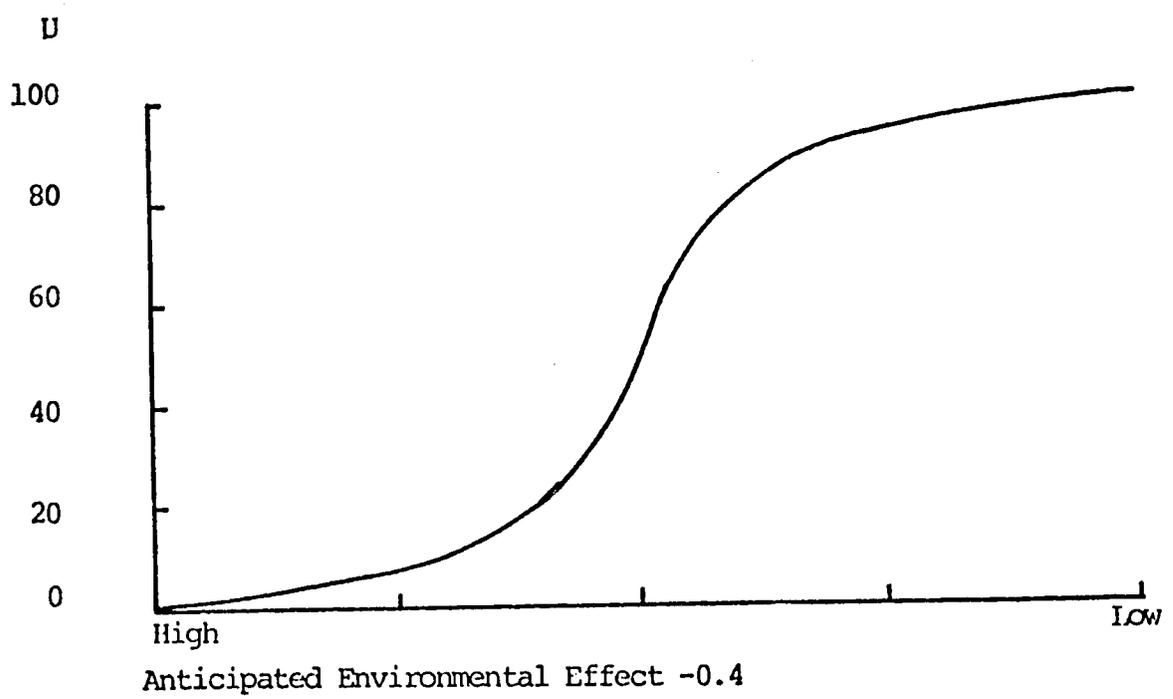
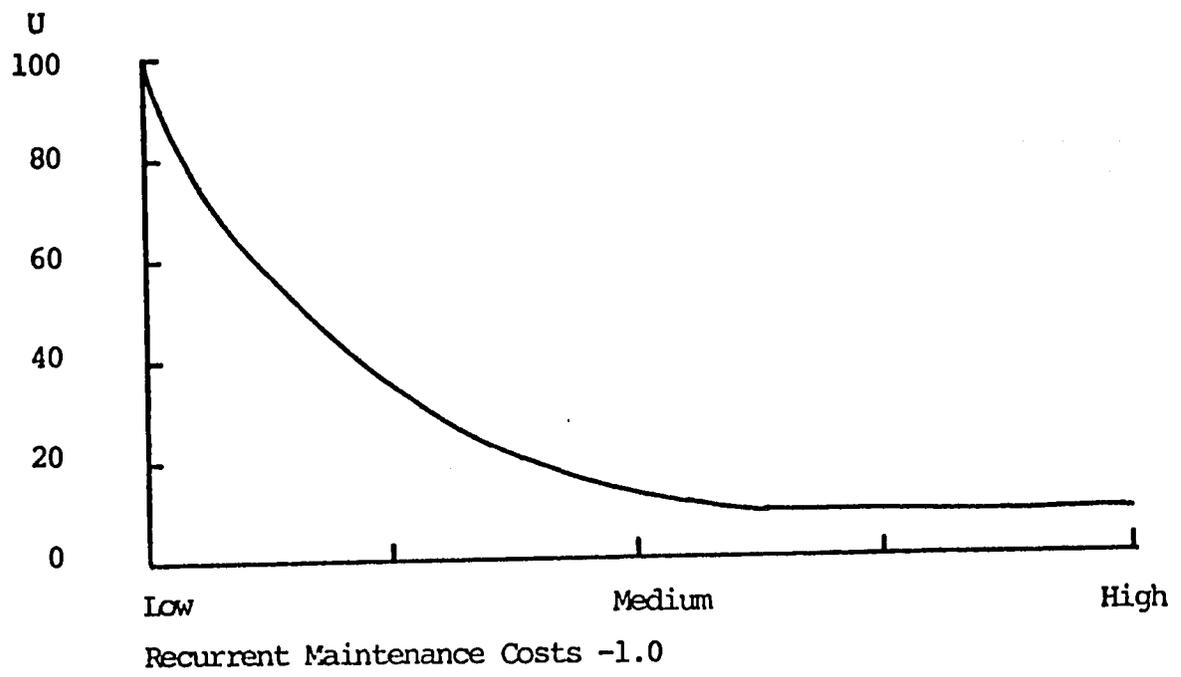


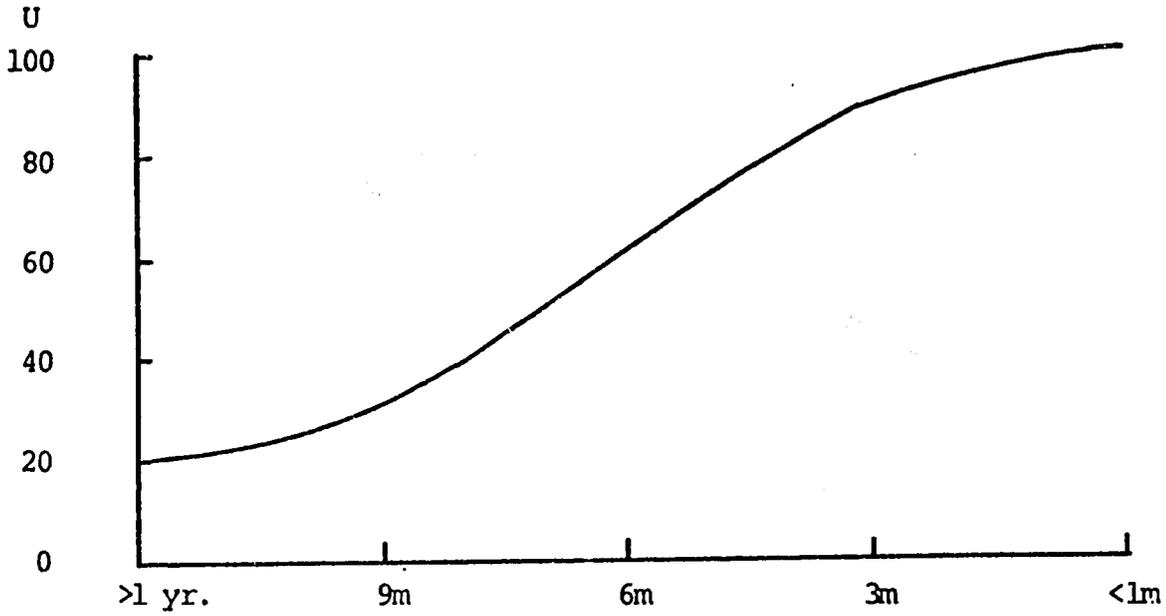
In-house Technical Expertise -0.5



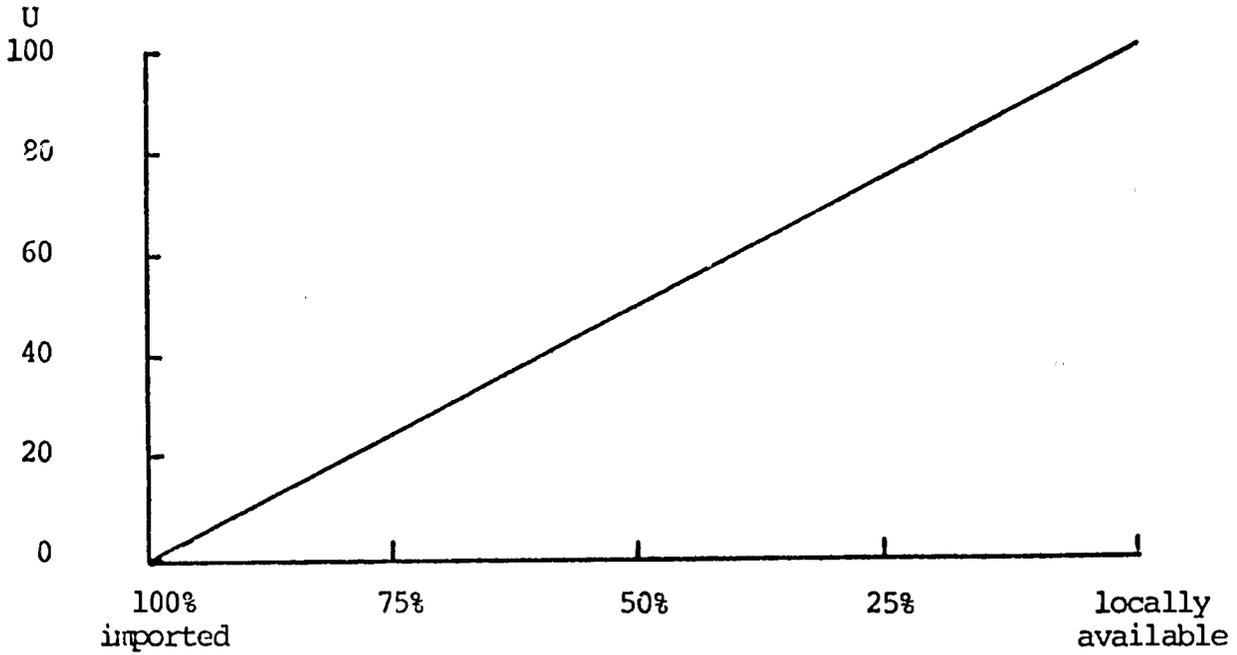
Geographic dispersion (BIN expenditures & population distribution) 0.4

96

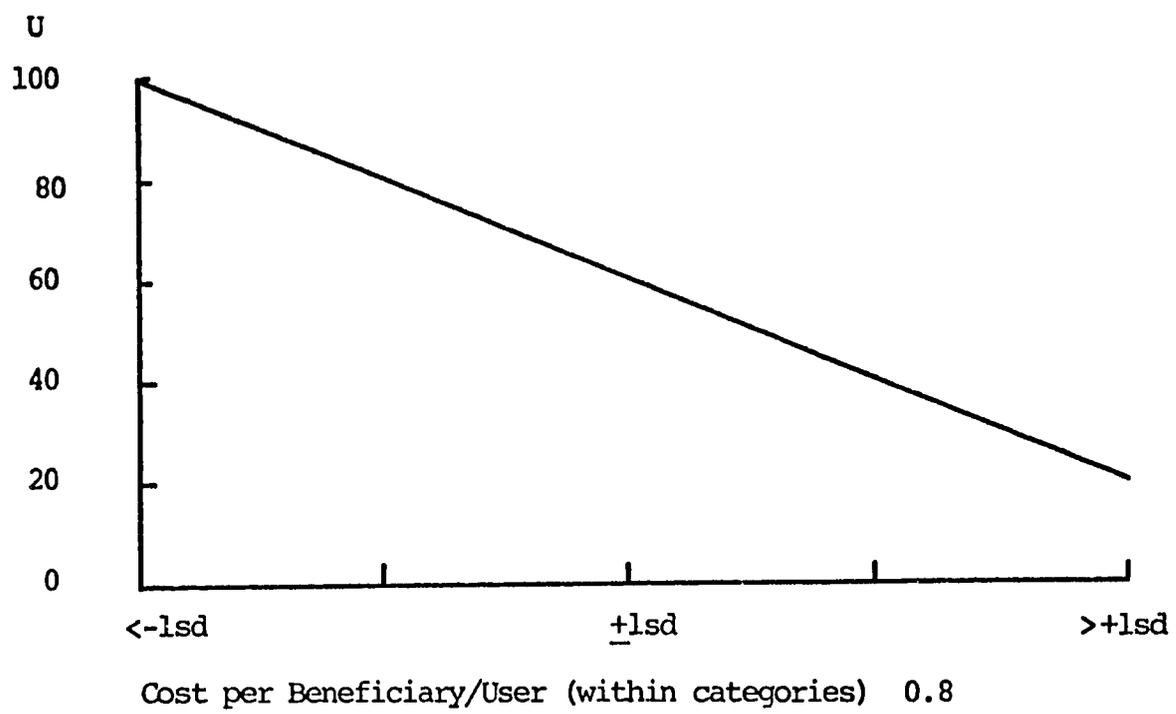




Anticipated Start-up time -0.9



Materials (% imports) -0.8



UTILITY FACTORS - ANGUILLA

	SUB-PROJECT ACTIVITY	COST	LABOUR CONTENT	START-UP TIME	% IMPORTS	MAIN- TENANC	ENVI- RONMENT	IN-HOUSE TECHNICAL	SPREAD	COST/ USER	MCUA
		0.5	1.0	0.9	0.8	1.0	0.4	0.5	0.4		
1.	National Youth Center	90.0	90.0	80.0	50.0	50.0	90.0	60.0	90.0		444.0
2.	Science Block at Sifocol	90.0	80.0	90.0	50.0	50.0	90.0	60.0	80.0		394.0
3.	Improvement to Agriculture Station	90.0	80.0	90.0	50.0	50.0	90.0	60.0	80.0		394.0
4.	Health Clinic and Day-Care Center at Island Harbour	80.0	80.0	80.0	50.0	50.0	90.0	60.0	90.0		384.0
5.	Community Center in the Valley	80.0	80.0	80.0	80.0	50.0	90.0	60.0	90.0		384.0
6.	National Arts Theatre	60.0	60.0	50.0	50.0	50.0	90.0	40.0	40.0		297.0

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COUNTRY: ANTIGUA

UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
9. Bolans Secondary Comprehensive School	15	90	54	16	15	20	20	20	48	293
11. Swetes All Age Primary School	24	90	54	16	15	20	20	20	16	275
10. Clara Hall Secondary School	15	90	54	16	15	20	20	20	48	298
3. Antigua Grammer School	33	95	54	16	15	20	20	20	80	353
2. Liberta Primary School	42	95	54	16	15	20	20	20	80	362
5. All Saints Main Health Center	42	90	54	16	35	20	20	20	48	345
4. Cedar Grove Health Sub- Center	42	90	54	16	35	20	20	20	48	345
8. Mental Hospital	42	90	54	16	35	20	20	20	16	313
6. Fiennes Institute	42	80	54	24	35	20	20	20	48	343
1. Dam Cleaning & Water Shed Improvement	33	95	81	48	15	38	30	20	80	440
7. Storage Facilities for Small Farmers	33	65	54	16	35	20	30	20	48	321

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UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
18. Kings Park Primary School Completion	15	92	54	16	15	20	20	20	48	300
6. Pariaso Primary School Completion	33	92	81	16	15	20	30	20	48	355
9. San Jose Primary School Completion	42	92	81	16	15	20	30	0	48	344
20. Vocational Training Center Belize City	15	91	54	16	15	20	20	20	16	267
2. Georgeville Health Center	33	86	90	12	35	20	20	40	48	384
1. Kings Park Health Center Rehabilitation	42	85	90	16	35	20	20	20	80	403
3. Seine Bight Health Center Rehabilitation	42	92	90	16	35	20	20	20	48	383
12. Chunox Health Center	33	86	90	12	35	20	20	20	16	332
8. Guinea Grass Health Center	33	86	90	12	35	20	20	20	48	344
13. Belize City Water Supply Extension	24	86	81	8	15	8	40	20	48	330
5. Bengue Viejo del Carmen Water System	42	87	81	8	15	8	40	40	48	369
10. Corozal Town Water System	33	87	81	8	15	8	40	20	48	340
17. Orange Walk Town Water System	42	72	81	8	15	8	40	0	48	314
4. San Ignacio Town Water System	42	92	81	8	15	8	40	40	48	374
15. Burrel Boom Water System	33	96	81	8	15	8	40	20	16	317
14. Belmopan Water System Extension	33	94	81	8	15	8	40	40	16	325
7. St. Martin de Porres Multi Purpose Health Center	33	92	90	16	15	20	20	20	48	354
11. Barranco Community Center	33	85	81	16	15	20	20	20	48	338
19. San Benito Poiré School	33	72	81	16	15	20	20	20	16	293
16. Electrification of Indepen- dence Village	33	63	90	8	15	20	20	20	48	317

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COUNTRY: DOMINICA

UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
30. Bellevue Chopin School	24	77	90	16	15	20	40	20	16	318
14. Morne Prosper School	24	77	90	16	15	20	40	40	48	370
7. Wotton Waven School	42	77	90	16	15	20	40	40	48	388
27. Trafalgar School	24	77	90	16	15	20	40	40	16	338
26. Petite Savanne School	15	77	90	16	15	20	40	20	48	341
22. Dublanc School	24	77	90	16	15	20	40	20	48	350
6. Eggleston School	42	77	90	16	15	20	40	20	48	388
19. Snake Coe School	24	77	90	16	15	20	40	20	48	360
11. Morne Jaune Infant School	42	77	90	16	15	20	40	20	48	378
18. Roseau Primary School	15	77	90	16	15	20	40	20	48	301
23. Scotts Head School	24	77	90	16	15	20	40	20	48	350
1. Water Tank for Scotts Head School	42	77	90	16	80	20	40	20	48	465
8. Clifton Health Center	33	77	90	16	35	20	40	20	48	379
5. Gullet River Health Center	24	77	90	16	35	20	40	30	48	389
16. La Paine Health Center	42	77	90	16	15	20	40	20	48	388
13. Castle Bruce Health Center Extension	24	77	90	16	15	20	40	20	16	338
2. Trafalgar Health Center	15	77	90	16	15	20	40	20	48	341
20. Anse d'Mai Health Center	24	77	90	16	15	20	40	20	48	350
9. Coulibistrie Health Center	42	77	90	16	15	20	40	20	48	388
21. Woodford Hill Health Center	33	77	90	16	35	20	40	0	48	359
3. Marigot Health Center	33	77	90	16	35	20	40	0	80	391
10. Pichelin Health Center	33	77	90	16	35	20	40	20	48	379
28. Warner Health Center	33	77	90	16	35	20	40	10	16	337
34. Bellevue Chopin Water System	15	90	90	8	10	8	30	20	16	287
29. St. Joseph Water System	15	90	90	8	15	8	30	20	48	324
25. Savanne Paille Water System	33	90	90	8	15	8	30	20	48	324
12. Bellevue Rawle Water System	42	90	90	8	15	8	30	40	48	371
15. Grand Fond Water System	50	90	90	8	10	8	30	30	48	364
17. Petit Soufriere Water System	42	90	90	8	15	8	30	30	48	361
31. Giraudel Water System	15	90	54	8	15	8	30	40	48	308
4. Petit Savanne Water System	50	90	90	8	15	8	30	20	80	371
24. Clifton Water System	33	90	90	8	15	8	30	20	48	342
32. Weirs/Monkey Hill/North End Water System	33	90	54	8	15	8	30	20	48	306
33. Westly/Woodford Hill Water System	15	90	54	8	15	8	30	20	48	288

Entries are waited utilities

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## COUNTRY: GRENADA

## UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
10. Belair All Age School	33	90	54	16	15	20	40	20	48	336
11. Dover Primary School	33	90	54	16	15	20	40	20	48	336
14. St. Pauls All Age School	15	90	54	16	15	20	40	20	48	318
12. South St. George Primary School	33	90	54	16	15	20	40	20	48	336
13. Hillsborough Jr. Secondary School	24	90	54	16	15	20	40	20	48	327
3. St. Pauls Visiting Station (health)	50	90	81	16	35	20	40	20	48	400
4. Hermitage Visiting Station (health)	50	90	81	16	35	20	40	20	16	368
9. General Hospital	15	88	81	12	35	30	20	20	48	339
5. Princess Alice Hosptial	33	93	81	12	35	20	20	20	48	362
1. Soil Water Management Carriacou	42	97	81	64	35	38	20	20	48	445
2. Afforestation at Annandle Watershed	33	91	81	15	15	8	40	20	48	403
7. Les Avocats Water System	33	91	81	15	15	8	40	20	48	351
8. Dougladston Water System	33	86	81	11	15	8	40	20	48	342
6. Tufton Hall Water System	42	90	81	14	15	8	40	20	48	358

COUNTRY: ST. KITTS/NEVIS

UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
6. Basseterre Primary School	15	90	81	16	15	20	30	40	48	355
12. Trinity Primary School	33	90	81	16	15	20	30	20	16	321
9. St. Johnson Village School	15	90	81	16	15	20	30	40	48	355
7. Estridge School	33	90	81	16	15	20	30	30	48	363
5. Molineux Primary School										
Extension & Rehabilitation	33	93	81	16	15	20	30	30	48	366
2. Sandy Point High School										
Extension & Rehabilitation	33	93	81	16	15	20	30	30	80	398
4. Cayon High School Extension & Rehabilitation	33	93	81	16	15	20	30	0	80	368
6. Cardin Home for Aged Extension & Rehabilitation	33	93	81	16	35	20	30	40	16	364
1. Pathology Lab at JNF Hospital	42	93	81	16	35	20	30	40	48	405
3. Pogson Hospital Extension & Rehabilitation	42	93	81	16	35	20	30	30	43	395
10. Tabernacle Reservoir	33	90	90	16	35	20	30	20	16	350
14. Brighton - Oxleys Pipeline Extension	42	80	54	8	15	8	30	0	48	285
13. Belmont Reservoir & Pipeline	33	80	54	8	15	8	30	20	48	296
11. Dieppe Bay Water Distribution	42	80	54	8	15	8	30	20	30	337
NEVIS:										
4. St. Johns Primary School	24	80	54	16	15	20	30	20	48	307
3. Vocational School at Charleston	33	80	54	16	15	20	20	40	48	326
2. Burden Pasture Pipeline	42	50	90	8	15	20	50	20	48	343
1. Maddens Livestock Farm Rehabilitation	42	92	90	32	10	32	40	40	48	426

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UTILITY FACTORS - MONTERRAT

Subproject Activity	Cost	Labor Contact	Start-up Time	% Imports	Main-tenance	Environ-ment	In-House Technical	Spread	Cost/ User	Aggregated Utility
	0.5	1.0	0.9	0.8	1.0	0.4	0.5	0.4	0.81	
1. Improvements to Health Centers	90.0	80.0	100.0	90.0	60.0	90.0	90.0	90.0	100.0	544.0
2. Pasture Development	80.0	90.0	90.0	80.0	60.0	90.0	90.0	80.0	100.0	528.0
3. Irrigation for Agriculture	60.0	90.0	90.0	80.0	60.0	80.0	90.0	90.0	80.0	518.0
4. Post Harvest Pest Control	50.0	90.0	90.0	40.0	40.0	90.0	60.0	90.0	90.0	442.0
5. Plymouth Junior Secondary	80.0	60.0	90.0	90.0	60.0	90.0	80.0	40.0	40.0	437.0
6. Salem Votech School	80.0	60.0	90.0	90.0	60.0	90.0	80.0	30.0	40.0	423.0
7. Votech/Skills Training	50.0	50.0	40.0	40.0	60.0	80.0	60.0	90.0	60.0	349.0

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COUNTRY: ST. VINCENT

UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 1.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
21. New Croun Primary School	24	90	68	16	15	20	20	20	48	321
14. Kingstown Primary School	15	90	68	16	15	20	20	40	80	364
18. Dubois Multi-purpose Work- shop	42	90	68	16	15	20	20	20	48	339
17. South Rivers Water System	24	98	90	40	15	18	30	20	16	341
9. Mamoon Water System	50	98	90	40	15	8	30	20	48	399
13. Dalaway Water System	50	95	90	20	15	8	30	2	48	376
12. John Hill Water System	42	100	90	32	15	8	30	20	48	335
5. Majorca Water System	50	100	90	40	15	8	30	20	80	433
11. Sandy Bay/Fancy/Higher Lowmans Water System	42	98	90	40	15	8	30	20	48	391
16. Beguia/Union Island Water Catchments	42	90	90	16	15	8	30	10	48	349
15. Reafforestation Grenadines	33	93	81	24	15	40	40	10	103	352
1. Soil Conservation Carapan/ Rivulet	42	100	81	46	15	40	40	20	80	464
3. Coastal Protection Argyle Rock	33	98	81	60	35	40	30	20	48	445
4. Coastal Protection Langley Park	33	98	81	60	35	40	30	20	48	445
2. Coastal Protection Spring	33	98	81	60	35	40	30	30	48	455
8. Park Hill - Village Road	33	98	86	60	10	20	30	20	48	405
6. Choppins Village Road	33	98	86	60	10	20	30	0	80	417
7. Fairhall Fairbarn Pasture Road	33	98	86	60	10	20	30	0	80	417
10. Grenadines Villages Roads	33	98	86	60	10	20	30	10	48	395
22. Park Hill Skills Training Extension	50	90	68	16	15	20	20	20	16	315
23. Dauphine Multi-Purpose Bldg	33	90	68	16	15	20	20	0	48	310
20. Vermont Multi-Purpose Bldg	33	90	68	16	15	20	20	20	48	330
19. New Grounds Community Center	33	0	68	16	15	20	20	20	48	330

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COUNTRY: ST. LUCIA

UTILITY FACTORS

Subproject Activity	Cost 0.5	Labor Contact 1.0	Start-up Time 0.9	% Imports 0.8	Main- tenance 1.0	Environ- ment 0.4	In-House Technical 0.5	Spread 0.4	Cost/ User 0.8	Aggregated Utility Score
23. Millet Combined School Extension	15	85	54	16	15	20	30	10	16	261
11. Dugard Combined School Extension	33	85	90	16	15	20	30	10	48	342
19. Morne DuDon School Extension	15	85	54	16	15	20	30	40	48	323
6. Anglican Primary School Extension	15	85	54	16	15	20	30	40	80	355
15. Castries Boys Infant School Extension	24	85	54	16	15	20	30	40	48	332
2. Grand Riviere/Gros Islet Health Center	33	85	81	16	35	20	30	20	48	368
5. Jackmel Health Center	33	85	81	16	35	20	30	10	48	326
17. Etangs/Soufriere Health Center	33	85	81	16	35	20	30	10	16	326
4. Bellevue/Vieux Fort Heath Centre	33	85	81	16	35	20	30	10	48	353
7. Saltibus Mains Improvement	33	90	81	12	10	8	50	20	48	352
8. Dennery Water System	42	90	90	12	10	8	50	0	48	350
1. Forestierre/Ti Rocher Water System	42	80	81	10	10	8	50	40	48	369
16. Perrot/Vigie Water System	33	80	81	10	10	8	50	10	48	330
3. Anse La Verdue Water System	42	90	81	12	10	8	50	20	48	361
12. Garrard/De Barra Water System	33	85	81	12	10	8	50	20	48	347
13. Tete Chemin Water System	42	85	81	12	10	8	50	10	48	346
20. Bois D'Inde/Belford Water System	33	85	81	12	10	8	50	10	16	305
9. Balca/Londenderry Water System	42	80	81	10	10	8	50	20	48	349
10. Babonneau/Paix Bouche Water	33	85	81	12	10	8	50	20	48	347
14. Community Water Projects	33	80	81	12	10	8	50	20	48	342
22. Babonneau Milti-Purpose Center	15	85	54	16	15	20	30	20	16	271
24. Dennery Multi-Purpose Center	15	85	54	16	15	20	30	0	16	251
21. Marchand Multi-Purpose Center	15	85	54	16	15	20	30	20	48	303
18. Micoud Multi-Purpose Center	15	85	54	16	15	20	30	40	48	323

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ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/ANGUILLA

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	National Youth Skills Training Center	444	75,200
2.	Science Block at Sixth Form College	394	28,600
3.	Improvement to Agricultural Station	394	16,500
4.	Health Clinic and Day Care Center at Island Harbor	384	45,100
5.	Multi Purpose Center in the Valley (adult education agricultural activities, etc.)	384	78,900
6.	National Arts Theatre and Museum	297	<u>112,800</u>
		TOTAL	<u>US\$357,100</u>

ELIGIBLE SUB-PROJECTS AND COSTSRANK ORDERED BY UTILITY/ANTIGUA

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Dam Cleaning & Water Shed Improvement	440	135,300
2.	Liberta Primary School	362	40,800
3.	Antigua Grammer School	353	99,700
4.	Cedar Grove Health Sub-Center	345	5,800
5.	All Saints Main Health Center	345	17,500
6.	Upgrading Fiennes Institute (Geriatric Hospital)	345	17,200
7.	Storage Facilities for Small Farmers	321	139,880
8.	Mental hospital Addition	313	35,500
9.	Bolans Secondary Comprehensive School	298	454,900
10.	Clara Hall Secondary School	298	378,900
11.	Swetes All Age Primary School	275	<u>303,200</u>
			US\$1,628,600 =====

ELIGIBLE SUB-PROJECTS AND COSTSRANK ORDERED BY UTILITY/BELIZE

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Kings Park Health Center	408	27,900
2.	Georgetown Health Center	384	59,800
3.	Seine Bight Health Center Rehabilitation	383	16,800
4.	San Ignacio Town Water System.	374	27,900
5.	Bengue Viejo del Carmen Water System	369	19,400
6.	Pariaso Primary School Completion	355	46,500
7.	St. Martin de Porres Multi Purpose Health Center	354	40,400
8.	Guinea Grass Health Center	344	59,800
9.	San Jose Primary School	344	30,500
10.	Corozal Town Water System	340	60,500
11.	Barranco Community Center	338	35,200
12.	Chunox Health Center	332	59,800
13.	Belize City Water System Extension	330	102,300
14.	Belmopan Water System Extension	325	69,600
15.	Burrel Boom Water System	317	62,100
16.	Electrification of Independence Village	317	51,800
17.	Orange Walk Town Water System	314	9,200
18.	Kings Park Primary School Completion	300	208,400

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No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
19.	San Benito Poire School	317	51,800
20.	Vocational Training Center Belize City	267	<u>229,300</u>
			US\$1,268,700 =====

ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/DOMINICA

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Water Tank for Scotts Head School	465	20,700
2.	Trafalgar Health Centre	399	62,300
3.	Marigot Health Centre	391	62,300
4.	Petit Savanne Water System	391	4,100
5.	Gullet River Health Centre	389	62,300
6.	Eggleston School	388	25,900
7.	Wotton Waven School	388	25,900
8.	Clifton Health Centre	379	62,300
9.	Coulibistrie Health Centre	379	62,300
10.	Pichelin Health Centre	379	62,300
11.	Morne Jaune Infant School	378	51,900
12.	Bellevue Rawle Water System	371	39,800
13.	Castle Bruce Health Centre Extension	371	147,000
14.	Morne Prosper School	370	121,100
15.	Grand Fond Water System	364	15,100
16.	La Paine Health Centre Extension	361	147,000
17.	Petite Soufriere Water System	361	32,400
18.	Roseau Primary School	361	244,800
19.	Snake Cce School	360	138,300
20.	Anse d'Mai Health Centre	359	62,300
21.	Woodford Hill Health Centre	359	62,300

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No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
22.	Dublanc School	350	138,300
23.	Scotts Head School	350	103,800
24.	Clifton Water System	342	60,700
25.	Savanne Paille Water System	342	82,500
26.	Petite Savanne School	341	155,600
27.	Trafalgar School	338	138,300
28.	Warner Health Centre	337	138,300
29.	St. Joseph Water System	324	304,900
30.	Bellevue Chopin School	318	103,800
31.	Giraudel Water System	308	165,700
32.	Weirs/Monkey Hill/North End Water System	306	66,400
33.	Westly/Woodford Hill Water System	288	374,500
34.	Bellevue Chopin Water System	287	<u>165,700</u>
		TOTAL	US\$3,491,300 =====

ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/GRENADA

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Soil & Water Management Carriacou	445	70,000
2.	Afforestation of Annandle Watershed	403	245,900
3.	St. Paul's Visiting Station (Health)	400	49,000
4.	Hermitage Visiting Station (Health)	368	49,000
5.	Princess Alice Hospital	362	149,500
6.	Tufton Hall Water System	358	124,800
7.	Les Avocats Water System	351	166,200
8.	Dougladston Water System	342	157,900
9.	General Hospital	339	477,300
10.	Belair All Age School	336	222,200
11.	Dover Primary School	336	185,300
12.	South St. George Primary School	336	203,800
13.	Hillsborough Jr. Secondary School	327	296,100
14.	St. Pauls All Age School	318	<u>444,000</u>
		TOTAL	US\$2,741,000 =====

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No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
<u>NEVIS</u>			
1.	Maddens Livestock Farm Rehabilitation	426	94,000
2.	Burden Pasture Pipeline	343	56,400
3.	Vocational School at Charleston	326	175,400
4.	St. John's Primary School	307	<u>282,000</u>
			US\$607,800 =====

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ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/MONTSERRAT

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Improvement of Clinic and Health Center	544	169,200
2.	Pasture Development	528	105,300
3.	Irrigation for Agriculture	518	52,600
4.	Post Harvest Pest Control	442	94,000
5.	Plymouth Vocational/Technical School	437	169,200
6.	Rehabilitation of Salem Junior Secondary School	423	41,400
7.	Montserrat Skills Training Center	349	342,100
		TOTAL	<hr/> US\$414,600 =====

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ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/ST. LUCIA

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Forestierre/Ti Rocher Water System	369	36,400
2.	Grand Riviere/Gros Islet Health Center	368	67,700
3.	Anse La Verdue Water System	361	23,800
4.	Belle Vue/Vieux Fort Health	358	6,900
5.	Jackmel Health Center	358	62,000
6.	Anglican Primary School Extension	355	124,500
7.	Saltibus Mains Improvement	352	41,800
8.	Denney Filters Water	350	18,900
9.	Balca/Londenderry Water System	349	15,400
10.	Babonneau/Paix Bouche Water System	347	67,000
11.	Dugard Combined School Extension	347	41,500
12.	Garrard/De Barra Water System	347	63,100

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No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
13.	Tete Chemin Water System	346	15,500
14.	Community Water Projects	342	47,600
15.	Castries Boys Infant School Extension	332	83,000
16.	Perrot/Vigie Water System	330	49,800
17.	Etangs/Soufriere Health Center	326	71,400
18.	Micoud Multi-Purpose Center	323	103,800
19.	Morne Dubon School Extension	323	124,500
20.	Bois D'Inde/Belford Water System	305	48,500
21.	Marchand Multi-Purpose Center	303	103,800
22.	Babonneau Multi-Purpose Center	271	103,800
23.	Millet Combined School Extension	261	103,800
24.	Dennery Multi-Purpose Center	251	<u>103,800</u>
			US\$1,525,400 =====

ELIGIBLE SUB-PROJECTS AND COSTS

RANK ORDERED BY UTILITY/ST. VINCENT

No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
1.	Soil Conservation Carapan/ Rivulet	464	107,500
2.	Coastal Protection at Spring	455	215,000
3.	Coastal Protection at Argyle Rock	445	215,000
4.	Coastal Protection at Langley Park	445	215,000
5.	Majorca Water System	433	23,300
6.	Choppins Village Road	417	161,300
7.	Fairhall Fairbarn Pasture Road	417	161,300
8.	Park Hill - Village Road	405	161,300
9.	Mamoon Water System	399	54,100
10.	Grenadines - Village Roads	395	215,000
11.	Sandy Bay/Fancy/Higher Lowmans Lowmans Water System	391	100,900
12.	John Hill Water System	385	109,800
13.	Dalaway Water System	376	41,000
14.	Kingstown Primary School	364	564,100
15.	Reafforestation Grenadines	352	169,200
16.	Begua/Union Island Water Catchments	349	111,800
17.	South Rivers Water System	341	313,700
18.	Dubois Multi-purpose Workshop	339	211,900
19.	New Grounds Multipurpose Building	330	230,800
20.	Vermont Multipurpose Building	330	230,800
21.	New Ground Primary School	321	304,800

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No.	Name of Sub-Project Activity	Aggregated Utility Score	Estimated Costs US\$
22.	Park Hill Skills Training Extension	315	47,300
23.	Dauphine Multipurpose Building	310	<u>230,800</u>
			US\$4,094,700 =====

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DIRECT LABOR IMPACT FOR BUILDING/CLINICS\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica	26.6	1,294	499.83	133.07	21.6
Grenada	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
St. Lucia	35.0	701	429.48	172.40	19.5
St. Vincent	33.5	2,036	147.35	49.30	21.9
<u>Leeward Islands</u>					
Antigua	21.3	800	606.56	129.25	13.3
Montserrat	35.0	55	339.04	118.50	51.9
St. Kitts/Nevis					
Belize	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
<b>TOTAL</b>	<b>27.4</b>	<b>4,986</b>	<b>367.00</b>	<b>103.33</b>	<b>18.9</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

12/2

DIRECT LABOR IMPACT FOR BUILDING/SCHOOLS\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica	24.4	7,990	526.50	128.20	46.5
Grenada	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
St. Lucia	35.0	4,857	429.52	172.41	51.1
St. Vincent	35.4	17,431	150.21	52.65	18.1
<u>Leeward Islands</u>					
Antigua	37.4	4,628	397.86	148.65	67.1
Montserrat	47.6	741	575.35	109.62	27.5
St. Kitts/Nevis	30.0	2,974	534.00	160.50	34.2
Belize	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
<b>TOTAL</b>	<b>32.4</b>	<b>38,521</b>	<b>338.50</b>	<b>109.70</b>	<b>27.4</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

123

DIRECT LABOR IMPACT FOR BUILDING/OTHER PUBLIC\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica	45.1	1,863	284.11	128.19	27.4
Grenada	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
St. Lucia					
St. Vincent	33.7	1,445	197.87	66.67	19.5
<u>Leeward Islands</u>					
Antigua	47.2	2,084	267.72	126.28	80.2
Montserrat					
St. Kitts/Nevis					
Belize	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
<b>TOTAL</b>	<b>43.5</b>	<b>5,392</b>	<b>254.66</b>	<b>109.11</b>	<b>32.1</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

124

DIRECT LABOR IMPACT FOR WATER SYSTEMS\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica	38.0	5,573	280.65	106.62	43.5
Grenada	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
St. Lucia	25.1	1,438	914.21	229.50	57.4
St. Vincent					
<u>Leeward Islands</u>					
Antigua					
Montserrat	17.6	972	372.14	65.33	46.3
St. Kitts/Nevis	32.3	2,623	416.56	134.73	24.7
Belize	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
<b>TOTAL</b>	<b>29.9</b>	<b>8,605</b>	<b>438.32</b>	<b>131.05</b>	<b>336.8</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

1025

DIRECT LABOR IMPACT FOR DRAINAGE\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica					
Grenada			NOT INCLUDED IN PREVIOUS PROJECT EVALUATION		
St. Lucia	45.0	1,654	322.02	152.90	38.5
St. Vincent					
<u>Leeward Islands</u>					
Antigua	21.4	2,868	439.95	94.23	37.2
Montserrat					
St. Kitts/Nevis					
Belize			NOT INCLUDED IN PREVIOUS PROJECT EVALUATION		
<b>TOTAL</b>	<b>28.7</b>	<b>4,522</b>	<b>403.45</b>	<b>115.69</b>	<b>37.7</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

198

DIRECT LABOR IMPACT FOR ROADS\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica					
Grenada		NOT INCLUDED IN PREVIOUS PROJECT EVALUATION			
St. Lucia	36	651	413.54	152.83	22.4
St. Vincent	64	15,811	75.33	48.14	32.2
<u>Leeward Islands</u>					
Antigua					
Montserrat	58	1,831	28.70	5.76	33.3
St. Kitts/Nevis					
Belize		NOT INCLUDED IN PREVIOUS PROJECT EVALUATION			
<b>TOTAL</b>	<b>57.6</b>	<b>18,293</b>	<b>82.70</b>	<b>47.63</b>	<b>31.8</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

127

DIRECT LABOR IMPACT FOR REAFFORESTATION\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica					
Grenada	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
St. Lucia	88.2	4,200	58.27	51.38	22.0
St. Vincent					
<u>Leeward Islands</u>					
Antigua					
Montserrat	58.1	1,830	111.62	64.90	33.3
St. Kitts/Nevis					
Belize	NOT INCLUDED IN PREVIOUS PROJECT EVALUATION				
<b>TOTAL</b>	<b>74.5</b>	<b>6,031</b>	<b>74.45</b>	<b>55.48</b>	<b>24.5</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

128

DIRECT LABOR IMPACT FOR SOIL CONSERVATION\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
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COUNTRIES:

Windward Islands:

Dominica

Grenada

NOT INCLUDED IN PREVIOUS PROJECT EVALUATION

St. Lucia

St. Vincent

82

3,401

57.20

47.06

6.7

Leeward Islands

Antigua

Montserrat

St. Kitts/Nevis

53

7,674

63.21

33.67

13.8

Belize

NOT INCLUDED IN PREVIOUS PROJECT EVALUATION

**TOTAL**

61.6

1,1075

61.36

37.78

10.4

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

129

DIRECT LABOR IMPACT FOR LAND CLEARING\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
<u>COUNTRIES:</u>					
<u>Windward Islands:</u>					
Dominica					
Grenada			NOT INCLUDED IN PREVIOUS PROJECT EVALUATION		
St. Lucia					
St. Vincent					
<u>Leeward Islands</u>					
Antigua					
Montserrat	53.2	4,928	106.51	56.66	46.9
St. Kitts/Nevis					
Belize			NOT INCLUDED IN PREVIOUS PROJECT EVALUATION		
<b>TOTAL</b>	<b>53.2</b>	<b>4,928</b>	<b>106.51</b>	<b>56.66</b>	<b>46.9</b>

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

120

DIRECT LABOR IMPACT FOR ROADS\*

	Avg % LC/TC	No. of Man-weeks**	Investment/ Man-week**	Avg Wage Man-weeks**	Avg No. Weeks/Employed**
--	----------------	-----------------------	---------------------------	-------------------------	-----------------------------

COUNTRIES:

Windward Islands:

Dominica

Grenada

NOT INCLUDED IN PREVIOUS PROJECT EVALUATION

St. Lucia

36

651

413.54

152.83

22.4

St. Vincent

64

15,811

75.33

48.14

32.2

Leeward Islands

Antigua

Montserrat

58

1,831

28.70

5.76

33.3

St. Kitts/Nevis

Belize

NOT INCLUDED IN PREVIOUS PROJECT EVALUATION

TOTAL

57.6

18,293

82.70

47.63

31.8

\* information developed during evaluation phase on BHN-1

\*\* construction man-week assumed at 5 days.

PROJECT SUPERVISOR RESPONSIBILITIES

Each country will name a Project Supervisor, subject to the approval of the CDB, to administer and supervise the implementation of the program which will include school rehabilitation and construction and public and social infrastructure improvements and additions. The salary of the Project Supervisor will be eligible for financing. He will possess professional/administrative experience and familiarity with the internal country procedures in the planning, design, financing, construction and maintenance for the range of sub-projects which will comprise the program. The Project Supervisor will have complete responsibility for the administration of the country program, and he will be relieved of all other duties to fulfill program responsibilities which will include:

- (a) Sub-project selection, priority, and development in accordance with established criteria and CDB country financing agreement be approved by country authority.
- (b) Preparation of documentation for CDB sub-project approval and financing; to be coordinated with implementing agency in-house staff and CDB engineering consultant; to be approved by country authority.
- (c) Procurement of labor, materials and equipment for implementation of the sub-project, whether by force account or by contract; to be coordinated with implementing agency and guided and assisted by the CDB engineering consulting.
- (d) Monitoring and inspection of the construction work; to be performed in coordination with the implementing agency and the CDB engineering consultant.
- (e) Approval and submission of progress payment vouchers and disbursements for work accomplished; to be coordinated with the implementing agency and to be certified by the country finance officer and the CDB engineering consultant.
- (f) Approval and documentation of changes to sub-projects in progress within pre-established limitations, and preparation and submission of documentation for CDB approval of changes exceeding pre-established limitations; to be coordinated with implementing agency and certified by CDB engineering consultant.
- (h) Development and preparation of plans for sub-project maintenance, to be coordinated with and incorporated into implementing agency maintenance program.

IMPLEMENTATION MODE SUMMARY TABLE

Activity Type	No. of Sub-Project	Design Consultants Required	Construction by:	
			Government	Private Contractor
<u>EDUCATION</u>				
Dominica	12	no		12
Grenada	5	yes 5		5
St. Lucia	5	no		5
St. Vincent	4	yes 4	4	
Antigua	5	yes 5	5	
St. Kitts/Nevis	9	no		9
Belize	4	yes 1	3	1
<hr/>				
SUB-TOTAL	44	15	12	32
<u>HEALTH</u>				
Dominica	11	no		11
Grenada	4	yes 2		4
St. Lucia	4	no		4
St. Vincent	1	yes 1	1	
Antigua	4	no	4	
St. Kitts/Nevis	3	no		3
Belize	5	no	5	
<hr/>				
SUB-TOTAL	32	3	10	22
<u>WATER SYSTEMS</u>				
Dominica	11	yes 11		11
Grenada	3	no	3	
St. Lucia	11	no	11	
St. Vincent	7	no	7	
Antigua	0	no		
St. Kitts/Nevis	5	no	5	
Belize	7	no	7	
<hr/>				
SUB-TOTAL	44	11	33	11

(13)

Activity Type	No. of Sub-Project	Design Consultants Required	Construction by:	
			Government	Private Contractor
<u>AGRICULTURE</u>				
Dominica	0	no		
Grenada	2	yes 2	2	
St. Lucia	0	no		
St. Vincent	2	no	2	
Antigua	2	no	2	
St. Kitts/Nevis	1	no	1	
Belize	0	no		
<hr/>				
SUB-TOTAL	7	2	7	0
<u>MULTI-PURPOSE BUILDINGS</u>				
Dominica	0	no		
Grenada	0	no		
St. Lucia	12	no	12	
St. Vincent	4	yes 4	4	
Antigua	0	no		
St. Kitts/Nevis	2	no	2	
Belize	3	no	3	
<hr/>				
SUB-TOTAL	21	4	21	0
<u>PUBLIC WORKS</u>				
St. Vincent	7	no	7	
<u>ELECTRICAL</u>				
Belize	1	yes 1	1	
<hr/>				
TOTALS	156	36	90	66
<hr/> <hr/>				

Cost Estimates for Selected Project ComponentsI. Maintenance: \$650,000

(a) Manual Production and Distribution: \$25,000. Under the predecessor BHN project a maintenance manual was prepared and a limited number distributed. The Project will finance distillation of this manual and other CDB maintenance manuals into a day-to-day guide for maintenance and following workshops as follows: 200 copies @ \$25/copy (\$5,000); distribution to nine countries (\$1,500); compilation (\$6,500); and workshops (\$12,000).

(b) Maintenance Plans Development: (\$50,000). Each participating country will receive short-term technical assistance in developing maintenance plans required under the Project. This is calculated as follows: airfare (\$6,000); per diem (\$9,000); salary (\$33,750) (450/day/75 days); other costs (\$1,200).

(c) Public Awareness Activities: \$50,000: Throughout the three and a quarter year life of project, emphasis will be placed on maintenance awareness and needs. Posters, radio spots, newspaper advertisements and leaflets will be prepared and disseminated to the nine participating countries. This is calculated as follows: professional materials development (\$10,800); posters (\$7,500); leaflets (\$12,000); and radio spots (\$19,700,000).

(d) Country Maintenance Funds: \$400,000. An estimated \$12.55 million in sub-projects will be constructed. Maintenance costs are estimated at 3% of the value of the sub-projects. Allowing for inflation, these funds will be divided amongst the nine participating countries as follows: \$25,000 x 7 larger LDCs x 2 years, \$10,000 x Anguilla x 2 years and \$15,000 x Montserrat x 2 years.

(e) Maintenance Implementation: \$125,000. Following the maintenance evaluation, funds are to be provided to implement relevant recommendations, including, for example, adaptation of appropriate technologies, strengthening community involvement and financing materials, as needed, correct minor maintenance needs of BHN sub-projects.

II. Project Management and Implementation

(a) Sub-Project Identification: \$22,000. Financing will be provided to cover costs associated with identification of sub-projects. These are calculated as follows: Professional staff (\$13,000); travel (\$2,500) and per diem (\$6,500).

(b) Project Seminars: \$20,000. Two seminars will be held in Barbados for the supervisors from the nine participating countries. These are calculated as follows: First seminar - travel (\$3,000); per diem (\$15,000) and other miscellaneous cost \$1,000). Second seminar - travel (\$3,600); per diem (\$6,200) and other miscellaneous costs (\$1,200).

(c) CDB Direct Hire: \$450,000. The Project will finance CDB staff engaged either full or part-time for the life of the Project. These costs are calculated as follows: two full-time engineers and part-time senior management (\$325,500); one part-time architect (\$44,000); one full-time secretary (\$42,500); and ancillary legal (\$17,000) and finance department (\$21,000) services.

(d) Public Information: \$68,000. The Project will finance assistance the countries to publicize employment opportunities (particularly among the unemployed youth and women) as well as site publicity for the individual sub-projects. These will cover radio spots, newspaper advertisements and signs for approximately 100 sub-projects.

(e) Travel: \$100,000. The Project will provide financing to cover inter-island travel and per diem of the CDB management team. Six trips per participating country per year are planned. Over a three and a quarter year period these are calculated as follows: airfare (\$40,000) and per diem (\$60,000).

(f) Indirect Costs: \$190,000. The Project provides financing for indirect costs associated with carrying out the Project. The CDB indirect rate of 34% has been applied to direct costs (travel and direct hire).

(g) Contingency: \$90,000. A contingency allowance of 10% has been made for items (a) and (c) above.

(h) Country Project Supervisors: (\$360,000). The Project provides for salaries and local transportation for nine resident country project supervisors. These are calculated as follows: Year 1 - \$110,000 (\$12,200/supevisor/country); Year 2 - \$120,000 (\$13,300/supervisor/country); and Year 3 - \$130,000 (\$14,400/supervisor/country).

(i) A&E Consultant: \$1.5 million. A total of \$12.55 million in construction activities will be carried out under the Project. Based on AID and CDB standards, this will require an average of 12% for A&E services as follows: 3.6% site investigation and initial design; 4.8 % detailed design and letting of contract and 3.6% for supervision of construction.