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JAMAICA
ACTION PLAN FY 1987-88

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JAMAICA FY 1987/88 ACTION PLAN

Introduction

Simultaneously with the drafting of this Action Plan, a Tripartite Team of senior economists representing A.I.D., the IMF and the IBRD, was preparing a proposed medium term economic growth program for Jamaica. This Team was formed in response to Prime Minister Seaga's request to the three donors that they collaborate in a fresh look at the Jamaican economic reality. The purpose of the mission was to seek a strategy of economic development that embodied real growth and macro-economic stability, but with less traumatic adjustment requirements on the lower income strata.

The report of the Tripartite Team has not yet been issued. However, the field work and background research have been completed and first drafts of the various sections are being reviewed by the Team members. This Action Plan draws heavily on the work of the Tripartite Team, and is consistent with the medium term (5-year) approach expected in the final report. The program is expected to lead to positive growth of per capita income by the third year, which corresponds roughly to the end of the period to which this Action Plan is addressed.

I. Strategy and Policy

A. Summary

To achieve positive economic growth in the period covered by this Action Plan will be a monumental task. The constraints are severe, and the prospects for higher levels of external assistance are bleak. Additional external assistance will have to be on highly concessional terms to afford significant relief. Jamaica's external debt service obligations this fiscal year are 60% of export earnings and 40% of GDP. These payments will rise next year. Given these imposing debt service obligations and the improbability of significant net increments to foreign assistance flows, the decline of the Jamaican economy can be arrested over the next two years only through one or more of the following:

- (1) A sudden and dramatic maturing of recent investments;
- (2) A dramatic increase in average rates of return on investment;
- (3) Unprecedented increases in domestic saving relative to GDP;
- (4) Exceptional and sustained private capital inflows from abroad.

There is nothing revolutionary in the qualitative dimension of this prescription. More productive use of resources, more internally generated resources through domestic saving, and more externally generated resources through attraction of foreign savings, are universally recognized sources of economic growth. What makes the Jamaican situation unusually difficult is the magnitude of the changes required in the behavior of economic agents, to realize very modest near-term gains. Thus the particular challenge to A.I.D. and other donors in Jamaica is to coordinate and focus their programs sharply to maximize their impact on efficiency, domestic saving, and the attraction of foreign saving.

Over the past five years, the Government of Jamaica has undertaken, and the donors have supported, numerous and often bold steps to stimulate performance in these three areas. There has also been untold frustration, mainly from two sources. First, external conditions over which Jamaica exercises no control have administered shocks that have resulted in large shortfalls of resources relative to the optimistic levels against which programs were planned. Second, policy changes that were politically difficult to enact, and often painful to large segments of the community, have not been followed by observable improvements in living standards.

The latter source of frustration reflects the interdependence of the components of the economy. Deep cuts in the public sector payroll, for example, have been accompanied by sharp rises in interest payments on foreign debt. Currency devaluations aimed at trimming demand for foreign exchange have been accompanied by reductions in foreign exchange inflows. Inducements to private investment have been accompanied by sharp increases in interest rates to private borrowers.

At present there is a serious risk that the progress that has been made toward structural reform will be lost before the adjustment is completed. The public tolerance for austerity is near its limit. Tourism, which has supplanted bauxite/alumina as the principal foreign exchange earner, is fragile. Small doses of social unrest can inflict serious damage in this sector. Contraction of the relatively inefficient import substitution sectors is beneficial only if there is corresponding development in the tradeable goods sectors. Thus USAID/Jamaica's task for the next two U.S. fiscal years is clear. The program must accelerate the Jamaican economy's response to the structural and policy changes that are already in place; support and achieve the accelerated adoption of those still needed; and disburse all approved funds as promptly and as fully as is consistent with sound stewardship and efficiency.

The objectives that are proposed to guide the Mission in fulfilling its task may be categorized under four headings:

- (1) To increase the share of resources allocated to, and the value of, exports to hard currency markets;
- (2) To achieve private sector led positive real economic growth in calendar year 1987 and beyond;
- (3) To focus DA resources, including pipeline, on fast disbursing deployments with highly visible payoffs; and
- (4) To ease significantly the adjustment burden borne by low income households.

These objectives are not substantively different from those described in last year's Action Plan. Nor have economic conditions changed significantly. The program described in this paper therefore provides for a continuation of the focus approved last May. Modification of method and style reflect the incorporation of lessons learned and experience gained over the past year.

B. Relevant Actions

Since approval of the FY 1986/87 Action Plan in May, 1985, two comprehensive portfolio reviews have been undertaken. The objective of the reviews was to find ways to improve the performance of the Mission's portfolio: (1) by reallocating funds consistently with changed economic conditions and priorities; and (2) by improving the pace and management of project implementation. As a result, funds have been deobligated from slow moving problem activities and reobligated into more relevant, streamlined and quick disbursing initiatives. More generous A.I.D. financing of local currency costs and more expeditious disbursement mechanisms have been adopted. Activities that have proceeded effectively, and that are directly relevant to the Mission's efficiency and equity objectives, are in the process of being expanded and/or extended. One example is the Board of Revenue Assistance Project.

New projects in on site, applied agricultural research, management training, and industrial development are being designed for field approval in FY 1986. Block grants under the Technical Consultations and Training Grant are being utilized to promote investment and non-traditional exports. Broader use of Host Country procurement and contracting procedures and of locally available technical assistance have freed project officer time for closer management of project implementation.

To ensure consonance of Mission and GOJ strategy goals and objectives, a series of direct consultations between the Mission Director, the Prime Minister and key Cabinet ministers has been undertaken. This dialogue has produced a mutually determined basis for the ongoing, major overhaul of USAID's portfolio. All parties are acutely aware of the unavoidable constraints which are a direct result of the decreasing availability of financial and human resources. The consultative process that has evolved facilitates the effort to react to the most urgent development problems within these constraints.

In response to changed circumstances and the need to accelerate disbursement, the Mission has advanced its project design schedule. Consequently, no major new initiatives are planned at this time for FY 1988, and only one for FY 1987. Fluid conditions may, of course, present attractive opportunities. Likewise, as projects start to move, they will be candidates for expansion as they could quickly disburse added funds; Primary Education is one such possibility. Projects begun in FY 1985, and planned for FY 1986, will be more than sufficient to absorb, using incremental funding, DA resources likely to be available to Jamaica in FY 1987/88. By the beginning of FY 1988 the success or failure of this strategy will be apparent, as will the status of the GOJ's effort to complete the structural adjustment process and get its economic recovery program back on track. These circumstances, in turn, will dictate the composition and order of magnitude of the "post-recovery" U.S. assistance program in Jamaica.

The Mission is emphasizing prompt and full implementation of the Government's complete policy reform/structural adjustment program. The approach, however, has been altered. Rather than insisting on detailed covenants reflecting an A.I.D. determined agenda in each ESP agreement, to be fulfilled at some future date, we prefer to time disbursement of balance of payments assistance to follow actual enactment of legislation or implementation of policy reforms which are directly related to furtherance of the structural adjustment process. An example of the successful use of this technique was the disbursement of \$39 million of FY 1986 ESP grant assistance in late January, 1986, at the time the personal income tax reform legislation was "tabled" in Parliament. The Government subsequently convened a special session of the House of Representatives in order to ensure timely enactment of the legislative package by Parliament.

Future priorities for structural and policy reforms are expected to be fully consistent with the report of the Tripartite Team and subsequent consultations with the participating agencies. Actual change will be a mix of desired policies, opportunities in a fluid socio-political situation, and

judgements as to what is feasible at various points in the continuing adjustment process.

This collegial approach helps blunt the perception that the USG dictates policy as a condition of the economic aid which Jamaica so needs. It also allows for the GOJ conviction that the Government must have more discretion in determining the appropriate pace and timing for future actions. Finally, it relieves USAID and GOJ officials of the friction of continual efforts to satisfy conditions rendered less significant by changing circumstances.

Since 1981, the Jamaican economy has experienced some of the most difficult structural and policy changes ever undertaken by a democratically elected government in so short a time. The adjustments have been infinitely more difficult than was anticipated when they were planned. After the first year of the economic recovery program, actual resource inflows were systematically below the levels expected by the Government and the donors at the beginning of each successive program year. The bauxite/alumina sector was originally expected to play a leading role in the recovery. Instead it faltered and then collapsed.

The expected stable economic growth and modest but steady improvement in production, employment and per capita income, never materialized. Increasingly severe foreign exchange shortages, intransigent unemployment, and falling purchasing power created severe hardships for the lower income groups (easily half or more of the population) and for the established productive sector.

In this context, exchange devaluation, the removal and/or relaxation of price controls on consumer staples, the reduction of protectionist measures against foreign competition, substantial privatization of GOJ enterprises and property, and the dismissal of thousands of public sector employees, all imposed serious hardships on sizeable and vocal interest groups. The deep erosion of Prime Minister Seaga's support in political polls is a telling measure of the difficulty of the adjustments that have been made.

There is room for criticism of the pace at which the structural adjustment and stabilization program was implemented during the early Seaga years. A strong case can be made that earlier and fuller implementation of the complete policy reform package could have avoided stagnation, lessened the impact of subsequent adjustments and preserved the JLP Government's popular support. That case, however, is informed by hindsight. The important issue is, however, that significant elements of adjustment have now taken place. With plausible foreign assistance levels the stage is set for a sustainable improvement in the economic well-being of the majority of Jamaicans, given patience, meticulous management, and strong political will.

II. IMPLEMENTATION PLAN

A. Goals and Objectives

1. Economic Growth With Improved Equity

Goal: To assist the GOJ to undertake those further policy/structural reforms necessary to achieve stable long term, sustainable growth.

Objective (a): To address, through policy dialogue, policies which, if changed, would improve productivity, encourage exports and/or increase exports in order to close the chronic gap between productive earnings and spending.

Assumptions: Availability of adequate ESF balance of payments funding to strengthen GOJ resolve to undertake additional measures.

No major social/political disruptions which would negatively impact tourism and investment.

Peaceful election campaigns and elections outcomes which support continuation of sound economic policies.

Substantial increases in non-traditional export earnings.

See Section II.E. Special Analysis (ESF)

Objective (b): To increase agricultural production both for efficient import substitution and export.

Assumptions: No major natural disasters (drought, hurricane, floods) occur.

Constraints to investments in agriculture (e.g. import restrictions) are dramatically reduced or eliminated.

Disincentives to domestic production from high levels of commercially and concessionally financed food imports are reviewed and seriously addressed by the GOJ and the donors.

Public entity control of export marketing is efficient and permits private initiative.

Basic production inputs (e.g., fertilizers, seeds, pesticides) are available at internationally competitive costs.

Benchmarks: Increase production of diversified crops.

	<u>4/86-3/87</u>	<u>4/87-3/88</u>
Winter vegetables (total production incl. exports)	24,000 tons	30,000 tons
Feed grains	8,000 "	14,000 "
Fish/Prawns (reared)	394 "	480 "
Rice	5,600 "	8,000 "
Roots/Tubers	220,000 "	240,000 "
Ornamental Horticulture - blooms	3 million	4 million
- tips	12 million	18 million
Legumes	12,000 tons	18,000 tons
Coffee	1,600 "	2,200 "
Cacao	2,600 "	3,000 "
- Public lands divested to private sector (cumulative)	25,000 acres	40,000 acres
- Increased acreage serviced by rehabilitation of Rio Cobre irrigation systems	8,000 "	12,000 "
- Ornamental horticultural acreage increased	200 "	350 "
- Joint farming ventures developed in the private sector	6	10
- New/rehabilitated acreage in deep rooted perennial crops		
Coffee	450	700
Cacao	120	1,180
Mango	90	170
Other nuts & fruits	140	200

- Small farmers engaged in producing and marketing through "nucleus" farms or producer marketing groups	420	570
- Increased employment on divested lands		
Full time	1,600	3,000
Seasonal	8,000	14,000

Policy Dialogue: Identification of disincentives to local milk production resulting from concessional imports of dried milk solids, and implementation of policy measures to reduce or eliminate them.

Reorganization of Rio Cobre Irrigation Works into an autonomous body with user representation on its board, with full authority to collect and use user fees based on water use, and use proceeds for O & M of the system.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u> (\$000)
Agricultural Marketing	532-0060	10,800
Agricultural Planning	532-0061	2,878
Agro-industrial Devel.	532-0081	9,489
Agricultural Education	532-0082	12,500
Small Farmer Prod/Mktnng. OPG	532-0097	660
Agric. Coop. Devel. OPG	532-0107	500
Crop Diversification/Irrigation	532-0123	18,000
Country Environmental Profile	N/A	133
Hillside Assessment	532-0113	600

New:

Agricultural Research	532-0128	11,000
Hillside Agriculture	532-0101	10,000

Narrative:

The Agricultural Planning project has developed a computerized data/information system and is completing analysis of year long surveys on rural household expenditure and farm management data. It ends in June, 1986.

Under the Agricultural Marketing project, facilities have been partially renovated and equipped as an export center through which winter vegetables are being graded and packed for shipment. The USDA/APHIS preclearance and fumigation program in support of exports is operational and handling an increasing volume, including a surprising volume of ethnic exports. The decision has been made to focus remaining effort on this year's agreed program to rehabilitate buildings for four priority assembly and grading stations under a pragmatic management structure; a meat certification program and abattoir as one of the planned wholesale facilities; and finance the fruit fly survey and citrus canker survey necessary to ensure continued USDA clearance of imports to the U.S.

The Small Farmer Production/Marketing OPG complements the Agricultural Marketing project by working intensely with one producer marketing group involved with one assembly and grading station. This group now involves 211 farmers and continues to grow. It has increased its domestic sales by J\$600,000 or 45% over last year and is also exporting non-traditional spices and herbs as well as ethnic vegetables and root crops.

The Agricultural Cooperative Development OPG has been providing management and accounting training for producer marketing groups and has implemented double entry accounting systems for six associations. Future activities are now being reassessed in light of March 1986 restructuring of the Agricultural Marketing Project.

The credit component of the Agro-industrial Development project approved 15 loans during the past year as compared to three in the initial two years. Loans approved total J\$10.6 M and US\$1.6 M with 21 applications, totaling J\$12.5 M and US\$1.4 M, pending. It is anticipated that the loan funds will be totally committed during the coming year.

The second phase of the Agro-industrial Development project and the Crop Diversification/Irrigation project (CD/I) are closely related and operate under the aegis of Agro 21. A major achievement in FY 1985 was development of a standard 49-year lease by Agro 21 which facilitates privatization of publicly owned lands. This arrangement has been a principal factor in privatization of approximately 18,000 acres of underutilized public lands. Under the initial phase of CD/I, which was obligated in September 1985, the focus is on rehabilitation of irrigation facilities. Pre-project authorization and quick project start-up permitted the rehabilitation of four wells, five miles of underground piping and hydrants, drilling of four new wells, installation of eight pumps and construction of 3.7 miles of masonry canal to service the first divested lot (800 acres) on the Bernard Lodge sugar estate. The joint venture, involving a U.S. firm (33%) and three Jamaican firms, was able to plant 450 acres of

winter vegetables and will soon plant off-season feed grain and legume crops. The group has applied to lease an additional 1,000 acres for next season and to serve as a "mother" or nucleus farm for small producers. Selection of small farmers to lease allotments in the area is underway as well as development of a 200 acre ornamental horticultural park which will be leased in five acre parcels. The latter involves development of two wells and two surface reservoirs.

The GOJ's Food Self-sufficiency Program, more accurately a partial food self reliance program, has been initiated. The program, which includes rice, corn, cassava, sorghum, dairy, beef and aquaculture is aimed at reducing imports and saving foreign exchange. The initial target of 7,500 acres of rice has been fully subscribed, and will be processed in the joint venture rice mill established by U.S. and Jamaican investments. The corn program has 2,700 acres currently being harvested, predominantly by small farmers, and the Jamaica Commodity Trading Company will buy all locally grown feed products at a price equivalent to the landed cost of imports.

The Strategic Planning Unit of the Agro-industrial Development project has amassed an impressive pool of hard data for some 15 commodities through a mix of targeted studies and market searches. The reports/studies are utilized by Agro 21 in assessing project viability and developing economic crop/commodity profiles which are proving to be of great interest to potential investors. All of the activities under these projects encourage the private sector, exports, increased food self reliance and employment generation. The activities have not only increased exports but have had a significant impact on the quantity and quality of vegetables available in the local market.

The College of Agriculture (COA), a three year tertiary school, recently signed a contract with Louisiana State University, Southern University and Sam Houston State University to provide technical assistance. The GOJ has also provided the College 330 acres of productive land which will help them generate funds to meet 25% of their recurrent budget and serve as a teaching tool. The project has encountered some bureaucratic problems in moving ahead with planned construction activities, but these are slowly being resolved. A number of agribusinesses have demonstrated an interest in the COA by participating in the one term, practical on the job training program required for all graduates.

Development of the Jamaica Country Environmental Profile continues despite delays resulting from the transfer of the Natural Resources Conservation Department to the Ministry of Agriculture. The profile will be finished in late FY 1986 and published and distributed in FY 1987.

Objective (c): To increase production in the light industry and manufacturing sector, with special emphasis on data entry, electronic assembly and 807 garment firms.

Assumptions: Basic infrastructure will gradually improve, with fewer and shorter periods without electrical power, water and telephone service.

No major labor disputes; cost of labor remains competitive; adequate supply of trained manpower is available.

Bureaucratic constraints to investment, production and exporting will diminish.

Adequate GOJ budget authority is available for project implementation.

Kingston Restoration Company (KRC) is able to construct and lease the first building being renovated for light manufacturing.

What are the delays to the plan?

Benchmarks:

	CY 86		CY 87	
	<u>No.</u>	<u>US\$ M</u>	<u>No.</u>	<u>US\$ M</u>
* New investments	175	90	210	140
Domestic	90	45	115	60
International	85	55	95	80
* Jobs Created	7,000		10,000	
No. of persons trained under USAID financed JIDC subproject	300		600	

*National goals established by JNIP, including agriculture and agro-industry.

Policy Dialogue:

Steps taken to reduce roadblocks to investment; e.g. customs, repatriation of profits, streamlining of investment process.

Private financial institutions in the Inner Kingston area actively participate in the investment program.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u> <u>(\$000)</u>
Tech. Consultation & Trng. Grant	532-0079	21,460
Trafalgar Development Bank	532-0091	21,200
Inner Kingston Employment - OPG	532-0141	650
Energy Sector Assistance	532-0065	8,700

New:

Inner Kingston Development	532-0120	15,000
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Narrative

Technical Consultations and Training Grant

Sub-Project - Investment Promotion. Jamaica National Investment Promotion, Ltd. (JNIP) is the investment promotion arm of the Jamaican Government, and is responsible for facilitating new domestic and foreign investment in Jamaica. Since 1982, technical assistance has been provided for organizational and staff upgrading. As a result, JNIP is better equipped to assist prospective foreign investors and to expand its overseas campaign to identify U.S., European and Far Eastern business prospects for Jamaica.

Since 1982, JNIP has attracted 341 new projects, employing close to 15,000 people, with capital investment of over U.S. \$127M. Working with JNIP, an intensified program of investment promotion has been developed for the next twelve months, drawing on experience gained over the last three years. Targeting of new investment potential in data entry, electronic assembly, twin-plant operations (with Puerto Rican based multi-national companies), garments, tourism and food processing has moved to an advanced stage, and a \$900,000 integrated program of activities is now nearing approval for implementation during the coming twelve months. This program is in addition to the continuing efforts of JNIP to interest potential investors, both domestic and foreign, in the complete range of possible productive activities.

Sub-Project - Industrial Development. USAID/Jamaica has provided support to the Jamaica Industrial Development Corporation's (JIDC) Garment and Furniture Program, an 807 Garment firm (Jamtex), the Jamaica Furniture Guild - High Point Trade Show, crafts market development to expand tourism hard currency earnings, UNDP Mineral Resources Development Survey, JNIP's electronics promotion effort, the Scientific Research Council's

solar salt project, and technological assistance to a number of small manufacturers. Working with JIDC, the International Executive Service Corps (IESC) and selected private sector manufacturers, a new program of industrial support has been designed and is in the early stages of implementation. The target industries are garments, furniture and wooden products, and electronics. The program involves in-plant training for engineers, operators and mechanics, and technical assistance in techniques of production and marketing. The above project is expected to assist in creating over 3,000 jobs.

Sub-Project - Assistance to Manufacturers. The Jamaica Manufacturers Association (JMA), provides many important services to manufacturers aimed at upgrading technology, productivity and quality. A \$100,000 program has recently been approved to provide funds to the JMA to enable manufacturers to participate in technology shows in the U.S. Emphasis is being placed on production techniques, equipment and new technology. These trade fairs provide the opportunity to survey the market for potential buyers as well as investors, e.g. in 807 operations.

Sub-Project - Assistance to Free Zones. Technical assistance to the Kingston Free Zone Authority and to a new data entry oriented free zone in Montego Bay has accelerated the development of activities which have to date created 3,000 new jobs. US\$6M of new capital investment has been attracted to the free zone, and an estimated increase of US\$3M in foreign exchange earnings in the non-traditional sector has been achieved.

The Montego Bay Free Zone was established in December 1984. Further funding will be provided to engage the services of a company to identify new investors for the free zone. The garment and data entry industries have been targeted as those with highest potential.

Trafalgar Development Bank (TDB). TDB is the first privately owned development bank in Jamaica. Its ownership is comprised of a variety of companies, organizations and private individuals. Some of these include the exporters' and manufacturers' associations.

The Bank's basic financing is a US\$20M loan from A.I.D, on favorable terms and J\$17M (about US\$3M) provided by the local investors. Borrowers can utilize U.S. dollar loan funds, and repay the Bank in local currency. The rate of exchange is fixed at the time when the funds are disbursed. In addition to the loan funds, a grant of US\$1.2M has also been provided for long term technical assistance to the Bank.

To date, over US\$2M in loans has been approved. It is anticipated that an additional US\$8M will be committed to new and

expanding enterprises by January, 1987. Loans have financed projects in agriculture, shipping, data entry and tourism.

Inner Kingston Employment. The objective of this OPG, which was obligated in August, 1985, is to finance the rehabilitation of 50,000 square feet of light manufacturing space in Inner Kingston to help alleviate the shortage of such factory space and provide employment opportunities to the great pool of unemployed labor that resides in Kingston. The private, non profit investment group, Kingston Restoration Company, (KRC) is quickly undertaking project execution.

The two benchmarks established in last year's Action Plan relative to this project have been achieved. The KRC signed the grant agreement with USAID in August, 1985. It has also initiated project implementation. The organization has hired a project manager, is selecting the A/E contractor, through local competition, has signed a letter of intent with the building owner, is completing negotiations of the contract, and is initiating market research to identify tenants.

Energy Sector Assistance. The purpose of this project is to: (a) improve energy efficiency in public and private sector enterprises thereby enhancing the productivity of these enterprises; (b) reduce Jamaica's dependence on imported petroleum through energy conservation retrofits and the generation of energy supplies from cost competitive renewable resources; and (c) facilitate the creation of private sector firms to manufacture energy-related devices and services for the country.

By agreement with the Ministry of Mining and Energy the project has been reoriented toward high impact activities which both save energy and generate secondary benefits. Primary targets are the tourism sector and public facilities, utilizing energy audits and conservation retrofits.

The Energy project has been instrumental in training solar hot water designers, solar hot water installers and energy auditors for the country. Twelve private sector energy auditors have been trained and certified. Five private sector solar water heater manufacturers and installers operate in the country. One has supplied solar hot water panels to a Miami manufacturer so that the Jamaican solar panels can be incorporated in the units marketed by the U.S. firm.

The Energy Cane subproject is exploring the possibility of increasing productivity in the sugar industry by the integration of better agricultural practices with an efficient electricity generation capability that uses bagasse from energy cane as the boiler fuel. Utilizing USAID and TDP financed contractors, the Mission is preparing a bankable technical and financial document

that could lead to privatization of one of the principal public sector sugar estates.

Objective (d): To increase foreign exchange earnings from non-traditional exports by 25% over 1985 levels by the end of CY 1987.

Assumptions: Continued growth and favorable market conditions in industrialized countries, particularly North America.

Jamaican dollar exchange rate permitted to fluctuate (depreciate) as necessary to maintain competitiveness of Jamaican exports.

Constraints to exports (supplies of raw materials, financing, customs/container shipping, etc.) held in check or reduced.

Perception of political stability maintained or improved.

Benchmarks:	<u>CY 86</u>		<u>CY 87</u>	
	<u>No.</u>	<u>Amount</u> (US\$M)	<u>No.</u>	<u>Amount</u> (US\$M)
<u>Exports to Hard Currency Markets</u>				
Manufacturing		84		108
Agriculture		84		110
<u>Exports to Caricom</u>		40		42
807 exports (currently US\$40 million/yr.)		60		80
Furniture exports (currently \$6 million/yr.)		12		20
Data entry companies (currently 14)	25		40	
New Jobs	700		1,000	
Electronic assembly companies (currently 4)	5		7	

See pp. 7-8 above for projected increases in production of winter vegetables, ornamental horticulture and other non-traditional export crops.

Policy Dialogue: Exchange rate flexibility; i.e., further devaluation of the Jamaican dollar if market dictates.

Improved system of duty drawback on imported raw materials for exported products.

Streamlined investment procedures, especially for export oriented projects.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u> (#000)
Tech. Consultation & Trng. Grant	532-0079	21,460
Crop Diversification/Irrigation	532-0123	18,000
Inner Kingston Employment	532-0141	650
<u>New:</u>		
Inner Kingston Development	532-0120	15,000

Narrative:

Technical Consultation and Training Grant (TCTG). Under TCTG and the Block Grant concept, a number of activities are being developed to accelerate export development of non-traditional products including: (1) support for Jamaica National Export Corporation (JNEC) and Jamaica Exporters' Association (JEA) in research and market penetration; (2) identification of the demand for and supply of factory space over the next two years, and design of assistance to alleviate the constraint; and (3) creation of a Needs Assessment Unit of experts to assist exporters and potential exporters in developing and implementing strategic marketing, production and financing programs in the high priority subsectors (garments, furniture, electronics, data entry, processed foods, etc.)

Sub-project - Trade Missions. Since 1984, Trade Mission/Trade Show Programs have been supported under TCTG. Funding has been provided through the JEA and the JMA to enable exporters to participate in trade shows by exhibiting and selling goods, including garments, furniture, electronic goods, processed foods and agricultural products. Trade missions to key U.S. cities targeted U.S. business people interested in joint venture partnerships with Jamaican companies. Analysis of 1984 data indicates five missions have yielded sales of over US\$2M.

Data entry has been targeted as an industry with high potential for increasing employment and generating foreign exchange. Programs are currently providing funding to enable Jamaican data entry companies to improve their technical and managerial skills, as well as to contact U.S. business people to arrange for data entry contract work. Future plans include the possibility of hosting the next annual Data Entry Management Association Conference in Jamaica, as well as continuing to provide market information to Jamaican companies interested in attracting business from U.S. clients.

Sub-project - Tourism. Assistance with training and development of a management information system for the Jamaica Hotel and Tourist Association have been provided to the tourism sector. Continued assistance to the Jamaica Tourist Board and the Jamaica Hotel and Tourist Association is planned over the coming two years, especially in training. Specific growth constraints are also being addressed through TCTG, such as craft market development and specific infrastructure problems.

Objective (e): To support increased private sector development as the principal engine of Jamaica's long term economic recovery/stabilization.

Assumptions: Communication and consultation between GOJ policy makers and the private sector.

Reduction of public sector share of scarce resources; e.g., additional cuts in public sector work force and increased privatization of publicly owned enterprises.

Greater acceptance by both public and private sectors of need for decontrolled, competitive market oriented economy with a functional price system.

Private sector willingness to commit resources to productive enterprises, and to become more competitive in a deregulated, export oriented economy.

Benchmarks:	CY 86	CY 87
Domestic equity investment in productive enterprises (from JNIP figures)	US\$45	US\$60
Private Investment as percent of GDP	20	25

Policy Dialogue: Remaining changes in foreign exchange regime needed to stem capital flight and attract Jamaican owned foreign exchange held abroad.

Removal of discriminatory treatment of equity as opposed to debt.

Encouragement of GOJ to continue program of divestment of productive assets.

Public and private shelter institutions continue review of impediments to private sector's ability to deliver goods and services in competition with public entities.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u>
Nat. Devel. Foundation-OPG	532-0108	970
Tech. Consul. & Training Grant	532-0079	21,460
Shelter Sector Support	532-HG 012B	10,000

Narrative:

National Development Foundation (NDF). The NDF was established in 1981 as a private, voluntary, development finance institution providing non-traditional credit through a revolving loan fund. This credit is supported by provision of business guidance and technical assistance to its clientele of small entrepreneurs, who lack the collateral necessary to access loans through the commercial banking system.

With offices in four principal metropolitan centers, NDF has received some 7,000 business assistance and loan applications of which over 1,000 have been processed and approved. Approximately J\$6 million have been disbursed with an estimated average of three additional persons employed per business developed.

Technical Consultations and Training Grant: Sub-Project - Support of Private Sector Organisation of Jamaica (PSOJ). Most Jamaican private sector associations having to do with production (Chamber of Commerce, exporters, manufacturers, bankers, hoteliers) are institutional members of the umbrella organization, the Private Sector Organization of Jamaica (PSOJ.). Over the last three years, significant support has been given to PSOJ to develop its analytical capabilities for the purpose of informing its members

on national and international economic currents, and improving dialogue with Government regarding economic policy and development. PSOJ took a leading role in developing the nation's export strategy, and has recently published a strategy for market based economic growth. A major \$750,000 program is in the final stages of development which will support the development of:

- (a) increased capacity to analyze and forecast local and international economic trends;
- (b) a positive collaborative working environment with the GOJ in developing sound and comprehensive economic policies;
- (c) stronger private sector trade and commercial links both locally and internationally;
- (d) greater public awareness of the workings of a market economy; and
- (e) competence to assist local organizations and companies to develop strategies for greater productivity and establish commercial links for improved markets.

Shelter Sector Support. This private sector component of the HG-012 project is designed to encourage private sector developers and financial institutions to undertake low income shelter development. The HG resources are being made available through the National Housing Trust (NHT) under a loans to lenders program. The resources are Jamaican dollar denominated, with the GOJ benefiting from the U.S. dollar loan and assuming the devaluation risk. The NHT will have a local currency repayment obligation and will recover fully its costs from the interest rate charged participating lenders. Private developers and their financial institutions will be responsible for project location, construction, sales and marketing. NHT will play a minimum role in reviewing proposals to assure they meet program guidelines.

Developers are designing projects for which they will be requesting NHT private program resources.

Objective (f): To provide short term, targeted assistance to rehabilitate critical basic infrastructure.

Assumptions: GOJ willingness to provide adequate budget authority in JFY 86/87 and JFY 87/88 to ensure rapid disbursement of A.I.D. and other donor financed capital projects.

Ability to resolve bureaucratic obstacles to timely implementation.

Benchmarks:

	<u>April 1987</u>	<u>April 1988</u>
Miles of roads rehabilitated. (cumulative)	120	240

Other Benchmarks come under other headings.

Policy Dialogue: Involvement, as appropriate, with Ministry of Finance and the Prime Minister's Office with respect to FY 1986/87 GOJ budget development.

Effective programming/disbursement of ESF and PL 480 local currencies.

Project List:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u>
Agricultural Marketing	532-0060	10,800
Primary Education Assistance	532-0126	11,300
Health Management Improvement	532-0064	11,571
Inner Kingston Employment - OPG	532-0141	650

New:

Inner Kingston Development	532-0120	15,000
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Narrative:

Agricultural Marketing Development. As of February 28 the Agricultural Marketing Development Project had a pipeline of \$6.5 M of 1981 and 1982 obligations and a PACD of March 31, 1987. In view of the extremely slow disbursement of funds* under this project, which apparently reflected the fact that most of the activities were not high priority items for the GOJ,** the Mission is drafting a Project Paper Supplement to target quick-disbursing, high impact, mutually agreed upon interventions.

The PP Supplement scales down Phase I and Phase II activities to those which have a critical role to play in increasing non-traditional agricultural exports to hard currency markets. At this writing the elements which have been identified include:

* 32% of original \$13,800,000 obligation and 40% of reduced obligation of \$10,800,000

** As reflected in the US\$2 million of budget authority allocated this project in the JFY 1986-87 GOJ budget.

(1) renovation of agricultural produce export center,
(2) construction of an abattoir and activities related to
developing a meat export certification program, (3) technical
assistance from USDA/APHIS for pre-clearance and fumigation of
exports, (4) construction and equipping of four assembly and
grading stations, and (5) a fruit fly trapping program and citrus
canker survey which were self-help measures under the FY 1986 PL
480 Title I agreement.

The PP Supplement will also add a new component to the project for the rehabilitation of approximately 450 miles of rural roads, some 30% of which were damaged by the November, 1985 rains. The deteriorated state of rural roads has been consistently identified as a key constraint to improved efficiency in marketing of agricultural produce in recent assessments and studies of the Jamaican agricultural sector.

This component of the Project will be managed by the Ministry of Construction/Works which is responsible for the rehabilitation and maintenance of all roads in Jamaica. This component has been developed as a quick disbursing, high impact intervention to be accomplished in a three year time frame. It is expected that the rural road rehabilitation component will draw down the remaining funds under the Agricultural Marketing Development Project pipeline in the first year and a half, at which point additional incremental funding will be obligated. The Mission expects to approve the PP Supplement, amend the Project Authorization, and amend the PROAG by late April, 1986.

2. Satisfaction of Basic Human Needs

Goal:

To assist the GOJ to ease the shocks of declining GDP on lower income Jamaicans, and to enhance their prospects for participating more fully in economic recovery once it is underway.

Objective (a):

To continue support for the GOJ's national family planning programs, with special emphasis on improved service delivery..

Assumptions:

Acceptance of family planning by Jamaicans of childbearing age.

Benchmarks:

Reduction of crude birthrate.

Decrease in fertility rate.

Increase in family planning acceptors.

Increase in commercial retail sales of contraceptives.

Policy Dialogue: Commercial Retail Sales Program to operate on private sector basis.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>AID Cost</u> (\$ 000)
Population/Fam. Plng. Services	532-0069	10,711
Priv. Sect. Fam. Plng. Prom.-OPG	532-0122	248

Narrative:

While the overall annual population growth rate has been relatively stable (it is presently estimated at 1.6 percent) the crude birth rate (CBR) is fairly high at 27/1000 total population. The goal of the GOJ is to reach a CBR of 20/1000 by the year 1990.

The Jamaican family planning effort relies on the distribution of contraceptives through the Ministry of Health's network of health facilities and through the NFPB's commercial retail sales program. Both systems need focused attention to improve performance. With regard to those couples who have attained desired family size, the 1983 Contraceptive Prevalence Survey showed a tremendous increase in the demand for voluntary surgical contraception. This method experienced an increase of 35% over the 1976 prevalence rate and continues to be on the increase. Emphasis by USAID on quality of service and quality of counseling should help sustain this progress as well as meet desired medical and professional requirements.

The existing Population and Family Planning Services project is a \$5.7 million grant that assists the GOJ in addressing population problems. The project covers a wide area of activities, including family planning education, service delivery, such as improved and expanded voluntary surgical contraceptive services and the provision of contraceptive supplies through clinical, community based and commercial retail sales programs.

A proposed 1986 World Bank Health and Population Loan may provide some assistance to this sector in the future, but additional USAID grant funding will be required in FY 1987 in order to maintain both the clinic and commercial retail sales distribution of contraceptives as well as information/ education/ communication activities.

The Mission's approved Action Plan for FY 1986/87, presented in April 1985, indicates that additional funding will be provided for a project extension. The Mission will be amending the project to fund these additional activities. Therefore, the Mission does not

propose any new population project starts in FY 1987 or FY 1988; nevertheless, additional USAID funding will be required for the ongoing project.

Objective (c): To improve the availability and affordability of basic shelter and services for low income groups.

Assumptions: GOJ continues to implement its 1982 National Housing Policy.

GOJ continues to meet its repayment obligations on its Housing Guaranty debt.

GOJ commits sufficient resources to meet its HG counterpart obligations and to sufficiently staff its implementing agencies.

Ministry of Construction contracts under management service arrangements for key Jamaican personnel.

Benchmarks: Housing Guaranty financed starter home units occupied: FY1986: 900
FY1987: 1,000
FY1988: 1,300

Housing Guaranty financed sales of upgraded homesites: FY1986: 1,000
FY1987: 1,000
FY1988: 1,000

GOJ institutions launch new mortgage instruments July 1986

HG-012 Implementation Agreements signed Private: June 1986
Public: July 1986

GOJ agrees to basic policy change in role of Town Planning Dept. April 1986

Policy Dialogue: Streamline GOJ housing finance institutional roles and financial responsibilities.

Improve GOJ housing production particularly management processes and cost effectiveness.

Influence GOJ to adapt its shelter program to consider and adopt new approaches to providing suitable, affordable shelter to low and moderate income families.

Improve cost recovery adopting new mortgage instruments and increasing follow-up on delinquent accounts.

Reduce the direct GOJ role in the shelter production and allocation process. Move the Town Planning Department (TPD) to a more facilitative role vis-a-vis standards and private sector initiatives.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>A.I.D. Cost</u> (\$ 000)
Urban and Rural Shelter Improvement	532-HG-011	15,000
Shelter Sector Support	532-HG-012	40,000
Urban Sector Tech. Asst.	532-0117	900
Low Cost Shelter Development	532-0067	2,385

New:

Shelter Sector Support II	532-HG-013	15,000
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Narrative

USAID and the GOJ have been involved in a dialogue on shelter policy and institutional development since 1981. A fundamental objective was to rationalize the roles of the public sector shelter finance and production institutions so that affordable shelter could be efficiently provided to low income people on a cost recoverable basis. The national housing policy also outlined how the reorganization of the housing finance system could encourage greater private sector participation in both the financing and production of housing.

The USAID shelter program has been designed to assist the GOJ to meet the objectives of its policy. The \$15 million HG-011 project, contracted in March 1983, provides financing for starter homes, upgrading and Credit Union sponsored home improvement and mortgage loans. About one-third of the project is complete with mortgages issued.

The strategy for HG-012 (\$40M), authorized in two tranches in September, 1983 and September, 1985, was to provide support for a US\$10M accelerated starter home program, a \$20M loan to support new financial institution arrangements that would assure that the institution would not be decapitalized as a result of the HG borrowing, and a new \$10M initiative to finance private developer initiated projects through private financial institutions.

USAID authorized HG-012 investor selection for the first \$10M in late 1984. Construction is practically complete on 711 units on 4 of the 5 sites programmed for this phase. Sales of these 711 units began in March 1986 and will be completed in December 1986. The fifth project (180 units) will be completed and sold out by March 1987.

The second follow-on phases (\$20 million public and \$10 million private) are currently being developed. The public sector resources will be used to continue the upgrading program initiated under the 1978 HG-010 project and improved under HG-011, finance additional starter homes, and test sites and services and other alternative shelter more suitable to Jamaica's low income clientele. This component will also test the more comprehensive provision of resources on a geographically concentrated basis in certain low income neighborhoods of Kingston.

Under the private sector program, resources will be made available to the National Housing Trust (NHT) to provide financing for loans to lenders that will make construction and take-out financing available for starter homes, other shelter solutions and improvements to existing housing designed to be suitable for and affordable by families whose income falls below the median for Jamaica.

These projects have realized measurable achievements during the last three and one-half years: public sector interest rates have been increased; the MOC has divested most of its old portfolio to the Caribbean Housing Finance Corporation; units are priced on a cost basis; a portion of production has been shifted to the private sector; and unit and site design is based on the affordability of the solution to the proposed beneficiary.

The first phase of a housing needs assessment and a housing finance system analysis are being used to for subsequent HG-012 project implementation.

A new two-component project (532-0117) to strengthen the capacity of the Town Planning Department was obligated in September 1985. This will assist the GOJ to improve its urban development planning and regulatory functions. Another grant to the CAST Building Department will assist Jamaica to continue to provide trained personnel for the construction industry and professions related to urban development.

Objective (c): To assist the GOJ in preventing further deterioration of, and to improve access to, the delivery of primary health care services, including greater private sector participation in health care delivery and financing.

Assumptions: Given appropriate market signals the private sector health providers will participate more in the Jamaican health care delivery system.

GOJ willingness to commit adequate resources to ensure project success.

Benchmarks: 61 Health centers renovated/constructed by March 1987.

Supply/distribution management improvements; equipment maintenance system improvements by March 1987.

Sector analyses completed; alternative delivery and financing mechanisms identified by December 1986.

Health indicators stable, or improving by December 1987.

Policy Dialogue: Greater private sector participation in the financing of the primary health care.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>A.I.D. Cost</u> (\$ 000)
Health Management Improvement	532-0064	11,571

Narrative

Significant segments of the Jamaican population are in poor health. As the country's economic situation worsens, the increased costs of basic foodstuffs will further reduce the already low nutritional levels of the population. This will have its greatest effect on the poor. Such adverse conditions will have a negative impact on the morbidity and mortality of these groups, and will increase future health care costs.

At the present, Jamaica undertakes to offer universal free medical attention. In attempting to rationalize service delivery and introduce a modest fee for those able to pay, the government has encountered resistance from the public. The system is also faced by the inappropriate use by clients of the primary and secondary health care services, thereby adding

unnecessary financial costs to an already overburdened budget. ~~These problems are compounded by the exodus of medical personnel from the public sector and from the country. As a consequence, the quality of health care in Jamaica continues to deteriorate, particularly to those unable to avail themselves of private attention.~~

The goal of USAID/Jamaica in the health sector is to respond to the deteriorating health status of the Jamaican population by improving the efficiency, effectiveness and equity of ~~the primary health care delivery system and by developing~~ alternative health care delivery and financing activities.

USAID will continue to provide assistance to the MOH and other health/nutrition institutions operating in the public as well as private sectors, in order to reduce the current strain on the health system while maintaining the historically low levels of morbidity, mortality and malnutrition. This assistance includes the development of more efficient management systems and the study and implementation of such schemes as cost containment, performance budgeting, increased income generation through alternative funding sources, and exploration of more efficient use of private market mechanisms to induce private health care delivery solutions.

The existing Health Management Improvement project (HMIP) is an \$8.6 million loan and \$1 million grant aimed at assisting the MOH to address problems in the delivery of primary health care and the rationalization of the health delivery system. The project provides for training, technical assistance, development of management procedures, improved working conditions for health professionals in the primary health care facilities and the development of a comprehensive health information system. The project is assisting, also, in the development of private sector health initiatives and converting surplus hospitals into primary health care centers. A nutrition surveillance system and health information system have been developed.

The HMIP has recently been reprogrammed into a realistic program of management improvement, construction and renovation, and support for health services rationalization. Previous budgetary and financial constraints which had severely hampered implementation of the project have been worked through with the efforts of the Ministry of Health, the USAID Director, and higher GOJ authorities. Activities in the restructured project are progressing smoothly and on schedule: Renovation originally envisioned in the project will be completed by March, 1987. USAID proposes to obligate an additional \$2 million in grant funds to the HMIP in FY 1986, and to extend the PACD until March, 1989 in order to implement health financing policy reforms and private sector health initiatives under this new component.

Objective (d): To improve formal and nonformal educational opportunities particularly in areas that represent investment in human capital.

Assumptions: GOJ commitment of adequate human and financial resources to ensure timely project implementation.

Effective coordination between skills training institutions/programs and prospective private sector employers; i.e. accurate skills demand analysis.

Benchmarks:	<u>FY 1987</u>	<u>FY 1988</u>
- Trainees graduated from HEART Academies		
Commercial	260	300
Construction	300	500
Garment	1,500	2,500
- Primary Schools renovated	50	150
- HEART Academies/vocational High Schools renovated/equipped (cumulative; 3 completed in FY 1985)	5	16
- No. of participants in A.I.D. financed private sector management training programs.	700	
- Job placement rate for vocational training institution graduates.	75%	
- School administrators trained in techniques of community participation in primary school development.	35	100

Policy dialogue: Adequate GOJ budget levels in FY 1986/87 and FY 1987/88 to ensure project implementation.

Projects:

Ongoing:

<u>Title</u>	<u>Number</u>	<u>A.I.D. Cost</u> (\$ 000)
Basic Skills Training	532-0083	13,400
Support Mgt. Trng.-OPG	532-0064	350
Primary Education Assistance	532-0126	11,300
New:		
UWI Mgt. School Improv.	532-0129	2,200

Narrative:

The Mission supports a wide range of activities in the area of education and human resource development. Increased focus has been given over the past year to activities directly impacting on vocational skills training and management training, and on improvement of primary education.

In 1985, under the Basic Skills Training Project, three of four HEART vocational training academies were built or renovated, and equipment purchased. The Stony Hill commercial skills academy graduated 118 trainees in June, 1985, of whom 114 were women. An additional 400 trainees will graduate from the Portmore construction skills academy in June, 1986. Only the Stony Hill trainees have entered the labor market to date, and approximately 65% have been employed.

USAID also provided grants in FY 1985 to two private sector management training institutions. The World Bank is providing complementary assistance to the GOJ's Administrative Staff College through its Administrative Reform Project. USAID's assistance to the private institutions directly contributed to faculty improvements, case study development, curriculum expansion, and increased enrollment of 370 participants in several training programs.

The Primary School Assistance project was authorized in August, 1985. The first 50 schools for renovation have been identified and A/E work is 75% complete. Construction and renovation activities will begin in May, 1986.

1985/86 Performance Indicators

Documentation/Authorization Schedule

Project Narratives

Funding/Pipeline/Mortgage Table

ESF Analysis/Policy Dialogue

PL 480 Narrative

Local Currency Narrative

Performance: 1985/86

The following chart summarizes progress made against benchmarks listed in the Mission's FY 1986/87 Action Plan, Annex A.

1. Agriculture

<u>Target</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
- Irrigation systems rehabilitated to service 15,500 acres of diversified crops.	Sept., 1987	Rehabilitation of 8 wells, 3.7 miles of masonry canal and 5 miles of underground pipe completed. Two, million gallon reservoirs nearing completion.	Critical factor for meeting target is identification of investors rather than irrigation works per se.
- 12,000 acres converted to diversified crops.	Sept., 1986	6,000 acres converted, March, 1986.	Identification of new investors and reduction of bureaucratic obstacles critical.
- Increased production of diversified crops.			
Rice - 2,000 tn.	Sept., 1986	current year production figures not available.	3,000-4,000 additional acres planted for total of 7,500 acres.
Winter Vegetables 12,000 tn.	Sept., 1986	estimated increase of 8,000 tn.; final figures for season not yet available.	Delays in planting; unusually heavy rains.
Soybeans - 3,000 tn.	Sept., 1986	2,000 tn. estimated.	Summer crop.
Food grains - 6,000 tn.	Sept., 1986	5,000 tn. estimated.	2,700 acres currently being harvested; off-season planting estimated at 2,200 acres additional.
Fish/prawns - 400 tn.	Sept., 1986	350 tn. estimated.	Sharp increase in price of feed due to removal of subsidies has resulted in decline in feed use and growth rates.

<u>Target</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
Ornamental hort.	10M. tips. Sept., 1986	Estimated increase realized plus additional 2 M. blooms.	
Increased employment			
Full time	1,800 Sept., 1986	1,000	Due mainly to lower acreage and production than projected.
Seasonal	8,000 Sept., 1986	6,000	
Four private sector joint ventures underway.	Sept., 1986	Target realized.	
Increased acreage in tree crops			
Coffee - 40 acres	Sept., 1986	Increase of 270 acres.	Increased world market prices; reform of Coffee Industry Board
Cacao - 60 acres	Sept., 1986	Reliable data not available.	
Agro-forestry -40 acres	Sept., 1986	Reliable data not available.	
2. <u>Industry, Commerce and Finance</u>			
Achievement of 1985/86 policy dialogue objectives.		See Section II.E.: ESF Program Assistance/Policy Dialogue.	
Initiation of major industrial export project.	Sept., 1986	Based on results of Coopers and Lybrand study "Development of Jamaica Non-Traditional Exports" of November, 1985, Mission is proceeding to address needs through subprojects under ongoing Technical Consultations and Training Grant (TCIG).	
Creation of 350 new jobs, FX savings of US\$4 M, and incremental investment of US\$16 M attributable to Trafalgar Development Bank.	Sept., 1987	Trafalgar ahead of projections. Has entered final negotiations with German and Dutch Development Banks to bring additional equity amounting to 20% of present total. Target expected to be met.	
Establishment of private, venture capital technology transfer institution.	Mar., 1986	Mission cancelled this project as part of effort to reduce project proliferation, and focus resources on high priority, high impact activities.	

<u>Target</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
Continued growth in tourism FX earnings.	Continuing	Support being provided under TCIG to both Jamaica Tourist Board and private Jamaica Hotel and Tourist Association. Also discussions been held with GOJ concerning more effective use of Energy Credit component of Energy Sector Assistance project to improve energy efficiency and savings in resort area hotels. Awaiting GOJ proposal.	
Increased targeting of TCIG resources on private sector activities.	Continuing	Project Paper Supplement approved in August, 1985. Project focus on export development, investment promotion and employment generation.	
Improved coordination/communication between key public and private sector decision makers regarding policy reforms and structural adjustments.	FY1985/86	TCIG subgrant to Private Sector Organization of Jamaica to improve analytical and educational capabilities approved in December, 1985. Joint IMF/IBRD/AID "fresh look" at structural adjustment program involved leaders from both sectors.	
<u>3. Education/Human Resource Development</u>			
Institutionalize "Gleaner Textbook Project" to continue provision of inexpensive textbooks to primary school students.	Dec., 1985	2.6 M. textbooks and teachers' manuals distributed to students in grades 1-6 in both 1984/85 and 1985/86. Textbook program incorporated into Primary Education Assistance Project (PEAP).	
Primary School renovation program underway for 50 schools.	Mar., 1986	PEAP authorized August, 1985. A/E work for first 50 schools will be completed by April 15, 1986. Requests for bid will be advertised in May, 1986.	
Effective planning/policy/analysis system institutionalized in Min. of Education.	Sept., 1986	This component dropped from PEAP. Will likely be incorporated in World Bank Fourth Education Loan.	
Four H.E.A.R.T. academies and 10 vocational high schools built/renovated/equipped.	Sept., 1987	Three H.E.A.R.T. academies built or renovated and receiving equipment by March, 1986. Eight of ten high schools renovated and expected to receive equipment by July, 1986. Targets expected to be met.	
Job placement rate of at least 75% for vocational training institution graduates.	Continuing	Only one graduating class has entered labor market to date, and 65% have found employment. Support being provided to relevant institutions to help reach target percentage.	

<u>Target</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
Completion of management training demand analysis.	Sept., 1986	RDO/C regional analysis completed, Sept., 1985. USAID/J Jamaica analysis completed, Feb., 1986.	
Design/approval of appropriate management training activity (regional or bilateral).	June, 1986	Mission preparing bilateral project to strengthen UMI School of management. Field approval requested. Authorization expected in July, 1986.	
Institutional strengthening of three local management institutions.	Sept., 1985	Grants provided to two private management training institutions. (World Bank assistance being provided to public institution). Programs expanded and strengthened. USAID assistance directly contributed to increased enrollment of 370 participants.	
Twenty local PVOs achieve administrative and financial viability as development institutions.	Sept., 1987	Jamaica CVSS/United Way launched, Nov., 1985. US\$1.9 million committed to support programs of 21 local PVOs.	
<u>4. Health, Nutrition and Population</u>			
Completion of planned clinic renovations under Health Mgt. Improvement Proj. (HMIP).	Sept., 1986	Slightly behind schedule.	Efficiencies developed in approval process will enable target to be met.
Policy changes to reduce per capita public sector health costs.	June, 1986	Policy changes made.	Implementation is spotty.
Regulation of increased use of PL 480 local currency generations for support of targeted subsidy programs.	Jan., 1986	Not included in negotiations because of IMF/GOJ budget restrictions.	USAID judgement call.
Inclusion of locally produced foodstuffs in food stamp program.	Jan., 1986	Not included because GOJ felt not enough nutritional value per dollar in local foods.	Discussion continuing. In reality it seems to happen informally anyway.

<u>Request</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
Development of viable alternative health care financing system.	June, 1987	On target.	Will be included as part of expanded IMIP.
Decline in Fertility Rate by 10%.	Sept., 1986	Total Fertility Rate declined by estimated 8% in 1985 over 1984.	Age-specific fertility rates for under 19 groups had minimal declines, thereby lessening anticipated decline in the overall rate.
Increase in Family Planning Acceptors by 30%.	Sept., 1986	Estimated 40% increase in family planning acceptors in 1985 over 1984.	CRS Program increased by 45% over previous year; clinic programs by 35%.
Improved capacity of population data institutions to provide relevant demographic data for planning purposes 50% improvement.	Sept., 1986	50% improvement realized.	Improved systems and computers installed at principal demographic data institution.
Increased involvement of private sector in support of family planning.	Ongoing	CRS provided to Jamaica Family Planning Association for promotion of private sector activities. PSCJ Family Planning Committee established, and funding education and service delivery.	
5: <u>Shelter/Urban Development</u>			
CAJ action to consolidate functions of public sector housing finance institutions:	Sept., 1985	Action taken in Sept., 1985:	National Housing Trust designated.
Authorization of \$15 M IG to support institutional and policy charges:	Sept., 1985	Project authorized, Sept., 1985:	

<u>Target</u>	<u>Date</u>	<u>Progress</u>	<u>Comment</u>
Mechanism designed to leverage private participation in provision of shelter to GOJ target group.	June, 1986	GOJ agreed to program in principle, Oct., 1985. Details being drafted.	
Private development institution initiates Inner Kingston revitalization project.	Jan., 1986	ONG signed with Kingston Restoration Company, Aug., 1985. Project well underway.	
Complete Shelter Needs Assessment.	June, 1985	Phase I completed, Oct., 1985. Phase II underway.	
Design/approve shelter institution support project.	Jan., 1986	To be included in expanded Low Cost Shelter Development project. Field approval requested. Authorization expected, 3rd Qtr. FY 1986.	
Rationalize IIG borrower relationship with GOJ.	June, 1985	New procedure implemented, Jan., 1986.	

Documentation Authorization Schedule FY-1986/1987/1988

The following section contains project summaries for those projects to be developed and authorized in FY-1986/1987/1988. Based on these summaries, the Mission proposes to approve the PIDs and the PPs in the field for the following new projects:

FY-1986: Agricultural Research (532-0128), University of the West Indies School of Management Improvement (532-0129), and Inner Kingston Development (532-0120) are scheduled for FY-1986 obligation.

FY-1987: Only one project has been included for FY-1987 obligation, the Hillside Agriculture Project (532-0101), and the Mission has already begun development of the PID. In addition to this project, the Mission will develop a PAAD, Production and Employment VII (532-0124), for the FY 1987 ESF balance of payments program for obligation in the first quarter of the fiscal year.

FY-1988: No new DA funded project is proposed for funding in FY-1988 at this time, however, a PID will be prepared for the Shelter Sector Support II Housing Guaranty Program (532-HG-013) in the first quarter of FY 1988. In addition, the Mission will prepare a PAAD for P&E VIII early in FY 1988 for first quarter obligation.

Summaries are also included for the following on-going projects for which the Mission proposes to amend in the field in FY-1986 to provide LOP funding increases: Board of Revenue Assistance (532-0095), Low Cost Shelter Development (532-0067), and Health Management Improvement (532-0064).

Listed below is a schedule by fiscal year of obligation.

<u>FY-1986</u>				
532-0128	Agricultural Research	PID	May	1986
		PP	June	1986
532-0129	University W.I. Man. Improv.	PID	May	1986
		PP	July	1986
532-0101	Inner Kingston Development	PID	April	1986
		PP	May	1986
532-0095	Board of Revenue Assistance	PP Supp.	June	1986
532-0067	Low Cost Shelter Development	PP Supp.	April	1986
532-0064	Health Management Improvement	PP Supp.	April	1986
532-0060	Agricultural Marketing	PP Supp.	April	1986
<u>FY-1987</u>				
532-0101	Hillside Agriculture	PID	April	1986
		PP	August	1986
532-0124	Production & Employment VII	PAAD	October	1986
<u>FY-1988</u>				
532-HG-013	Shelter Sector Support II	PID	October	1987
		PP	June	1988
532-0132	Production & Employment VIII	PAAD	October	1987

Project Title/No.
Agricultural Research (532-0128)
LOP Cost (\$000)
Authorized: -0- Planned: 11,000
Obligations FY 86 500 FY 87 1,000 FY 88 3,000
Account ARDN

Purpose. The purpose of this project is to upgrade and expand the applied/adaptive research being done in Jamaica. The project purpose likely will be accomplished by establishing an autonomous or semi-private research coordinating body to determine priority research areas, develop long range research plans, coordinate research efforts, and promote mutually beneficial cooperation among research, extension, producers, and agro-processors. The project goal is to increase agricultural production for export and local consumption through improved crop and livestock productivity, thereby increasing rural income.

Background. Jamaica has the resource base for expanded agricultural enterprises spanning both selected temperate and tropical commodities. Traditionally, agriculture in Jamaica has emphasized such export crops as sugar, coffee, bananas, cocoa, citrus, pimento, ginger and coconut. More recently, non-traditional export crops including yams, vegetables, plantains and mangos have increased in importance. However, at present over 50% of all food consumed in Jamaica is imported, though much could be grown locally. The high foreign exchange cost (estimated to total US\$320 million in 1985) for imported foods necessitates increased domestic production of many basic food crops.

Low production and low productivity largely result from out-of-date technologies. This mirrors national research efforts which are underfunded, poorly coordinated and administered, and weakly linked to extension. Results have been minimal, despite past donor "institution building" projects. Furthermore, with little history of any pay-off from research in Jamaica, the GOJ has tended to view research as an unaffordable luxury in its current fiscal situation.

Major responsibility for agricultural research is vested in the Ministry of Agriculture. There are also six statutory bodies responsible for development of specific commodities, each of which funds some level of research. These include the Sugar Research Institute, the Coffee Industry Board, the Banana Board, the Cocoa Board, the Coconut Board, and the Tobacco Industry Central Authority. Three other statutory bodies that engage in very limited agricultural research related activities are the Agricultural Development Corporation, the Scientific Research Council, and the Jamaica Industrial Development Corporation. There are, in addition, several other organizations, both public and private, local and external, which support a variety of agricultural research and development.

The GOJ has over the years received assistance in the area of agricultural research from IDB, IICA, FAO, IDRC, CARDI, and to a lesser extent from other bilateral donors. Several of these externally funded projects have developed experimental station facilities and provided technical assistance, but have failed to stimulate any sustained or effective institutionalized research programs.

Several recent studies and reviews have examined the national research establishment and made various recommendations. These assessments have identified some major constraints to achieving program objectives in the research sub-sector, including the following:

- (a) There is a lack of coordination among the public, quasi-public, and private sector entities involved in research. Efforts are much too fragmented among diverse agencies, with little attempt at collaboration, consolidation, or allocation of responsibilities.
- (b) There is a lack of clearly defined policies, priorities, targets, operational objectives, and a lack of accountability and reports.
- (c) There are very weak linkages between research and extension, and little responsiveness to farmer needs.
- (d) GOJ budget constraints severely limit the level of financial commitment.

Description. Considering the current state of GOJ finances and budgetary restraints, project implementation will probably be organized through an autonomous body with appropriate linkages to existing institutions, both local and international, which are at least nominally involved in applied/adaptive agricultural research.

The organization will have the technical and financial capability and authority to:

- (1) Make grants to public and private individuals and organizations, national and international institutions, private farmers, commodity boards and other agencies to conduct specific applied/adaptive agricultural research and on-farm trials. Assistance for research design and methodology would be available from short term commodity specialists who would also be available to provide technical backstopping during project implementation. The selection of specific commodities for concentrated research will ensure relevance to the priority needs of small farmers and Jamaica's new thrust to expand non-traditional crops. Included in the criteria for grant selection will be a provision for trials to be conducted on farmers' fields.

- (2) Provide funds for establishing scientific interchange between ~~selected local researchers and recognized scientific authorities in the commodities~~ of interest.
- (3) Provide funding for ~~specific commodity training~~ of selected researchers at recognized national and international research centers.

In addition, the project will provide limited funding for minor rehabilitation of existing facilities. Although there have been several projects financed by other donors in the past ten years which have upgraded the physical institutional aspects of research in Jamaica, there still exists a need for limited additional equipment and supplies to carry out an applied/adaptive agricultural research program at the level envisaged by this project.

Relation of Project to A.I.D. Strategy. The goal of USAID/J's program in the agricultural sector is to increase agricultural production, rural income and employment through the promotion of diversified cropping systems that will contribute to foreign exchange earnings and savings. A major ongoing USAID/J activity in this area is the Crop Diversification/ Irrigation project which supports Agro 21's efforts to encourage private sector investment in non-traditional export crops. The Hillside Agriculture project, planned for FY 1987, is an additional project which should have a major impact on rural income and employment.

Among the constraints inhibiting attainment of USAID/J's goal is the current status of productive technology in Jamaica. Well focused and vigorous technology generation or adaptive research is the key to further developing this sector of the economy. This technology adaptation will contribute to increased employment and rural income, to attaining national food security, reducing imports, and increasing foreign exchange earnings and savings. Because of the potential impact of increased productivity and production in both the traditional and non-traditional crop sectors, this project in addition will support the goals of both the above mentioned USAID/J projects.

Preliminary Budget:

(US\$000)

	<u>AID LOP</u> <u>Total</u>
Technical Assistance & Operations	3,900
Research Grants	4,700
Scientific Interchange	200
Short Term Training	500
Minor Rehabilitation	500
Other Costs	<u>1,200</u>
Total	11,000

Project Title/No. University of the West Indies School
of Management Improvement (532-0129)
LOP Cost (\$000) Authorized: -0- Planned: 2,200
Obligation: FY/86 500 FY/87 700 FY/88 500
Account EHRD

Purpose The purpose of the project is to ensure the provision of an adequate supply of skilled and trained managers. Specifically, the project will assist in the development and strengthening of the management education/training capability of U.W.I.'s Department of Management Studies. The goal of the proposed project is to make Jamaican enterprise more productive through the use of modern management techniques.

Background. In the past two years three demand/needs assessments for management education and training in Jamaica and the English-speaking Caribbean have been conducted. All three have indicated ineffective performance levels among middle/upper level managers in Jamaica.

The February 1986, Demand/Needs Assessment stressed that the Executive Directors of 60 leading private firms in Jamaica maintained that the most effective way to address this need is to improve substantially the quality of the B.Sc. Management degree, certificate and diploma programs offered at the Department of Management Studies, U.W.I. Leaders in industry, while indicating in the long term a need for an executive MBA program and short term executive training, expressed a preference to employ undergraduates of a significantly improved Management Studies program who already have work experience.

Qualified Jamaican applicants for a full time degree course in Management Studies and Management Studies with Economics are as follows:

1981/82	66	1984/85	166
1982/83	131	1985/86	268
1983/84	150		

However, due to limitations of teaching staff, available programs, and financial resources, only 36 applicants were accepted into full time undergraduate Management Studies in 1985. In 1983/84, approximately 3,032 trainees were enrolled in the certificate and diploma programs. Of approximately 70,000 professional and managerial staff in the labor force, 17,500 are estimated to be members of management. Using the conclusion from the assessment that at best 35% of this stock of managers have tertiary level training in management, then there is a stock of over 11,000 managers without tertiary level training. Taking due account of

the relevant factors--age, location, prior qualification, attitude toward adult education etc.--which would rule out training, it is reasonable to estimate that 40% of this group could be potential candidates for tertiary level training in management.

The demand for formal tertiary level graduates in management is greater than that now being produced by the Department of Management Studies in the degree, certificate and diploma programs. However, the demand characteristics favor upgrading those already in managerial positions or poised to enter by dint of experience and some exposure to formal training in management practice. It is this group that U.W.I. must gear itself to serving over the next 10 years.

At the same time, there is a significant demand for graduates in Management Studies, both full and part-time. The department staff is beset with weaknesses. It has a staff complement of 16 with only 10 positions presently being filled. It relies heavily on a part-time staff whose commitment and performance is often erratic. From 1979-86 the Department had a staff turnover ratio of 40%.

The first explanation for this unduly high turnover is the low salary. However, full time staff in Management Studies also voiced the need for a structural re-organization of the Department and strongly commended the creation of a separate School or Faculty of Business. They all regarded being in the Faculty of Social Sciences as a disadvantage rather than a benefit.

In the Department of Management Studies, academic qualifications of the faculty, physical resources and financial resources for faculty training and instructional materials are priority areas in need of upgrading.

Description. Significant permanent upgrading of the Department of Management Studies will require a long term (10 years) sustained effort. To begin that process in a rational, well planned and cautious manner USAID/Jamaica proposes to initiate with U.W.I. a series of modular programs which are autonomous and financially independent, but which build upon each other to form a composite whole. The proposed project's activities will probably include:

1. The establishment of a sister relationship with a U.S. Institution/University to provide and facilitate:
 - a) one senior project advisor responsible for guidance and development of the program and achievement of the goals and objectives of the project;
 - b) faculty exchanges and sabbaticals between expatriate managers/teachers and Jamaican professionals;

c) one major senior business/management seminar each semester involving leading private sector managers, entrepreneurs, management trainers, labor leaders and GOJ senior officials on management policies and methodologies, utilizing Caribbean and Jamaican case studies; and

d) the development of instructional materials and case studies for the degree, certificate and diploma programs, as well as (c) above.

2. U.W.I. faculty and staff development. In addition to Jamaican staff being available for faculty exchanges and short term technical assistance within the project, six more years of long term graduate studies will be provided to the Management Studies Department permanent faculty as well as 54 months of post graduate and short term study.

3. The provision of a significant amount of management studies resource material and books.

4. The provision of basic computer equipment and software to provide 5 - 7 terminals for the Management Studies Department exclusively, and connected to U.W.I.'s main computer center.

The grantee and implementing institution will be the University of the West Indies, Mona. U.W.I. and USAID will appoint a Project Executive Committee which will be responsible for planning and administering the project.

Relation of Project to AID Strategy. The project is consistent with AID's strategy for improving aggregate productivity as an element of the economic recovery program.

Preliminary Budget:

1. Faculty and Staff Development

a) 6/years long term training	\$ 180,000
b) 54/months post graduate & short term training	189,000

UWI/U.S. Management Institution
University Sister Relation

2. a) Senior Project Advisor 3/years	540,000
b) 24/month Faculty Exchanges for U.S. and Jamaican staff	360,000
c) Support staff	
1. Jamaican Administrative Assistant -3 years	5,800
2. Jamaican Secretary	4,600
3. Development of Instructional Materials and Caribbean Case studies	150,000
4. Six Senior Business/Management Seminars	60,000
5. Computer Equipment	200,000
6. Resource materials and library books	200,000
Sub-total	<u>\$1,889,400</u>
Contingency and Inflation	<u>310,600</u>

TOTAL \$2,200,000

Project Title/No. Inner Kingston Development (532-0120)
LOP Cost: Authorized: -0- Planned: 15,000
Obligations: FY86: 3,500 FY87: 4,000 FY88: 4,000
Account: SDA

Purpose. To assist the GOJ and the private sector to rehabilitate approximately 700,000 sq. ft. of factory and mixed use commercial space for small to medium sized Jamaican firms.

Background. In an effort to lower its cost structure and enhance its international competitive position, the GOJ, over the past five years, has substantially devalued the Jamaican dollar, reduced government work forces, and transferred some functions from the public to private sector. Private investors were expected to respond to these initiatives by increasing production, especially for export, and by creating jobs that could absorb unemployed workers. The strategy in fact has succeeded in boosting Jamaica's exports of manufactures and non-traditional agricultural products, but the precipitous decline in bauxite production -- for reasons almost entirely beyond the current government's control -- has more than offset these advances. Jamaica has been left with an austerity policy that has been frustratingly slow to produce signs of an aggregate economic turnaround.

A number of USAID sponsored studies have identified the lack of suitable factory space as a key constraint to expansion of light manufacturing industry and related businesses. The GOJ, with World Bank financing and private sector entrepreneurial leadership, is vigorously addressing one aspect of this factory shortage. A total of 1.4 million square feet of free zone factory space will come on line in 1986-87 or a 200% increase in presently existing free zone factory space. Most of this space will be occupied by large, foreign owned firms.

Description. This project addresses a second segment of the factory space market. By focusing on indigenous, small and medium scale enterprises the project provides needed balance to the expected expansion of foreign owned activity in the free zone. A careful survey of the backlog of demand for space of this type will be the first priority in preparing the project paper. However, the Jamaica Industrial Development Corporation, the National Development Foundation, and Small Businesses Association all report strong demand from their clients for expansion space. In contrast to the 200% expansion of free zone space already underway, financing is in place for only a 10-12% expansion of other factory space over the next two years. This project would make possible a 25% increase. Without it, the shortage of factory space will remain a binding constraint on the expansion and sectoral reorientation of Jamaican manufacturers.

This project proposes to cluster the new facilities in a 100 block area of inner Kingston. It does so for two reasons. First,

the greatest concentration of unemployment is located near this area. Inner Kingston residents have shown limited residential mobility. If jobs are to reach these pockets of extreme unemployment, they will have to be located within easy transportation access of where unemployed workers now live.

Second, the physical and economic deterioration of inner Kingston and concomitant social discord have become a discouragement to investment throughout Jamaica. If this area, which continues to house much of the country's government and financial activities, recovers economic vitality, it will help rekindle expectations for the entire country. Several signs of incipient market recovery already are evident, in land price increases and private market rehabilitation of commercial space. Major complementary investment efforts, such as the IDB financed West Kingston markets project, are now being launched. In addition, there is renewed interest and growing investment in the rehabilitation and improvement of key centrally located historic institutions such as the central square and adjacent national theatre. The prospect of strategic location of factory investment, supported with modest infrastructure improvements and related commercial development, will add impetus to the recovery of inner Kingston.

The project area contains a number of vacant buildings that are structurally sound and well configured for light manufacturing activity. The project will rehabilitate some of these building and construct some new productive facilities on vacant land in the area as well. It will add 500,000 square feet of factory space and 200,000 square feet of refurbished commercial space. It is expected to yield approximately 2,500 new permanent employment opportunities and 1,800 person years of construction work in the short term.

It will work through the private sector by contracting with private developers to build factories, and by channeling capital to individual property owners desirous of expanding or upgrading their properties. The public sector will coordinate planning and provide small scale public works in support of the project.

Specifically, the Urban Development Corporation (UDC) will act as the primary implementing agency. It is an institution with a track record of good performance, empowered to contract with private firms to improve properties and sell publicly held parcels to private investors. It is also set up to handle financial reflows and could establish an ongoing fund dedicated to further development in inner Kingston.

While UDC will be responsible for overall planning and coordination, it is expected that much of the work of the project will be accomplished by passing through funds to other institutions such as the National Water Commission (for drainage and water supply improvements) and the Kingston Restoration Company (KRC) (for rehabilitation/leasing arrangements for specific parcels).

The KRC is an important asset. It is a non profit, private corporation formed by leading insurance companies, building societies, and developers. It has already begun implementation of a similar 50,000 square foot rehabilitation project in inner Kingston. This exemplifies the approach intended for the larger project of working with existing private owners desirous of upgrading their properties.

The project will achieve cost recovery through a combination of mechanisms typically used for similar large parcel development in the United States. This will rely on the rent stream generated by new and improved properties as well as the recovery of external benefits that accrue as a result of investments in the area. Newly developed and improved properties will be leased or sold to entrepreneurs at market rates. External benefits should be reflected in increasing land values in the area and will be capturable through the newly revised property tax system, which goes into effect on April 1, 1986.

Work to assure effective institutional arrangements and sound, well controlled, procedures related to funds flow and cost recovery, will receive high priority in project paper development. However, the capabilities of existing institutions, and strong precedents suggest that workable options for successful implementation are available.

Relationships to A.I.D. Strategy. The project is fully consistent with a number of LAC goals and objectives, specifically: to increase industrial production, to strengthen the private sector, to expand and improve the infrastructure, and to increase employment. It is clearly linked, as well, to achievement of critical mission objectives set forth in this Action Plan; i.e. to increase production in the light industry/manufacturing sector, to double foreign exchange earnings from non traditional exports, to support increased private sector development, and to assist the GOJ to ease the shocks of structural adjustment, especially on lower income Jamaicans.

Preliminary Budget.

<u>COMPONENTS</u>	<u>A.I.D.</u>
Construction	10,400
Supporting Improvements	2,600
Administrative Support and Technical Assistance	2,000
TOTAL	<u>15,000</u>

Project Title No.	Hillside Agriculture (532-0101)		
LOP Cost (\$000)	Authorized: 0	Planned: 10,000	
Obligations (\$000)	FY 86 0	FY 87 1,800	FY 88 2,000
Account	ARDN		

Purpose. The purpose of the project is to promote perennial cropping systems linked to agro-processing and marketing in the Rio Minho and Rio Cobre watersheds. The expansion of deep rooted perennial crop acreage will in and of itself serve as a mechanism to preserve soil resources. Further incorporation of simple, primary agronomic techniques into mixed perennial systems will enhance this process.

The overall goal of the project is to increase both rural incomes and employment, as well as to improve the availability of foreign exchange through increased export crops. This will be the result of overall increases in the acreage and productivity of perennial cropping systems in a manner that is in harmony with basic soil conservation principles.

Background. More than 70% of the lands in Jamaica can be classified as hillside lands. These lands are for the most part covered by shallow highly erodible soils. Current cropping systems with emphasis on annuals are resulting in excessive soil loss, increased downstream siltation, decreased dry season stream flow, and lower quality of water. If this situation is permitted to continue, the hillsides of Jamaica will be denuded of topsoil in a few decades, and the consequences for economic development, food security, and ultimately the island's water supply will be disastrous. The Rio Minho and Rio Cobre watersheds were chosen because their lower reaches contain a very large fraction of Jamaica's Class I and II lands (including the site of the Crop Diversification/Irrigation Project) as well as major population centers. Thus upstream erosion causes serious downstream problems.

There are approximately 120,000 hillside farmers in Jamaica and another 60,000 that till acreages too small to be classified as farms. These farmers farm plots of lands that seldom exceed five acres, and typically practice a farming system that combines selected annual crops with minor amounts of perennials, and livestock.

Small farmers have traditionally been burdened with a high level of risk in their ability to cope with climatic disturbances, as well as pest and disease problems and chaotic marketing systems, and thus often meet with crop failure. At the same time there are external factors that are acting to change the terms of reference of small hillside farmers to the overall Jamaican economy. These factors include an emerging export oriented agriculture on the southern plains that can produce many of the traditional annual crops cheaper, and of a more uniform quality.

The technology for improving production and productivity of existing perennial crops already exists in some cases, and in other cases needs only to be refined and adapted to meet the particular needs of small farmers. These new techniques and technologies must be integrated into present hillside farming systems if production and productivity are to be increased.

Description: The project structure will focus on encouraging the increased production and productivity of economically profitable tree crops. In the initial phase of the project, the emphasis will be on coffee, cacao, and agroforestry techniques. Additionally, there are new and expanding markets for perennial crops such as papaya, annatto, and passion fruit that are currently not exploited. Therefore, agroprocessors will come under study as prime facilitators of economic production of perennial crops by small farmers under the project. The approach will be to establish contractual linkages between small farmers and agro-processors. Project resources will be used for market identification, identification of appropriate sources of credit, aiding in establishing proper harvesting and grading standards, and advising on writing of contracts. Project funds will be available to agro-processors as credit for farm production inputs. Ultimately, it is expected that this operation will lead to the employment of field agents by processors to coordinate farmers' production of produce at a given quality, expected quantity, and appropriate timing.

As the project progresses, and more is learned about market suitability and improved cultural practices for other perennials, the crop focus of the project may be expanded on a case by case basis. The guiding principles in selecting new crops to be emphasized will be market acceptance, micro-climate suitability, and input availability.

The project will be implemented under a phased approach, with the first phase concentrating on project set-up, the development of economically attractive technical packages, identification of lead farmers, and initiating the rehabilitation and planting of coffee and cacao. Phase One should take between nine to twelve months. Phase Two will focus on the dissemination of the technical packages developed in Phase One, primarily through variations of the lead farmer concept. The provision of planting materials and other inputs will be facilitated in order to expand production and to increase productivity of existing acreages.

Project staff will also work extensively with agro-processors to encourage the use of contracts between small farmers and processors for the production of specific crops. It is also expected that adaptive research activities, in conjunction with the Agricultural Research Project, will be carried out in this phase. Phase Two will last three to four years. Phase Three will focus on the widespread dissemination of technical packages from

project sites to locations throughout the watershed areas, with emphasis shifting from resuscitation and planting to maintenance of orchards for sustained high levels of production. This will include the monitoring of pest and disease problems, sound recommendations for optimum fertilizer use, and the implementation of information learned in the application of the technical packages. Phase Three will last three to four years.

The project will thus address a number of the constraints, identified by the Mission, which inhibit development of the agricultural sector:

- (1) Productive Technologies. Although some improved productive technologies applicable to crops grown on the hillsides are available, they are not widely disseminated or used. This is reflected in both low production and productivity. The project will strengthen the capacity of the existing commodity boards to develop and disseminate appropriate technologies to the farmers, for both new plantings and rehabilitation, as well as encourage selected agro-processors to do the same for farmers supplying them with produce. This project ties in directly with the Mission's Agricultural Research Project, slated to begin in FY 1986, by providing the mechanism for applying the results of applied/adaptive research funded by that project which will be relevant to the hillsides.
- (2) Productive Inputs. Although seeds and plants are produced by the government and the private sector, production is currently insufficient to meet the demand. The project will encourage the production and distribution of additional such inputs by the private sector.
- (3) Destructive Use of Natural Resources. A high percent of domestic food crops (annuals) are grown on the hillsides with the resulting negative effects of erosion. The project will encourage the substitution of deep rooted perennial crops which are economically viable and most likely to be generally adopted on a sustained basis by farmers in the project areas.

Relation of Project to A.I D. Strategy. The project is consistent with two of the Mission's four approved strategy emphases, as set out in the approved FY 1985 CDSS, i.e. Private Sector and Technology Transfer:

- (1) Private Sector - Small farmers comprise the largest portion of the private sector. The ultimate aim of the project is to improve the productive capacity of these individuals in order to increase the overall production of both export crops and crops for local consumption. In pursuit of this, the project plans to support selected private sector firms

and organizations, both profit and non-profit, in the promotion of its production, processing and marketing objectives.

- (2) Technology Transfer - The project will promote the adoption of new and adapted technologies responsive to the needs of small producers and compatible with the objective of a sustained, productive resource base. This technology transfer will include pest control, harvesting, and processing, as well as production technologies.

The project is consistent with the Mission's objectives, as outlined in the 1987/88 Action Plan, of increasing agricultural production, both for domestic consumption and export, improving income and employment, and expanding foreign exchange earnings from non-traditional exports.

Preliminary Budget:

The project is budgeted over seven years as follows:

	<u>US\$ 000</u>
Technical Assistance	1,300
Project Management	800
Field Staff	700
Support and Inputs	2,700
Local Training	600
Overseas Training	1,100
Grants for Agro-Processing	1,700
Audits and Evaluations	200
Contingency	<u>900</u>
TOTAL	10,000

Project Title/No. Shelter Sector Support II (532-HG-013)
LOP cost (\$000) Authorized: -0- Planned: 15,000
FY of Authorization 1988

Purpose. The purpose of this FY 88 project is to enhance the capability of the Jamaican private and public sectors to deliver shelter more efficiently. This will be achieved by encouraging private sector participation in both the financing and production of housing. Furthermore, this project will support GOJ efforts to streamline housing finance institutional roles and responsibilities, improve efficiency and cost effectiveness, and to adopt new approaches to providing suitable affordable shelter to low income families. These initiatives were begun under the previous HG project.

Background. Jamaica has been making efforts to improve shelter sector performance since 1981. To assist this effort, USAID has been supporting programs that enhance the policy initiatives elaborated in the Jamaican National Housing Policy of 1982. Previous efforts have focused on the rationalization of the public and private sector finance and production institutions. More recently, USAID has supported GOJ efforts to encourage greater private sector participation in both finance and production of shelter.

Under HG-012B institutional frameworks are being established to encourage low income shelter development by private builders and developers and financial institutions. The proposed project will provide additional support to continue this privatization effort at a time when current HG resources will be exhausted.

Description. The program will make ~~\$10 million~~ available to replenish the private sector loans to lenders program at the National Housing Trust (NHT). This program makes construction and ~~take-out financing available for new shelter developments undertaken by private sector entities and provides resources to lenders for mortgage collateralized home improvement loans.~~ The shelter financed with these resources will include starter homes, other shelter solutions and improvements to existing housing designed to be suitable for, and affordable by, families whose income falls below the median for Jamaica.

To complement this activity, \$5 million will be made available ~~to continue the comprehensive urban improvement program initiated under HG-012B.~~ This component is intended to address housing problems in the densely populated low income residential areas of ~~Kingston/Sr. Andrew through a neighborhood approach to~~ revitalization.

This component will permit the Ministry of Construction to bring together in one area the experience gained in both settlement upgrading and starter homes and to coordinate these activities with private sector investments in the same neighborhoods. This program will also seek to involve other related USAID programs in business development, education and training for self-help projects.

Relationship to A.I.D. Strategy. This project by enhancing private sector participation in the delivery of low income shelter, supports Agency strategy for private sector development and USAID's desire to assist the GOJ in implementing reforms identified by the National Housing Policy of 1982.

Furthermore, it is consistent with mission strategy to help the GOJ through its period of structural adjustment by addressing the shelter needs of low income families during the period of difficulties and hardship.

Finally, it will expand the program more comprehensively to improve the quality of life in Kingston's low income residential neighborhoods to help meet the basic human needs of this disadvantaged population and reverse the deterioration of these neighborhoods.

Project Title/No.	Board of Revenue Assistance (532-0095)		
LOP Cost (\$000)	Authorized 4,522	Planned 10,522	
Obligations (\$000)	FY86 1,000	FY87 2,000	FY 88 2,000
Account	EHRD		

Purpose. The purpose of the project extension is to implement a tax system that supports the GOJ's economic recovery program. In particular, the reorganized structure and procedure of tax administration must be compatible with an export oriented, market based recovery and growth. As such, this project, in conjunction with other on-going and planned projects, is expected to contribute significantly towards a larger goal of assisting Jamaica in reaching a path to sustainable stable growth of employment, production and income.

Background. The Board of Revenue Assistance Project began in June 1983 to assist the Government of Jamaica in reforming the structure and administration of its tax system. The government's objectives were to restructure the system, so that it would be more supportive of private sector investment and employment generation, more equitable in its distribution of burdens, and less complex and hence more easily and fairly administered.

The design of the project to date has called for three major activities: (a) structural studies that would analyze the data and issues and point the way to viable tax reform options; (b) basic administrative improvements that could be implemented prior to the full structural reform or as the reform proceeded; and (c) training, and establishing a training capability.

Much has been accomplished in all of these areas. The emphasis of the policy component has been on the formal evaluation of the existing tax system vis-a-vis the expressed objectives of the GOJ's economic recovery program, and the design of adjustments to correct deficiencies discovered. The studies have shown that the old system had certain characteristics that discouraged saving, encouraged capital flight, subsidized relatively capital intensive production methods at the expense of employment, encouraged imports, and discouraged work effort and economically viable production for the domestic market. While there are other characteristics of the system that mitigate some of these effects, it appears on balance, that the old tax system was an impediment to achievement of attainable levels of production, export and employment.

The series of 31 structural studies of the tax system are nearly complete and have laid the basis for the following GOJ actions:

- Legislative enactment of the personal income tax reforms, which introduced a flat rate tax of 33 1/3 percent and an exemption level of J\$8,580 (US1,560).

- Legislative enactment of new property tax reforms.
- Plans for a new general consumption tax (GCT), which will replace myriad indirect sales taxes, in October 1986, and a reformed corporate income tax in January 1987.

The Project has also been successful in the areas of administration and training. The customs administration advisor has concentrated on replacing obsolescent procedures, training, and assistance in the establishment of a suitable structure for the new Customs and Excise Department. The sales tax advisor has made good progress in preparing for the introduction of the GCT. Assistance has been provided in developing a master training program for the Revenue Board. A centralized training center was established and is being furnished with modern training equipment. Training courses have included accounting, auditing techniques, customs and excise officers valuation, and various revenue laws.

During the course of the present project, the GOJ has demonstrated a keen commitment to comprehensive tax reform. USAID believes that the outstanding efforts of the GOJ warrant the commitment of substantial additional resources to see the efforts at design and initial implementation of the new tax system through to a fully operational state.

Description. The project extension will continue the work begun in the first phase of the project in order to achieve full, efficient implementation of the new system, with an emphasis on the modernization of the administration via computerization, and continued policy reform of the tax structure. Specifically, the project extension will concentrate on five areas of analysis and implementation over a three year period:

1. Insure the sustainability of the new tax structure by strengthening and deepening the administration and training efforts.
2. Modernize the new tax structure via computerization of the assessment and collection functions.
3. Continue policy studies on the tax structure.
4. Consolidate gains to date in tax reform by continuing technical support and policy dialogue between outside experts and the Revenue Board.
5. Monitor and evaluate the structural changes that have been implemented thus far.

By the time the project is completed, in January 1990, the GOJ should have a modern tax system that can be sustained with little outside technical assistance.

A key group of beneficiaries under the project have been the P.A.Y.E. (pay as you earn) taxpayers, i.e. the low and middle income wage and salary earners, who at present bear the brunt of the income tax burden. All Jamaicans should benefit indirectly by the greater economic efficiency the new tax regime should elicit.

Relation of Project to A.I D. Strategy. As articulated in USAID/J's FY 1986/87 Action Plan, and recent PAAD submission, USAID/J's strategy is to promote long term, sustainable economic growth and stability accompanied by a more equitable distribution of the benefits of such growth. The project is an integral part of a particular objective of that strategy, namely, to consolidate, defend and continue the significant progress made by the GOJ in its policy reform, structural adjustment and stabilization program.

The comprehensive tax reform project is an important accomplishment of the GOJ's policy reform and structural adjustment program. USAID/J considers the implementation of the first and most crucial element of these reforms--the personal income tax reform proposal--as a major step forward in structural adjustment.

Like the Jamaican economy in general, the tax reform project is at a crossroads. A sustained effort in the form of activities financed by the proposed project amendment, is needed to support and fully realize the overall objectives of the initial project by vigorously following up on the tax reform legislation and initial implementation efforts of the project to date.

Realizing the potential inherent in the project to date will strengthen the GOJ's structural adjustment program while increasing overall economic efficiency.

Preliminary Budget: Project Extension

(\$000)

Technical Assistance	2,150
Training	850
Equipment	<u>3,000</u>
Total	<u>6,000</u>

Project Title/No.	Low Cost Shelter Development (532-0067)		
LOP Cost (\$000)	Authd: 985	Plnd: 2,385	
Obligations (\$000)	FY 86: 400	FY 87: 300	FY 88: 300
Acct.	SDA		

Purpose. To provide the Government of Jamaica with technical assistance needed for: (1) effective implementation of ongoing and planned Housing Guaranty (HG) programs; and (2) resolution of the range of policy, institutional and production issues that continue to hamper efficient shelter delivery.

Background. A.I.D, through its Housing Guaranty (HG) loan program and technical assistance, has been engaged with the GOJ since 1981 in a program to establish and implement shelter sector policies and practices which will improve overall sector performance, especially with regard to the financing and production of more affordable housing for low income people. Over \$25M in HG loans have been disbursed during this period for settlement upgrading, starter homes, and credit union mortgage and home improvement programs. Another \$30M is authorized for immediate use in continuing these efforts while expanding the private sector activity and introducing sites and services and more comprehensive upgrading components.

Complementing and closely integrated with the capital component has been this technical assistance project. Progress has been good on meeting the basic HG and technical assistance objectives: a national housing policy has been developed which clarifies institutional roles and establishes a framework within which sectoral problems and constraints are being addressed; government has reduced its direct role in production and mortgage servicing; rationalization of the housing finance system to encourage greater private sector participation has been initiated; basic planning, design and affordability criteria have been introduced; and, generally, planning and management systems are improved. These achievements, however, have taken place in an environment troubled by economic problems, the strains of major structural adjustment, major public sector institutional weakness, ongoing management constraints, housing shortages and chronic unemployment.

As noted, Jamaica has been making an effort to improve shelter sector performance in recent years. This effort has not only begun to establish and encourage improved financial, planning and management techniques but has also provided policy makers with some tools to make a more realistic assessment of issues and constraints. The overall housing needs, however, are great. The country is producing less than 50% of the shelter units it requires based on population growth, replacement of stock and existing backlog. This situation is not the product of any single

factor but reflects a complex array of issues and constraints which overlap and impinge on one another.

These constraints reflect both the general economic and institutional problems of Jamaica, and the more specific problems of a sector that until recently lacked basic policy guidelines and institutional definitions. A general lack of managers, unskilled supervisors, high costs, poor resource mobilization and allocation, inadequate planning, and ineffective budget and financial control systems have been compounded by institutional rivalries and too much dependence on government. In addition, there has been a general expectation that housing will be provided as a socio-political benefit as opposed to being provided as a socio-economic asset. Removing key constraints and introducing improved management and institutional practices is difficult, but with the framework and motivation for improvement established with this project, continued inputs will not only assist current housing production but sustain and reinforce the sector reforms that have been introduced.

Description. Housing Guaranty resources have been authorized to support continued sector improvements and sustain and increase low income housing production. This amended technical assistance project, building on the experience, relationships and work to date, will continue its integrated relationship with the HG program. The project will assist with accelerated HG implementation, strengthen policy development and monitoring capacity, continue to improve construction management practices, assist the priority institutional reforms in the Ministry of Construction (MOC) and housing finance institutions, and initiate a new \$10M HG financed private sector project.

The project, at the Government's request, will continue the present senior policy and technical advisers to the MOC in order to provide continuity and sustain the professional relationships with senior government officials that, in large measure, have produced the achievements to date. These personnel will continue to advise Government and assist with institutional adjustments, sector policy, planning and monitoring systems, in service training and housing design and production. Additional activities that will require short term, and substantial, local technical assistance are: (1) establishment of a management unit to implement the HG related private sector project; (2) implementation of the new inter and intra financial institution arrangements and techniques with the key institutions; (3) development and implementation of sites and services and comprehensive upgrading projects; and (4) support for the principal planning and implementation units as they restructure their overall administrative systems in response to GOJ structural adjustment and administrative reform.

Relationship of Project to A.I.D. Strategy. This amended project continues to reinforce the Agency's basic policy objectives. Institutional development is at the heart of the work with the key organizations responsible for policy, implementation and finance: viz., the MOC and the National Housing Trust (NHT). Inputs will provide new management and planning models, improving institutional efficiency. Technology transfer will range from the development of new financial and mortgage instruments to the introduction and expansion of computer based project and planning monitoring systems. The implementation of the new private sector shelter program will provide opportunity for the policy dialogue, as will the continued effort to improve affordability and overall sector cost recovery mechanisms.

This project is consistent also, with the Missison goal of assisting the GOJ to ease the shock of structural adjustment on lower income Jamaicans, and the objective of increasing the availability and affordability of basic shelter and services for low income groups through innovative use of HG resources supplemented by targeted DA financed technical assistance.

<u>Preliminary Budget: Project Extension</u>	<u>(\$ 000)</u>
Long term, senior MOC policy and technical advisers.	\$ 720
Short term technical assistance (NHT, comprehensive upgrading, sites & services, private sector HG)	185
Local long/short term technical assistance (construction management, project design & management, finance, MOC Policy Secretariat, comprehensive upgrading, sites & services)	400
Training	45
Commodities	50
Total	1,400

Project Title/No.	Health Management Improvement (532-0064)			
LOP Cost (\$000)	Authorized: 9,571	Planned: 11,571		
Obligation	FY 86 2,000	FY 87 -0-	FY 88 -0-	
Account	HE			

Purpose: To assist the Ministry of Health (MOH) to use effectively all resources available to impact positively on the health status of the nation in this period of severe economic decline.

Background: Jamaicans have until recently enjoyed a high level of health status for a lower-middle income country. The Government has pursued an active program of public health outreach from the 1950's moving into the expansion and delivery of primary health care services in the 1970's. The public health infrastructure, through which delivery of 70% of health care occurs, has been built-up over the years to 29 hospitals and over 350 primary care clinics of various sizes systematically located throughout the country. However, with the recent years of economic decline, the GOJ is currently unable to provide this level of service at no charge to the nation's citizens. The Ministry of Health is faced with determining how selectively to rationalize services and encourage private sector participation in order to retain previous health gains.

The Health Management Improvement Project (HMIP) was designed in the late 1970's to provide support to these expanded services. Funds were provided to renovate clinics which had deteriorated through lack of maintenance and to develop more efficient management systems for primary care delivery. The project has carried an excess of funds in the pipeline due to bureaucratic problems hampering the project in early years, and in more recent years, the need for severe government austerity measures in facing decreasing revenues. Project design also was inconsistent with the new realities. In recognition of this change of economic climate and in response to November 1984 audit recommendations, in part due to the non-expenditure of funds, the project has recently been reprogrammed.

Description: The HMIP has already provided vital inputs into the implementation of effective health information, supply management, maintenance and repair, and central-level management systems. Additionally, a nutrition surveillance system has been developed and implemented and community projects focusing local participation on health issues have been established.

The reprogrammed project will continue support for most of these activities and expansion of other components through the following:

- provision of computer hardware, software and training to the MOH Health Information Unit, Management Supply Unit, and Financial Office;
- provision of technical assistance to the MOH in order to implement organizational and accounting changes developed under the World Bank Administrative Reform Program;
- renovation and re-equipping of sixty-five health centers as originally planned;
- conversion of five hospitals to health clinics under the rationalization program;
- procurement of \$1 million in pharmaceuticals in FY 86 to assist in service delivery in FY 1986/87 while policy reforms are being effected; and
- expansion of private sector initiatives and funding in support of government policy reforms to be developed into a new project component.

Grant funding of \$2 million will be added to the HMIP in FY 1986 and a new Project Assistance Completion Date (PACD) of March 1989, authorized to accommodate activities under this new component. The additional allocation will be used for technical assistance, training and the renovation of public facilities being transferred to private sector management that is necessary to make the system work. The purpose will be to assist the MOH in implementing private sector initiatives that lower the per capita public sector costs of health care delivery.

Relation of Project to A.I.D. Country Strategy: A.I.D.'s strategy is to arrest and reverse the decline of the Jamaican economy and assist Jamaicans to adjust to the new, harsher realities. During the recent past, production has declined in all major sectors of the economy; unemployment is over 26% of the labor force; and per capita income has declined by 26% since 1973. Emigration of skilled personnel and declining government revenues have led to deterioration in public services. This project is designed to redress the deterioration in health services by improving the efficiency of the MOH health delivery system in spite of reduced budgetary outlays.

Preliminary Budget: (US\$000)

	<u>Life of Project</u>	
	(grant)	(loan)
Participant Training	-	305
Technical Assistance	617	793
Commodities/Pharmaceuticals	-	2,132
Renovation/Construction	2,000	5,324
Other Costs	<u>400</u>	<u>-</u>
TOTAL	3,017	8,554

Funding Requirements/Pipeline

Ongoing and Planned Projects

(\$ 000)

<u>Title/No.</u>	<u>L/G</u>	<u>LOP</u> <u>Authd.</u>	<u>Plnd.</u>	<u>Oblig.</u> <u>2/28/86</u>	<u>Accruals</u> <u>2/28/86</u>	<u>Pipeline</u> <u>2/28/86</u>	<u>Planned Obligations</u> <u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>Mortgage</u>
<u>ARDN</u>										
Ag. Marketing 0060	L	10,800	10,800	10,800	4,306	6,494	-	-	-	-
Ag. Planning 0061	G	2,878	2,878	2,878	2,738	140	-	-	-	-
Agroindus. Devel. 0081	L	9,489	9,489	9,489	2,361	7,128	-	-	-	-
Ag. Education 0082	G	3,000	3,000	3,000	25	2,975	-	-	-	-
Ag. Education 0082	L	9,500	9,500	9,500	-	9,500	-	-	-	-
Sm. Farm. Prod./Mktg. -OIG 0097	G	660	660	660	233	427	-	1,800	2,000	6,200
Hillside Agric. 0101	G	-	10,000	-	-	-	-	-	-	-
Ja. Ag. Devel. Founda- tion-OIG 0105	G	1,000	1,000	1,000	-	1,000	-	-	-	-
Ag. Coop. Devel.- OIG 0107	G	500	500	500	83	417	-	-	-	-
Hillside Assessment 0113	G	600	600	600	34	566	-	-	-	-
Crop Divers./Irriga- tion 0123	L	5,000	5,000	4,800	2,100	2,700	-	-	-	-
Crop Divers./Irriga- tion 0123	G	13,000	13,000	3,200	-	3,200	4,000*	5,000	2,800	-
Ag. Research 0128	G	-	11,000	-	-	-	500	1,000	3,000	6,500
PD&S 9103	G	-	-	-	-	-	220	200	200	-
Subtotals: ARDN						34,547	4,720	8,000	8,000	12,700

*of which, 2,000 obligated 1st Qtr. FY 86

L/G	LOP Authd.	Pind.	Oblig. 2/28/86	Accruals 2/28/86	Pipeline 2/28/86	Planned Obligations			
						FY 86	FY 87	FY 88	
G	5,711	10,711	5,711	3,423*	2,288	1,000	970	1,030	2,000
G	248	248	248	24	224	-	-	-	-
G	-	-	-	-	-	30	30	20	-
					2,512	1,030	1,000	1,050	2,000

Estimated expenditures of 1,558 for centrally procured commodities.

prove-
prove-

L	8,554	8,554	8,554	2,545	6,009	-	-	-	-
G	1,017	3,017	1,017	119	898	2,000	-	-	-
G	-	-	-	-	-	109	50	50	-
					6,097	2,109	50	50	-

Title/No.	L/G	LOP Authd.	Prnd.	Oblig. 2/28/86	Accruals 2/28/86	Pipeline 2/28/86	Planned Obligations			Mortgage
							FY 86	FY 87	FY 88	
EIRD										
Basic Skills Trng. 0083	L	8,500	8,500	8,500	498	8,002	-	-	-	-
Basic Skills Trng. 0083	G	4,900	4,900	2,750	873	1,877	400	-	500	1,250
Support for Mgt. Trng.-ORG 0084	G	350	350	350	70	280	-	-	-	-
Vol. Sector Devel. 0085	G	3,000	3,000	2,779	475	2,304	221	-	-	-
PAVPAS-ORG 0086	G	500	500	500	260	240	-	-	-	-
Rur. Serv. for Spec. Children-ORG 0094	G	500	500	500	435	65	-	-	-	-
Board of Revenue Asst. 0095	L	4,522	4,522	4,522	2,574	1,948	-	-	-	-
Board of Revenue Asst. 0095	G	-	6,000	-	-	-	1,000	2,000	2,000	1,000
Brother's Brother Found.-ORG 0106	G	300	700	300	243	57	200	200	-	-
Primary Educ. Asst. 0126	G	11,300	11,300	3,000	-	3,000	1,000	3,000	3,000	1,300
UWI School of Mgt. Improvement 0129	G	-	2,200	-	-	-	500	700	500	500
Coop. Devel. & Trng. ORG 0180	G	920	920	500	82	418	220	200	-	-
PD&S 9105	G	-	-	-	-	-	150	100	100	-
Subtotals: EIRD						18,191	3,691	6,200	6,100	4,050

Title/No.	I/G	LOP Auth.	P Ind.	Oblig. 2/28/86	Accruals 2/28/86	Pipeline 2/28/86	Planned Obligations		
							FY 86	FY 87	FY 88
SDA									
Spec. Dev. Activities									
0029	G	-	-	399	302	97	100	100	-
Energy Sect. Asst. 0065	L	8,400	8,400	8,400	2,996	5,404	-	-	-
Energy Sect. Asst. 006	G	300	300	300	90	210	-	-	-
Low Cost Shelter									
Development 0067	G	985	2,385	985	960	25	400	350	300
Tech. Cons. & Trng.									
0079	G	18,460*	27,460	18,460	9,242	9,218	3,000	3,000	3,000
Trafalgar Dev. Bank									
0091	L	20,000	20,000	12,500	271	12,229	-	-	7,500
Trafalgar Dev. Bank									
0091	G	1,200	1,200	900	226	674	100	-	200
Nat. Dev. Found.-									
OIG 0108	G	470	470	470	238	232	-	-	-
Urban Sect. Tech.									
Asst. 0117	G	900	900	900	-	900	-	-	-
Inner Kingston Dev.									
0120	G	-	15,000	-	-	-	3,500	4,000	4,000
Inner Kingston Empl.-									
OIG 0141	G	650	650	650	3	647	-	-	-
PWS 9106	G	-	-	-	-	-	350	300	200
Subtotals: SDA						29,636	7,450	7,750	7,800
						91,793	19,000	23,000	23,000
									30,100

* Includes 12,960 of ESF grant funds.

Totals: All Accts.

Note: Total Mission pipeline, including PWS, and balances from terminated projects amounted to 93,639 as of 2/28/86. This total does not include centrally funded activities.

ESF Program Assistance/Policy Agenda

I. Justification

Continued ESF, balance of payments support at the FY 1987 CP level of \$100 million in both FY 1987 and FY 1988 is critical to Jamaica's economic recovery program. The economic analyses which justify this level of assistance are attached as Annex I. Resources of at least this magnitude will be necessary to help the GOJ to:

1. meet its obligations to creditors and avoid an increasingly severe contraction of production and employment;
2. minimize political and social tensions which would result from such a contraction;
3. consolidate, defend and continue the significant progress already realized in policy reform and structural adjustment of the economy; and
4. demonstrate continued U.S. support for the Jamaican economic stabilization effort.

The GOJ's present dilemma pits economic reality against political necessity. The economic reality is that Jamaica's command over real external resources has not only failed to expand as anticipated, but has declined absolutely. Thus it is hardly surprising that upward movements of the price of foreign exchange have fairly consistently exceeded expectations. The country has experienced successive reductions in its real wealth. Jamaican economic policy adjustment cannot alter that harsh fact in the near term. It can, however, prevent the burden of the aggregate contraction from falling inordinately on the lower income segments of the community.

The demonstrations that followed the January, 1985, round of gasoline price increases had a large spontaneous participation. This sent a clear signal that the patience of the general public with a seemingly endless series of economic hardships was near its limit. The damage that appears to have been done to the very sensitive tourism sector by the January demonstrations could be more severe should new demonstrations occur. Since the collapse of the bauxite/alumina sector, the tourism sector is too important to put in jeopardy by ignoring signs that point to a fragile socio-political stability.

The Prime Minister is painfully aware that abandoning the discipline of his program with the IMF will not change the

economic reality of reduced real resource availability. His call for a "fresh look" at the Jamaican economic situation and the requirements of the IMF program, is not, when carefully analyzed, a call for approval for resorting to the printing press to finance subsidies for petroleum products and basic foods. Instead, he has asked for a review of policy alternatives to the continued imposition of austerity on an adjustment-fatigued population.

As an alternative, he has experimented with sufficiently restrictive monetary policy to choke off the excess foreign exchange demand that drives the depreciation and the concomitant need for price increases. It is a risky strategy, because it simultaneously inhibits private investment and production.

On the positive side it has probably won a higher degree of social stability than would otherwise have prevailed through the critical tourist season.

The fundamental problem to be addressed in any new economic program has not changed in the last year. In the absence of significant and prompt inflows of new resources, import demand must be reduced. To accomplish this primarily through general monetary policy could, we estimate, require an additional reduction of national money income. Without exceptional inflows of additional resources, there may be no means by which a fixed exchange rate can be made compatible with economic recovery.

The Prime Minister is trying to make the best out of several very difficult alternatives. At present, however, Jamaica stands at a crossroads. Two basic scenarios for its future are conceivable. Under the pessimistic scenario, the short run problem of adjusting to contracting real aggregate resources will not be resolved. As the political and social fabric unravels, tourism will be seriously affected, and the entire economy will falter, thereby creating a vicious circle of economic contraction. A break with the IMF would appear inevitable in this scenario. This, in turn, would have a cascading effect of severing relations with the whole array of donors and creditors. The end result would find Jamaica cut off from international financial markets and, consequently, from the opportunity of dealing with short term economic contractions with financing rather than adjustment.

Under the optimistic scenario, Jamaica will, with donor assistance, weather the present short run crisis, and realize the inherent potential of its structural adjustment program. Its export led, private sector dominated strategy will come to fruition, and levels of material prosperity desired by most Jamaicans will be slowly but steadily approached. This will have the effect of reinforcing political and social stability

which in turn will facilitate further economic development. This is not a quick solution under any circumstances. It requires continuing adjustment and reform by the GOJ, continued support by donors, time, and some favorable breaks.

The Mission believes that, with sustained donor assistance over the next to three to five years, the latter scenario is still possible. In light of both the importance of a stable Jamaica to furtherance of U.S. interests in the Caribbean, and the GOJ's progress to date in implementing necessary structural adjustments, we consider it absolutely essential that continued ESF assistance, at a significant level, be provided over the Action Plan period.

II. Policy Dialogue Agenda

Given the vital importance of strong growth performance in exports and other sources of foreign exchange inflows to the alleviation of Jamaica's balance of payments difficulties, USAID will emphasize support for reforms in those policies which constrain such growth.

For the remainder of FY 1986 and for FY 1987 the Mission will give priority to:

1. full implementation of the Government's comprehensive tax reform program;
2. increased privatization of publicly owned enterprises and lands;
3. reduction of administrative and policy obstacles to private investment, both foreign and domestic;
4. reform of commodity boards, with particular emphasis on loosening up on long standing practices;
5. continued liberalization of foreign trade and foreign exchange markets; and
6. reformulation of policies that now provide incentives to consumer goods imports, over-consumption, and production for sheltered domestic markets.

As noted in Part I of this Action Plan, the Mission intends to time disbursement of future ESF assistance, insofar as possible, to coincide with GOJ progress in implementing these and/or other reforms.

III. FY 1985/86 Progress

The Policy Dialogue Agenda contained in Jamaica's FY 1985/86 Action Plan listed 11 elements of policy reform which the Mission expected to negotiate with the GOJ between June 1, 1985 and June 30, 1986. A brief discussion of the status of each specific element follows.

<u>Policy</u>	<u>Target Date</u>	<u>Status</u>
1. Reduce public sector workforce by 10,000	June 30, 1986	Reduction of 12,375 by the end of 1985.
2. Divest and/or lease 30 additional public enterprises	Mar. 31, 1986	GOJ is in process of privatizing 46 enterprises, which is seven more than originally agreed upon. Twelve have been privatized; the process is well along for five more. Reliable financial data is now available for another 15, which the government intends to sell. In addition, the GOJ has leased 18,000 acres of publicly owned agricultural lands, and announced the availability of 3,000 more acres for lease.
3. Consolidation and streamlining of Government Ministries	Continuing	This activity is in progress under a World Bank project in support of improving administrative efficiency in Government agencies.
4. Relaxation of exchange controls	Dec. 31, 1985	Steps have been taken to facilitate profit repatriation.

- | | | |
|---|----------------------|--|
| 5. Complete the dismantling of the QR/License System | Mar. 31, 1986 | In 1980 all imports required licenses, and 364 tariff items were subject to quantitative limits. At the end of 1985, all but 76 items still subject to explicit quantitative restrictions were removed and only 160 items remained subject to licensing. Many of these were items such as explosives and pharmaceutical products. However, tractors and trucks are both subject to QRs and licenses, while fertilizers are subject to licenses only. |
| a. Tractors | Sept. 30, 1985 | |
| b. Fertilizer | June 30, 1985 | |
| c. Trucks | Sept. 30, 1985 | |
| 6. Permit banks unrestricted access to foreign exchange market to cover forward positions | Dec. 31, 1985 | Banks are now permitted to cover a portion of their forward sales. However the forward market is relatively inactive due to lack of participation by private non-bank sellers of forward exchange. |
| 7. Develop full-year foreign exchange budget, fixing maximum BOJ supplies of FX to auction. | Dec. 31, 1985 | Owing to uncertainties with foreign exchange flows, it has not been possible to develop such a budget. |
| 8. Complete deregulation of coffee | Prior to FY 1986 ESF | Coffee deregulated as far as mission considers feasible at the present time. |
| 9. Deregulation of all other export crops | June 30, 1986 | Bananas substantially deregulated. Progress made with other crops. |
| 10. Complete decontrol of prices | Sept. 30, 1985 | Number of items subject to price controls reduced from 60 to 3, although percentage mark-ups on key commodities are still regulated. |

11. Deregulation of
interest

Sept. 30, 1985

A minimum savings rate of 20% is set by BOJ regulation. However, BOJ has agreed to eliminate this floor. This rate and the liquid assets ratio indirectly determine other interest rates. Elimination of the non-cash component of the liquid assets ratio has been agreed to by the GOJ.

ANNEX

Economic Analysis

The major constraints on economic growth over the next two years are savings and productivity constraints. Additional foreign credit could ease the savings constraint temporarily. However, if foreign debt increases, the constraints in the 3-5 year period will become more severe. This results directly from increased future year debt service obligations. It is reinforced indirectly through the adverse impact of new debt on the willingness of investors to hold assets denominated in Jamaican dollars. Thus relief through foreign assistance flows is plausible only through highly concessional (preferably grant) assistance.

A relaxation of the constraint could also result from an increased domestic saving effort. This can be brought about directly through policy that yields a surplus on the current account of the public sector. However, at a time of comprehensive tax reform and a declining economy, it is entirely possible that revenue will fall, at least temporarily. Thus increased saving by the public sector would require deep cuts in current account expenditures.

Interest on public debt and wage and salary payments are the dominant elements on the expenditure side. Reductions in these accounts are undesirable (default on interest), or mechanically difficult to accomplish in a short period (wages). Wage payment savings are largely offset in the first year by legally required redundancy payments. Moreover, sizeable public sector layoffs in a declining economy may in a one or two year period have intolerable indirect costs.

Private domestic saving cannot be ruled out as a source of financing for investment. However, this source is difficult to control directly through policy, particularly in short periods of time. Rather it must be induced by economic conditions that lead individuals and firms to forego current spending in favor of accumulation. Interest rates and exchange rates that suggest future capital gains, as well as a policy environment that makes Jamaican dollar assets seem both liquid and secure, are important elements of the required inducements.

Increases in net yields on investments secure higher rates of growth for a given level of saving and investment. In Jamaica it is widely accepted that real economic returns are generally relatively higher on production for export than for domestic markets, and on private than on government investments. Thus an economic environment that induces more investment in the favored directions and less elsewhere increases aggregate productivity and the social

dividend. Yet the prices and costs that determine the relative profitability to particular decision makers in Jamaica often reverse the relative rewards. Policies governing the relationships among prices, wages, interest rates, tax rates and exchange rates can therefore influence aggregate productivity. Corrections of divergences between social and private rates of return that originate in the price system can therefore significantly relax the productivity constraint.

USAID/J can foresee conditions that would yield positive real growth by U.S. Fiscal Year 1987. This scenario is not a forecast based on a theoretical and empirical model of economic decision making behavior in Jamaica. Rather it starts with what are considered the highest plausibly attainable growth rates. It then estimates an internally consistent set of target values for (1) the level of and return on investment required to produce that growth; (2) the export level required to realize the rate of return; (3) the import component of the investment and production; and (4) the levels of domestic and foreign savings required to finance the investment.

The required values of these parameters for JFY 1986/87 and 1987/88 are presented in Table I below. Estimates of the actual values of these parameters for JFY 1985/86 are included to illustrate the magnitude of the effort that will be required to achieve the modest hypothetical growth rates.

Table I

Parameters Required for Positive Growth by 1987/88

	<u>Estimates</u>		<u>Hypothetical</u>	
	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>	
Percentage Growth of Real GDP	-4.6	0.0	1.0	
Investment (Millions of Current J\$)	2,016	2,857	3,324	
(Millions of 1974 J\$)	279	328	333	
Investment/GDP	0.15	0.18	0.18	
Merchandise Exports (Millions of US\$)	530	510	560	
(Bauxite/Alumina)	(275)	(240)	(255)	
(Other)	(255)	(270)	(305)	
Non-Bauxite/Alumina Imports				
(Millions of US\$)	939	873	850	
(Non-Consumer)	(816)	(750)	(730)	
Saving (Millions of J\$)	<u>2,016</u>	<u>2,857</u>	<u>3,324</u>	
Foreign	1,891	2,194	2,094	
Domestic	126	663	1,230	
(Private)	(126)	(142)	(290)	
(Public)	(-)	(521)	(940)	
GDP (Millions of Current J\$)	11,225	13,021	14,466	
Change in Domestic Saving Per Dollar				
Change in GDP	Negative	0.30	0.39	

The obvious inference to be drawn from this hypothetical scenario is that the best performance that is reasonably attainable in JFY 1985/86 is to stop the contraction. Even this will require exceptional increases in private investment, private and public domestic saving, foreign savings inflows, and productivity. Output relative to both investment and imports will have to increase markedly.

There are, of course, trade-offs. The domestic saving requirement can be eased by increased inflows of private or official capital. Dramatic changes in productivity reduce the required level of investment. However, it is equally clear that increased attractiveness of Jamaica as an abode for both foreign and domestic savings is a sine qua non of this scenario.

Appendix Table 2 below presents a balance of payments scenario that is consistent with the foregoing hypothetical growth picture. Some inconsistencies may be observed between elements of these data and the data in Table 1. Differences in aggregation schemes, exchange rate assumptions and account closing requirements account for discrepancies; they are not significant.

The conclusion, however, is the same. Substantial external savings, a policy framework that is extremely hospitable to decisions to save and invest in Jamaica, and to invest in high yielding directions, all are essential in the next two years. The financing gaps are in excess of the proposed ESF funding levels. Thus a closely integrated program of U.S. assistance, policy adjustment, and assistance from other donors is a necessary condition for arresting the current economic decline.

APPENDIX TABLE 2

A Balance of Payments Scenario
for Positive Growth in JFY 1987/88
(In Millions of US\$)

	<u>Actual</u>		<u>Estimated</u>	<u>Projected</u>	
	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>
Exports	722	718	530	510	560
Imports	-1,251	-1,233	-1,129	-1,050	-1,017
Services & Transfers (Net)	<u>197</u>	<u>247</u>	<u>276</u>	<u>179</u>	<u>234</u>
Current Account Balance	-282	-253	-323	-361	-223
Public Capital (Net)	65	567	275	225	200
Private Capital (Net)	<u>-231</u>	<u>183</u>	<u>144</u>	<u>75</u>	<u>80</u>
Capital Balance	-166	750	419	300	280
Change in Reserves (--increase)	448	-497	-96	-108	-134
Financing Gap	-	-	-	-169	-223

PL 480 Narrative

I. Overview

The current food assistance program in Jamaica involves PL 480 Title I commercial sales, and PL 480 Title II and Section 416 donations. The Title I Program finances imports of wheat, corn, rice and edible vegetable oil. In FY 1985, \$40M was provided under the program, but planning levels have dropped to \$30M per year for FY 1986 and FY 1987.

Under Title II, Section 206, the Jamaica Agricultural Development Foundation (JADF) will receive donations of 1,000 MT of surplus butter and 3,000 MT of surplus cheese in FY 1986. The estimated world market value of these commodities is approximately \$4.8M. The Foundation, launched in July, 1984, is envisioned as a multi-year effort with continued commodity support being provided in fiscal years 1987, 1988, and 1989. The commodities are sold in bulk to Jamaican processors at world market landed prices, with proceeds used by JADF to finance private agricultural development activities.

A \$10M Title II and Section 416 proposal for wheat (Title II), and non-fat dry skim milk (NFDM) and butter oil (Section 416) to support the GOJ's expanded school feeding program has been approved and will be implemented in FY 1986. In addition, a Section 416 program involving the donation of Ultra High Temperature (UHT) milk was approved in FY 1985, and is being implemented in children's homes, daycare centers, places of safety and children's hospitals.

Jamaica also imports food and other commodities such as lumber, tallow and grape juice concentrate under the GSM-102 program. In FY 1986 this program will total \$60M, and a sustained level of \$60M is projected again for FY 1987.

Using concessional loans, grants and C.C.C. guaranties, Jamaica imported approximately \$107M of food, including nearly all of its basic grain requirements, from the U.S. during FY 1985. Total food imports are estimated to have totalled US\$320M in 1985.

II. Relationship to Mission Strategy

A. PL 480 Title I

The recent sharp downturn in the Jamaican economy has had a severe impact on the poorer segments of Jamaican society. Both the GOJ and USAID are concerned about easing the shock of

adjustment on the lower socio-economic groups. Concessional food aid is part of the response to that concern. Wheat and corn, which account for about 73% of the Title I program in value terms, are the principal protein source and weaning food, respectively, for lower income Jamaican families.

The Mission is acutely aware of the disincentive effects of food aid on domestic agricultural production and marketing, and the excessive dependence on imported food as a principal source of sustenance for the population. Consequently, as a self-help measure the GOJ has agreed to collect and analyze domestic food production, household expenditure and consumption data as a basis for assessing the impact of food imports on domestic production and food consumption patterns. Results of the analysis will be used in the Mission's search for a way to resolve the conflict between the need to promote domestic agricultural development and the need to provide sustenance for the poor.

The GOJ is taking positive steps to address the problem of import related disincentives to local agriculture. In 1984, it initiated a "Food Self Sufficiency Program" aimed at significantly reducing the island's dependence on imported foodstuffs. The program focuses on increasing the production of corn, rice, soybeans, cassava, fish, meat/meat products, and milk/milk products. Corn, rice and soybean production increased substantially during 1985, due in part to the GOJ's active program of long term leasing of government owned lands to private investors. USAID is assisting the effort in a number of ways including: (1) support for Agro 21 and the JADF; (2) the Crop Diversification/Irrigation, and planned Agricultural Research projects; and (3) negotiation of a series of PL 480 self-help measures such as elimination of price controls on imported foods, improvement of irrigation systems and water resource management, removal of disincentives to local dairy production, and the disincentive study mentioned above.

The PL 480 Title I program has positive balance of payments effects, at least in the short to medium term. For this reason, the Mission will explore the possibility of increasing levels of Title I assistance, to replace more costly GSM 102 imports, during FY 1987 and FY 1988. However, recognizing the potential disincentives of massive, concessional food aid (GSM 102 as well as PL 480) to local production, self-help measures will be designed to assure pricing policies and distribution mechanisms that permit support of the lower income groups without seriously impeding local agricultural development.

Assuming continuing, increased yields of basic grains under the Food Self Sufficiency Program and an improved balance of payments situation, the Mission anticipates gradually reduced

levels of PL 480 assistance and indeed of food imports generally in FY 1989 and beyond.

B. Section 416

The \$10M commitment to provide wheat, NFDM and butter oil to support the GOJ's expanded school feeding program involves both PL 480 Title II and Section 416 commodities. The first call forward is anticipated for no later than June, 1986, but since full production capacity for the government's nutribun and milk program is not yet in place, final deliveries of commodities are likely to occur in the first quarter of FY 1987. The Mission has not yet determined whether additional assistance will be sought for this program in FY 1987 and FY 1988.

The GOJ has agreed to undertake a detailed evaluation of its nutribun and milk program. The evaluation will be carried out in collaboration with the Caribbean Food and Nutrition Institute and the WFP. An interim report will be submitted to USAID by August 30, 1986.

Another Section 416 program that was approved for Jamaica in FY 1985 involves the donation of 1,460 MT of UHT milk to children's homes and hospitals, places of safety, and day care centers. It is possible that a second proposal for approximately 2,000 MT of UHT, for essentially the same target group, will be submitted for consideration and approval for FY 1987. To enable the Mission better to evaluate the effectiveness of the current program, and to determine the need for any follow on activity, a local accounting firm will be hired during FY 1986 to do program monitoring and quarterly reports.

C. JADF

The JADF is a private, non-profit foundation designed to function as if it were a venture capital institution. It receives its lending capital through the provision and sale of donated surplus U.S. dairy commodities made available under PL 480 Title II, Section 206. Its purpose is both to provide flexible and innovative financing to the agricultural and agribusiness sectors, and to provide a resource base for private sector sponsored research and training aimed at increasing opportunities for relevant, sustainable agricultural growth.

At the end of this year, the JADF, in accordance with provisions contained in the FY 1986 transfer authorization, will make public the results of their comprehensive studies of the

livestock sector, with a concentration on the dairy subsector. These studies will examine all aspects of production, processing, and marketing. They will document the status of that sector, identify the constraints to its growth and development, and identify areas and priorities for JADF project allocations within that sector.

By the end of February, 1986, the Foundation had approved financing for some 30 projects in aquaculture, crops, livestock, ornamental horticulture and honey production, amounting to slightly over J\$10.9M. (Approximately US\$2.0M)

USAID provided a US\$1.0M grant to JADF in FY 1985 to finance technical assistance for project feasibility studies. No further DA financed assistance to the JADF is anticipated for fiscal years 1987 or 1988.

Local Currency

ESF counterpart funds are, under the terms and conditions of the various agreements, made available for activities agreed upon with A.I.D. The GOJ sets up a separate Special Account for the local currency made available as a result of each loan or grant. The actual amount of counterpart funds deposited in each Special Account depends upon the rate of exchange on the day the U.S. dollars are disbursed to the Bank of Jamaica's New York Federal Reserve Bank Account.

PL-480 funds are generated by the sale of the commodities by the GOJ statutory body which handles PL-480 food imports, the Jamaica Commodity Trading Company Ltd. (JCTC). The JCTC credits the PL-480 Special Account in the Bank of Jamaica with the Jamaican dollar equivalent of the FOB price of the commodities at the exchange rate obtaining on the day of arrival of the commodities. There is a different PL-480 Special Account for each agreement.

Funds from these two types of Special Accounts are used to reimburse the GOJ's Consolidated Fund for expenditures on activities agreed upon by the Mission and the GOJ. Because of this mechanism, all of the agreed upon activities must appear as line items in the GOJ budget.

In the past, efforts to program counterpart funds in line with priorities identified by the Mission have been stymied by the limited resources available to the GOJ for allocation among competing line items in their annual budget. Although appropriate levels of counterpart funding were negotiated and formally agreed upon at staff levels, the budget authority allocated to particular line items in the subsequent budget were often substantially less. The effect of this underfunding was compounded when expenditure levels under the warrant system did not meet even these lower budget authority levels.

This year the Mission has met with both the Office of the Prime Minister and the Ministry of Finance (MOF) prior to the finalization of GOJ budget levels for JFY 1986/87, which begins April 1, 1986. These discussions have dealt primarily with USAID project needs in the coming Jamaican fiscal year, and have been approached through a discussion of the impact of different funding levels on the individual projects and a review of the resulting effect on project progress.

It is expected that this year's GOJ budget exercise will reflect a much more realistic level of funding for Mission projects than was the case in previous years. Following release of the final version of the preliminary budget, Mission staff will meet with MOF representatives to program formally the available counterpart, on the basis of the authority levels identified in

the budget. As in the past, these activities will fall into three categories in this order of priority: (1) counterpart to A.I.D funded projects; (2) counterpart to other donor funded projects; and (3) funding for GOJ priority activities in areas of A.I.D interest.

MANAGEMENT PLANS AND OBJECTIVES

Although there has been a redirection of effort within the USAID portfolio, the Mission's strategy for FY87/88 will remain much the same as that discussed in the 1985 CDSS and last year's Action Plan. Consequently there will be no major change in total personnel requirements particularly in areas directly related to program/project implementation.

The Mission has proposed to AID/W that it satisfy most of its support requirements internally rather than through the currently used Foreign Affairs Administration Support (FAAS) mechanism. If AID/W approves, the Mission expects to realize a substantial saving overall and sizeable reduction in the FAAS costs while demonstrating greater efficiency in the support areas.

Personnel requirements for the start up of this support activity are modest and are shown in the Table titled "US and FN PSCs". The proposed increase in staff, all of whom will be locally hired, will be funded from available Trust Funds. To keep the staff increase small, and do the job effectively, the Mission needs to computerize the operations and therefore has budgeted for an increase in ADP equipment. Approximately \$300,000 in the proposed FY 1987 OE budget is for start-up costs of our own GSO operation. Thereafter, many recurring costs will be met from Trust Funds, with only a limited annual requirement for U.S. dollars. It would greatly facilitate our start-up of the GSO if our FY 1986 OE budget could be increased by some or all of this GSO start-up amount with a corresponding reduction being made in FY 1987.

To accommodate the proposal discussed above, property adjacent to the USAID compound has been identified for possible acquisition. The acquisition will however be contingent on the availability of Trust Funds and the approval of the Mission proposal.

TABLE VIII - FY 1987
 - USAID/JAMAICA
 (\$000)

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
U.S. DIRECT HIRE	U100		1,689.5	108.3	1,797.8	XXXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,193.0		1,193.0	23.0
PT/TEMP U.S. BASIC PAY	U102	112	0.0		0.0	0
DIFFERENTIAL PAY	U103	116	179.0		179.0	XXXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	0.0		0.0	XXXXXX
OTHER MISSION FUNDED O.C. 11	U105	119	0.0		0.0	XXXXXX
EDUCATION ALLOWANCES	U106	126	98.2	9.7	107.9	15
RETIREMENT - U.S.	U107	120	83.5		83.5	XXXXXX
LIVING ALLOWANCES	U108	128			0.0	XXXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	41.8		41.8	XXXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	2.1	10.2	12.3	XXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	5.5		5.5	3
POST ASSIGNMENT - FREIGHT	U112	22	54.0		54.0	3
HOME LEAVE - TRAVEL	U113	212	5.5	19.9	25.4	18
HOME LEAVE - FREIGHT	U114	22	9.4	31.8	41.1	18
EDUCATION TRAVEL	U115	215	2.6	2.6	5.1	12
R & R TRAVEL	U116	215		19.2	19.2	11
ALL OTHER CODE 215 TRAVEL	U117	215	15.0	15.0	30.0	17
FOREIGN NATIONAL DH	U200		0.0	177.8	177.8	XXXXXX
BASIC PAY	U201	114		152.0	152.0	17
OVERTIME, HOLIDAY PAY	U202	115		4.5	4.5	0.5
ALL OTHER CODE 11 - FN	U203	119		7.7	7.7	XXXXXX
ALL OTHER CODE 12 - FN	U204	129		10.9	10.9	XXXXXX
BENEFITS FORMER FN PERS.	U205	13		2.8	2.8	XXXXXX
CONTRACT PERSONNEL	U300		0.0	603.9	603.9	XXXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0
U.S. PSC - SALARY/BENEFITS	U302	113		211.0	211.0	6
ALL OTHER U.S. PSC COSTS	U303	255			0.0	XXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113		377.9	377.9	59
ALL OTHER F.N. PSC COSTS	U305	255		15.0	15.0	XXXXXX
MANPOWER CONTRACTS	U306	259		0.0	0.0	0
JCC COSTS PAID BY AID/W	U307	113	0.0		0.0	0
HOUSING	U400		66.7	598.7	665.4	XXXXXX
RENT	U401	235		333.4	333.4	24
UTILITIES	U402	235		79.1	79.1	XXXXXX
RENOVATION AND MAINT.	U403	259	26.0	32.0	58.0	XXXXXX
QUARTERS ALLOWANCE	U404	127		16.2	16.2	1
PURCHASES RES. FURN/EQUIP.	U405	311	33.9		33.9	XXXXXX
TRANS./FREIGHT - CODE 311	U406	22	6.8		6.8	XXXXXX
SECURITY GUARD SERVICES	U407	254		134.5	134.5	XXXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254		1.7	1.7	XXXXXX
REPRESENTATION ALLOWANCE	U409	252		1.8	1.8	XXXXXX

OFFICE OPERATIONS		U500	571.4	625.1	1,196.5	XXXXXX
RENT	U501 234			145.1	145.1	XXXXXX
UTILITIES	U502 234			94.5	94.5	XXXXXX
BUILDING MAINT./RENOV.	U503 259	28.0	36.7	64.7	XXXXXX	
OFFICE FURN./EQUIP.	U504 310	12.0	13.1	25.1	XXXXXX	
VEHICLES	U505 312	45.5		45.5	XXXXXX	
OTHER EQUIPMENT	U506 319	113.1		113.1	XXXXXX	
TRANSPORTATION/FREIGHT	U507 22	26.8		26.8	XXXXXX	
FURN./EQUIP./VEH. REPAIR/MAINT	U508 259	37.0	22.0	59.0	XXXXXX	
COMMUNICATIONS	U509 230		64.2	64.2	XXXXXX	
SECURITY GUARD SERVICES	U510 254		50.9	50.9	XXXXXX	
PRINTING	U511 24		9.1	9.1	XXXXXX	
RIG/II OPERATIONAL TRAVEL	U512 210	0.0		0.0		0
SITE VISITS - IN COUNTRY	U513 210		5.0	5.0		22
SITE VISITS - OTHER	U514 210	26.0	10.0	36.0		26
INFORMATION MEETINGS	U515 210	0.0		0.0		0
TRAINING ATTENDANCE	U516 210	14.0	5.0	19.0		8
CONFERENCE ATTENDANCE	U517 210	20.0	5.0	25.0		15
OTHER OPERATIONAL TRAVEL	U518 210	4.0	1.0	5.0		5
SUPPLIES AND MATERIALS	U519 26	65.0	25.5	90.5	XXXXXX	
FAAS	U520 257	180.0		180.0	XXXXXX	
CONSULTING SVCS - CONT.	U521 259		0.0	0.0	XXXXXX	
MGT./PROF. SVCS. - CONT.	U522 259		0.0	0.0	XXXXXX	
SPEC. STUDIES/ANALYSES CONT.	U523 259		0.0	0.0	XXXXXX	
ALL OTHER CODE 25	U524 259		138.0	138.0	XXXXXX	
TOTAL O.E. BUDGET			2,327.6	2,113.8	4,441.4	XXXXXX
RECONCILIATION			1,677.3	0.0	1,677.3	XXXXXX
OPERATING ALLOWANCE REQUEST			650.4	2,113.8	2,764.2	XXXXXX

USDE POSITIONS BY OFFICE- FY 1987

 Position

 No. - Title

OFFICE OF DIRECTOR:
1015 - Mission Director
1019 - Deputy Mission Director
1040 - Executive Officer
1064 - Contracts Officer

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:
2004 - Sup. Trade Developmant Officer
2008 - Private Enterprise Officer

OFFICE OF PROGRAM & ECONOMIC PLANNING:
3005 - Sup Program Economics Officer
3010 - Program Economics Officer
3022 - Program Officer

OFFICE OF PROJECT DEVELOPMENT SUPPORT:
4005 - Sup. Project Development Officer
4010 - Project Development Officer
4015 - Project Development Officer

OFFICE OF CONTROLLER:
5004 - Controller
5010 - Financial Mgt. Officer B/A
5020 - Financial Mgt. Officer Financial Analyst

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT:
6013 - Sup. Agricultural Development Officer
6018 - Agricultural Development Officer
6025 - Asst. Agricultural Development Officer

OFFICE OF ENGINEERING, ENERGY AND ENVIRONMENT
8005 - Sup. Engineering Officer
8010 - Engineering Officer

OFFICE OF EDUCATION & HUMAN RESOURCES:
8013 - Sup. Human Resource Development Officer

OFFICE OF HEALTH, NUTRITION & POPULATION:
8026 - Sup. Health/Population Development Officer
8032 - Health Development Officer

FNDE POSITIONS BY OFFICE- FY 1987

Position Title

OFFICE OF THE DIRECTOR:
Chauffeur/Messenger

OFFICE OF PROGRAM & ECONOMIC PLANNING:
Program Assistant
Program Assistant
Secretary

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:
Program Assistant

OFFICE OF PROJECT DEVELOPMENT SUPPORT:
Program Assistant

OFFICE OF ENGINEERING, ENERGY AND ENVIRONMENT:
Secretary

OFFICE OF THE CONTROLLER:
Chief Accountant/Data Controller
Accounting Technician
Accounting Technician
Cashier

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT:
Program Assistant
Program Assistant
Secretary

OFFICE OF HEALTH, NUTRITION & POPULATION:
Program Assistant

OFFICE OF EDUCATION & HUMAN RESOURCE:
Program Assistant
Program Assistant
Participant Training Assistant

U.S. AND F.N. EX'S BY OFFICE

FY 1987

Position	Incumbent	US/FSN	Grade	Description
OFFICE OF DIRECTOR:				
Director's Secretary	Myers, C.	US	TF	Secretarial duties
D/DIR Secretary	Coley, L.	FSN	TF	Secretarial duties
Director's Chauffeur		FSN	TF	Chauffeur
EXECUTIVE OFFICE:				
Secretary	Daniels, E.	FSN	TF	Secretarial duties
Admin. Management Specialist	Masters, P.	FSN	TF	Assists Mgmt. Officer, liaises with JAO/GSO
COMMUNICATION & RECORDS				
CAR Supervisor	Lockard, K.	US	TF	Supervises CAR operation
CAR Records Clerk	Lawson, A.	FSN	TF	Tags/assigns action/distributes cables/correspondence in CAR
CAR Mail Distribution Clerk	Henry, D.	FSN	TF	Receives, sorts and distributes mail
REPRODUCTION				
Xerox Operator	Beasley, C.	FSN	TF	Operates/maintains copying machine, distributes copies to offices
RECEPTION & SECURITY				
Receptionist	Ingram, Y.	FSN	TF	Tags visitors/Issues security passes
APPROVED DATA PROCESSING				
Computer Systems Administrator	Kim, A.	US	TF	Operates VS 90 computer
Assistant Computer Administrator	Dickson, N.	FSN	TF	Assist in operating VS90 computer
GENERAL SERVICES OFFICE				
General Services Officer		US	TF	Oversees GSO operations
Secretary		FSN	TF	Secretarial duties
PERSONAL PROPERTY MANAGEMENT				
Supply Supervisor		FSN	TF	Manages supply system
Storekeeper		FSN	TF	Distributes & accounts for supplies
Supply Clerk		FSN	TF	Assists storekeeper
Warehouse Person		FSN	TF	Receives & delivers goods to/from warehouse
Warehouse Person		FSN	TF	Receives & delivers goods to/from warehouse

BUYING & PROCUREMENT

Contracts Specialist
Purchasing Agent
Building Maint Supervisor
Electrician
Carpenter
Plumber

FSN
FSN
FSN
FSN
FSN
FSN

TF
TF
TF
TF
TF
TF

Prepares lease & purchase order
Handles all OE procurement
Oversees office & residential buildings(Maint)
Performs minor repairs
Performs minor repairs
Performs minor repairs

VEHICLE

Motor pool Supervisor
Dispatcher

FSN
FSN

TF
TF

Manages drivers & maintenance of vehicles
Dispatches vehicles as required and maintains vehicles logs
Drives for CSO operations and for movement of direct and contract personnel

Chauffeur(Four)

FSN

TF

PERSONNEL

Personnel Assistant

FSN

TF

Assists Executive Officer in all personnel affairs

OFFICE OF CONTRACTS MANAGEMENT:

Procurement Specialist/Secretary

FSN

TF

Drafts P.O.s and contracts; secretarial duties

OFFICE OF PROGRAM & ECONOMIC PLANNING:

Program Assistant

FSN

TF

Secretarial duties

Secretary

FSN

TF

Secretarial duties

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:

Secretary

FSN

TF

Secretarial duties

Assistant Private Sector Officer

FSN

TF

Liaise with private sector organizations, appraise proposals for private sector development

Secretary

FSN

TF

Secretarial duties

Industrial Specialist

FSN

TF

Secretarial duties

Interact and consult with industrial organizations to recommend research inputs for specific industrial development projects

Secretary

FSN

TF

Secretarial duties

OFFICE OF PRODUCT DEVELOPMENT SUPPORT:

Secretary

FSN

TF

Secretarial duties

Secretary

FSN

TF

Secretarial duties

Secretary

FSN

TF

Secretarial duties

OFFICE OF ENGINEERING, ENERGY & ENVIRONMENT

Engineer
Engineer
Engineer
Secretary

US
FSN
FSN
FSN
FSN

Payne, A.
McLain, K.

TP
TP
TP
TP

Provides engineering input to project
Provides engineering input to project
Provides engineering input to projects
Secretarial duties

OFFICE OF CONTRACTS

Accountant/Financial Analyst
Accountant/Financial Analyst
Secretary

US
FSN
FSN
FSN
FSN

Jacks, R.
Richards, J.
Cox, F.
Johnson, C.

TP
TP
TP
TP

Performs financial reviews of projects, prepares general assessments, contract reports
Replacement for US position above
Secretarial duties

Accounting Maintenance Clerk

FSN
FSN
FSN
FSN

Jones, J.
Ducey, C.
Cunningham, D.
Martin, C.

TP
TP
TP
TP

Maintains accounting records for regional projects, prepares outstanding advance reports, accounts receivables ledger and report
Maintains accounting records for grant/loan projects
Processes vouchers for payment
Processes vouchers for payment

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT

Program Assistant
Secretary
Secretary

FSN
FSN
FSN

Rockester, V.
Fuller, J.
Ferguson, K.

TP
TP
TP

Monitors agricultural projects, mainly crop diversification
Secretarial duties
Secretarial duties

OFFICE OF EDUCATION & IRRAW RESOURCE

Training Program Assistant
Secretary
Secretary
Secretary

FSN
FSN
FSN
FSN

Ricchio, M.
Sillburn, H.
Lawla, E.
Sargu, J.

TP
TP
TP
TP

Monitors participant activities
Secretarial duties
Secretarial duties
Secretarial duties

OFFICE OF HEALTH, NUTRITION & POPULATION

Secretary

FSN

Mckay, K.

TP

Secretarial duties

TABLE VIII - FY 1988
USAID/JAMAICA
(\$000)

EXPENSE CATEGORY	F.C.	O.C.	DOLLAR FUNDED	TRUST FUNDED	TOTAL BUDGET	UNITS
<u>U.S. DIRECT HIRE</u>	U100		1,728.3	100.6	1,829.0	XXXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,197.6		1,197.6	23.0
PT/TEMP U.S. BASIC PAY	U102	112	0.0		0.0	0
DIFFERENTIAL PAY	U103	116	179.6		179.6	XXXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	0.0		0.0	XXXXXX
OTHER MISSION FUNDED O.C. 11	U105	119	0.0		0.0	XXXXXX
EDUCATION ALLOWANCES	U106	126	49.2	16.9	66.1	17
RETIREMENT - U.S.	U107	120	83.8		83.8	XXXXXX
LIVING ALLOWANCES	U108	128			0.0	XXXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	41.9		41.9	XXXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	3.8	8.5	12.3	XXXXXX
POST ASSIGNMENT - TRAVEL	U111	212	12.9		12.9	7
POST ASSIGNMENT - FREIGHT	U112	22	131.0		131.0	7
HOME LEAVE - TRAVEL	U113	212	5.0	10.5	15.5	12
HOME LEAVE - FREIGHT	U114	22	5.0	25.3	30.2	12
EDUCATION TRAVEL	U115	215	1.5	1.5	3.0	8
R & R TRAVEL	U116	215		23.0	23.0	10
ALL OTHER CODE 215 TRAVEL	U117	215	17.0	15.0	32.0	15
<u>FOREIGN NATIONAL DE</u>	U200		0.0	189.3	189.3	XXXXXX
BASIC PAY	U201	114		159.6	159.6	17
OVERTIME, HOLIDAY PAY	U202	115		4.7	4.7	0.5
ALL OTHER CODE 11 - FN	U203	119		10.0	10.0	XXXXXX
ALL OTHER CODE 12 - FN	U204	129		11.8	11.8	XXXXXX
BENEFITS FORMER FN PERS.	U205	13		3.2	3.2	XXXXXX
<u>CONTRACT PERSONNEL</u>	U300		0.0	642.8	642.8	XXXXXX
PASA TECHNICIANS	U301	258	0.0		0.0	0
U.S. PSC - SALARY/BENEFITS	U302	113		221.6	221.6	6
ALL OTHER U.S. PSC COSTS	U303	255			0.0	XXXXXX
F.N. PSC - SALARY/BENEFITS	U304	113		403.7	403.7	59
ALL OTHER F.N. PSC COSTS	U305	255		17.5	17.5	XXXXXX
MANPOWER CONTRACTS	U306	259		0.0	0.0	0
JCC COSTS PAID BY AID/W	U307	113	0.0		0.0	0
<u>HOUSING</u>	U400		63.5	627.3	690.8	XXXXXX
RENT	U401	235		350.1	350.1	24
UTILITIES	U402	235		83.0	83.0	XXXXXX
RENOVATION AND MAINT.	U403	259	28.9	32.0	60.9	XXXXXX
QUARTERS ALLOWANCE	U404	127		16.6	16.6	1
PURCHASES RES. FURN/EQUIP.	U405	311	28.9		28.9	XXXXXX
TRANS./FREIGHT - CODE 311	U406	22	5.8		5.8	XXXXXX
SECURITY GUARD SERVICES	U407	254		142.1	142.1	XXXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254		1.7	1.7	XXXXXX
REPRESENTATION ALLOWANCE	U409	252		1.8	1.8	XXXXXX

OFFICE OPERATIONS		U500	436.8	672.5	1,109.3	XXXXXX

RENT	U501	234		164.8	164.8	XXXXXX
UTILITIES	U502	234		104.0	104.0	XXXXXX
BUILDING MAINT./RENOV.	U503	259	25.0	39.0	64.0	XXXXXX
OFFICE FURN./EQUIP.	U504	310	0.4	7.2	7.6	XXXXXX
VEHICLES	U505	312	18.8		18.8	XXXXXX
OTHER EQUIPMENT	U506	319	15.8		15.8	XXXXXX
TRANSPORTATION/FREIGHT	U507	22	5.8		5.8	XXXXXX
FURN./EQUIP./VEH. REPAIR/MAINT	U508	259	57.0	10.5	67.5	XXXXXX
COMMUNICATIONS	U509	230		70.9	70.9	XXXXXX
SECURITY GUARD SERVICES	U510	254		54.5	54.5	XXXXXX
PRINTING	U511	24		10.0	10.0	XXXXXX
RIG/II OPERATIONAL TRAVEL	U512	210			0.0	0
SITE VISITS - IN COUNTRY	U513	210		6.0	6.0	25
SITE VISITS - OTHER	U514	210	26.0	12.0	38.0	19
INFORMATION MEETINGS	U515	210	0.0		0.0	0
TRAINING ATTENDANCE	U516	210	14.0	7.0	21.0	7
CONFERENCE ATTENDANCE	U517	210	20.0	7.0	27.0	15
OTHER OPERATIONAL TRAVEL	U518	210	4.0	1.0	5.0	5
SUPPLIES AND MATERIALS	U519	26	70.0	28.2	98.2	XXXXXX
FAAS	U520	257	180.0		180.0	XXXXXX
CONSULTING SVCS - CONT.	U521	259		0.0	0.0	XXXXXX
MGT./PROF. SVCS. - CONT.	U522	259		0.0	0.0	XXXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259		0.0	0.0	XXXXXX
ALL OTHER CODE 25	U524	259		150.3	150.3	XXXXXX
TOTAL O.E. BUDGET			2,228.6	2,232.5	4,461.1	XXXXXX
RECONCILIATION			1,683.0	0.0	1,683.0	XXXXXX
OPERATING ALLOWANCE REQUEST			545.6	2,232.5	2,778.1	XXXXXX

USDA POSITIONS BY OFFICE- FY 1988

Position

No. - Title

OFFICE OF DIRECTOR:

1015 - Mission Director
1019 - Deputy Mission Director
1040 - Executive Officer
1064 - Contracts Officer

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:

2004 - Sup. Trade Development Officer
2008 - Private Enterprise Officer

OFFICE OF PROGRAM & ECONOMIC PLANNING:

3005 - Sup Program Economics Officer
3010 - Program Economics Officer
3022 - Program Officer

OFFICE OF PROJECT DEVELOPMENT SUPPORT:

4005 - Sup. Project Development Officer
4010 - Project Development Officer
4015 - Project Development Officer

OFFICE OF CONTROLLER:

5004 - Controller
5010 - Financial Mgt. Officer B/A
5020 - Financial Mgt. Officer Financial Analyst

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT:

6013 - Sup. Agricultural Development Officer
6018 - Agricultural Development Officer
6025 - Asst. Agricultural Development Officer

OFFICE OF ENGINEERING, ENERGY AND ENVIRONMENT

8005 - Sup. Engineering Officer
8010 - Engineering Officer

OFFICE OF EDUCATION & HUMAN RESOURCES:

8013 - Sup. Human Resource Development Officer

OFFICE OF HEALTH, NUTRITION & POPULATION:

8026 - Sup. Health/Population Development Officer
8032 - Health Development Officer

FNDE POSITIONS BY OFFICE- FY 1988

Position Title

OFFICE OF THE DIRECTOR:

Chauffeur/Messenger

OFFICE OF PROGRAM & ECONOMIC PLANNING:

Program Assistant

Program Assistant

Secretary

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:

Program Assistant

OFFICE OF PROJECT DEVELOPMENT SUPPORT:

Program Assistant

OFFICE OF ENGINEERING, ENERGY AND ENVIRONMENT:

Secretary

OFFICE OF THE CONTROLLER:

Chief Accountant/Data Controller

Accounting Technician

Accounting Technician

Cashier

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT:

Program Assistant

Program Assistant

Secretary

OFFICE OF HEALTH, NUTRITION & POPULATION:

Program Assistant

OFFICE OF EDUCATION & HUMAN RESOURCE:

Program Assistant

Program Assistant

Participant Training Assistant

U.S. AND F.N. PSCs BY OFFICE

FY 1988

Position	Incumbent	US/FSN	Funded by	Description
OFFICE OF DIRECTOR:				
Director's Secretary		US	TF	Secretarial duties
D/DIR Secretary	Myers, C.	FSN	TF	Secretarial duties
Director's Chauffeur	Coley, L.	FSN	TF	Chauffeur
EXECUTIVE OFFICE:				
Secretary	Daniels, R.	FSN	TF	Secretarial duties
Admin. Management Specialist	Masters, P.	FSN	TF	Assists Mgmt. Officer, Liaises with JNO/CSO
COMMUNICATION & RECORDS				
C&R Supervisor	Laxward, K.	US	TF	Supervises C&R operation
C&R Records Clerk	Lawson, A.	FSN	TF	Logs/assigns action/distributes cables/correspondence in C&R
C&R Mail Distribution Clerk	Beavy, D.	FSN	TF	Receives, sorts and distributes mail
REPRODUCTION				
Xerox Operator	Beasley, C.	FSN	TF	Operates/maintains copying machine, distributes copies to offices
RECEPTION & SECURITY				
Receptionist	Ingram, Y.	FSN	TF	Logs visitors/Issues security passes
APPROVED DATA PROCESSING				
Computer Systems Administrator	Kim, A.	US	TF	Operates VS 90 computer
Assistant Computer Administrator	Dickson, N.	FSN	TF	Assist in operating VS90 computer
GENERAL SERVICES OFFICE				
General Services Off. Secretary		US	TF	Oversees CSO operations
		FSN	TF	Secretarial duties
GENERAL PROPERTY MANAGEMENT				
Supply Supervisor		FSN	TF	Manage supply system
Storekeeper		FSN	TF	Distributes & accounts for supplies
Supply Clerk		FSN	TF	Assists storekeeper
Warehouse Person		FSN	TF	Receives & delivers goods to/from warehouse
Warehouse Person		FSN	TF	Receives & delivers goods to/from warehouse

HOUSING & PROCUREMENT

Contracts Specials
Purchasing Agent
Building Maint Supervisor
Electrician
Carpenter
Plumber

FSN TP Prepares lease & purchase order
FSN TP handles all OE procurement
FSN TP Oversees office & residential buildings(Maint)
FSN TP Performs minor repairs
FSN TP Performs minor repairs
FSN TP Performs minor repairs

MAINT

Motor pool Supervisor
Dispatcher

FSN TP Manages drivers & maintenance of vehicles
FSN TP Dispatches vehicles as required and maintains
FSN TP vehicles logs
FSN TP Drives for GSO operations and for movement
of direct and contract personnel

Chauffeur (Four)

PERSONNEL

Personnel Assistant

FSN TP Assists Executive Officer in all personnel affairs

OFFICE OF CONTRACTS MANAGEMENT:

Procurement Specialist/Secretary

Johnson, I.

FSN TP Drafts P.O.s and contracts; secretarial duties

OFFICE OF PROGRAM & ECONOMIC PLANNING:

Program Assistant
Secretary

Raker, R.
Corcoran, A

FSN TP Secretarial duties
FSN TP Secretarial duties

OFFICE OF PRIVATE ENTERPRISE DEVELOPMENT:

Secretary
Assistant, Private Sector Officer

Veira, T.
McLeod, M.

FSN TP Secretarial duties
FSN TP Liaise with private sector organizations, appraise proposals for
private sector development
FSN TP Secretarial duties
FSN TP Interact and consult with industrial organizations to recommend resources
FSN TP Inputs for specific industrial development projects
FSN TP Secretarial duties

Secretary

Industrial Specialist

Secretary

OFFICE OF PRODUCT DEVELOPMENT SUPPORT:

Secretary
Secretary
Secretary

Henry, R.
Thompson, E.
Dowl, C

FSN TP Secretarial duties
FSN TP Secretarial duties
FSN TP Secretarial duties

OFFICE OF ENGINEERING, ENERGY & ENVIRONMENT

Engineer	US		Provides engineering input to projects
Engineer	FSN	Payne, A.	Provides engineering input to projects
Engineer	FSN	McLlaw, K.	Provides engineering input to projects
Secretary	FSN		Secretarial duties
OFFICE OF CONTRACTS:			
Accountant/Financial Analyst	US	Jacobs, R.	Performs financial reviews of projects, prepares general assessments, contract reports
Accountant/Financial Analyst	FSN	Richards, J.	Replacement for US position above
Secretary	FSN	Cox, F.	Secretarial duties
Accounting Maintenance Clerk	FSN	Johnson, C.	Maintains accounting records for regional projects, prepares outstanding advance reports, accounts receivables ledger and report
Accounting Maintenance Clerk	FSN	Jones, J.	Maintains accounting records for grant/loan projects
Chief Voucher Examiner	FSN	Huxey, C.	Processes vouchers for payment
Voucher Examiner	FSN	Cunningham, D.	Processes vouchers for payment
Voucher Examiner	FSN	Martin, C.	Processes vouchers for payment

OFFICE OF AGRICULTURE & RURAL DEVELOPMENT:

Program Assistant	FSN	Rochester, V.	Monitors agricultural projects, mainly crop diversification
Secretary	FSN	Roller, J.	Secretarial duties
Secretary	FSN	Ferguson, K.	Secretarial duties

OFFICE OF EDUCATION & HUMAN RESOURCE:

Training Program Assistant	FSN	Rigazio, M.	Monitors participant activities
Secretary	FSN	Silburn, H.	Secretarial duties
Secretary	FSN	Lawla, E.	Secretarial duties
Secretary	FSN	Sarju, J.	Secretarial duties

OFFICE OF HEALTH, NUTRITION & POPULATION

Secretary	FSN	Mackay, K.	Secretarial duties
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FY 87 PROCUREMENT PLAN 310 NXP

REPLACEMENT PROPERTY REQUIREMENTS

1-A	<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
*	2	Desks Executive	693.00	1,386.00		1,386.00
	2	Calculators Elec.	175.00	350.00	70.00	420.00
*	2	Desks Typist/Sec.	390.00	780.00		780.00
	2	Chairs, Exec.Rotary CLA	327.00	654.00	130.80	784.80
	6	Chairs, Exec.St.Bk. CLA	155.00	930.00	186.00	1,116.00
*	4	Bookcase Sect. Wood	74.00	296.00		296.00
	2	Chairs Exec.Cl.A w/arm	277.00	554.00	110.80	664.80
*	2	Credenza Wood	371.00	742.00		742.00
Extended Cost				5,692.00		
Estimated Package/Shipping					497.60	
CIF Destination Total Cost						6,189.60

FY 87 NEW PROPERTY REQUIREMENTS

1-B	<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
*	5	Desk Wood, Dbl.pedestal	380.00	1,900.00		1,900.00
	6	Calculators Elec.	175.00	1,050.00	262.50	1,312.50
*	3	Desks Typist/Sec.w/att	390.00	1,170.00		1,170.00
	3	Chairs Exec. Rotary CLA	327.00	981.00	245.25	1,226.25
*	6	Bookcase Sect. Wood	74.00	444.00		444.00
*	3	Credenza Wood	371.00	1,113.00		1,113.00
*	10	Table End Cl.A	135.00	1,350.00		1,350.00
*	4	Table Coffee Cl.A	270.00	1,080.00		1,080.00
*	10	Filing Cabinets 4-dr	192.00	1,920.00		1,920.00
	3	Cabinet Storage Metal	401.00	1,203.00	300.75	1,503.75
	6	Cabinet Visible Cards	651.00	3,906.00	781.20	4,687.20
*	5	Telephone Cabinets CLA	186.00	930.00		930.50
	10	Computer Tables	129.35	1,293.50	258.70	1,552.20
	2	Trolleys Hand Trucks	515.00	1,030.00	206.00	1,236.00
Estimated Cost				19370.50		
Estimated Package/Shipping					2054.40	
CIF Destination Total Cost						21424.90

* Local Purchase

FY 88 PROCUREMENT PLAN 310 NXP

REPLACEMENT PROPERTY REQUIREMENT

2-A	<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
*	3	Desk Executive Cl.A	693.00	2,079.00		2,079.00
	5	Calculators Elec.	175.00	875.00	175.00	1,050.00
*	3	Desk Double Pedestal	380.00	1,140.00		1,140.00
	3	Chairs Rotary Wood ClA	327.00	981.00	196.20	1,177.20
	6	Chairs St.Bk.Cl.A w/a	155.00	930.00	186.00	1,116.00
*	3	Credenza Wood	371.00	1,113.00		1,113.00
*	6	Bookcase Section Wood	74.00	444.00		444.00
		Extended Cost		7,562.00		
		Estimated Package/Shipping			557.20	
		CIF Destination Total Cost				8,119.20

* - Local Purchase

FY 87 PROCUREMENT PLAN 311 NXP

REPLACEMENT PROPERTY REQUIREMENT

3A	<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
	2	3 B/R Furniture	10469.84	20939.68	4,187.90	25127.58
	6	Refrigerators	671.00	4026.00	805.20	4831.20
	4	Freezers	625.57	2502.28	500.45	3002.73
	4	Washers	511.83	2047.32	409.46	2456.78
	2	Dryers	370.26	740.52	148.10	888.62
	2	Gas Stoves	404.14	808.28	161.65	969.93
	3	Water Purifier	510.00	1530.00	306.00	1836.00
	4	Vacuum Cleaners	289.11	1156.44	231.28	1387.72
	5	Step Stools	36.99	184.95	36.99	221.94
		Extended Costs		33935.47		
		Estimated Packing/Shipping			6787.03	
		CIF Destination Total Cost				40722.50

FY 88 PROCUREMENT PLAN 311 NXP

REPLACEMENT PROPERTY REQUIREMENT

3-B	<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
	2	3 B/R Furniture	10469.84	20939.68	4,187.90	25127.58
	2	Refrigerators	671.00	1342.00	268.40	1610.40
	2	Freezers	650.00	1300.00	260.00	1560.00
	2	Washers	530.00	1060.00	212.00	1272.00
	2	Dryers	530.00	1060.00	212.00	1272.00
	2	Stove Gas	410.00	820.00	164.00	984.00
	5	Water Pump	350.00	1750.00	350.00	2100.00
	2	Vacuum Cleaners	290.00	580.00	116.00	696.00
		Extended Cost		28,851.60		
		Estimated Packing/Shipping			5770.30	
		CIF Destination Total Cost				34,621.90

FY 87 PROCUREMENT PLAN 319 NXP

REPLACEMENT PROPERTY REQUIREMENT

2

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
6	Air Conditioners	750.00	4,500.00	900.00	5,400.00
10	Portable Fans	49.00	490.00	98.00	588.00
3	Generators	1,800.00	5,400.00	1,080.00	6,480.00
Extended Cost			10390.00		
Estimated Packing/Shipping				2,078.00	
CIF Destination Total Cost					12468.00

FY 87 PROCUREMENT PLAN 319 NXP

NEW PROPERTY REQUIREMENTS

2

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
20	Wang Workstations	2,470.00	49400.00	9,880.00	59280.00
1	288 MB Rem. Disk Dr.	11700.00	11700.00	2,340.00	14040.00
6	DWOS-55 Printers	3,250.00	19500.00	3,900.00	23400.00
6	PCB 4230 Board	895.00	5,370.00	1,342.50	6,712.50
2	16 Serial IOP for VS90	2,275.00	4,550.00	1,365.00	5,915.00
4	2000' Dual Coax cable	400.00	1,600.00	480.00	2,080.00
50 pr.	End connectors	8.00	400.00	120.00	520.00
1	UJ3130 VS 90-VS 100 upgrade	10,200	10200.00	510.00	10710.00
Extended Cost			102720.00		
Estimated Packing/Shipping				19937.50	
CIF Destination Total Cost					122657.00

FY 88 PROCUREMENT PLAN 319 NXP

REPLACEMENT PROPERTY REQUIREMENT

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
3	Air Conditioners	750.00	2,250.00	450.00	2,700.00
5	Portable Fans	49.00	245.00	49.00	294.00
6	Ceiling Fans	78.00	468.00	93.60	561.60
3	Generators	1,800.00	5,400.00	1,080.00	6,480.00
Extended Cost			8,363.00		
Estimated Packing/Shipping				1,672.60	
CIF Destination Total Cost					10035.60

FY 88 PROCUREMENT PLAN 319 NXP

NEW PROPERTY REQUIREMENTS

2

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>PACKING/ SHIPPING</u>	<u>TOTAL COST</u>
3	Wang Work stations	2,470.00	7,410.00	1,852.00	9,262.00
Extended Cost			7,410.00		
Estimated Packing/Shipping				1,852.00	
CIF Destination Total Cost					9,262.00

FY 87 PROCUREMENT PLAN 312

1

REPLACEMENT VEHICLES

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>SHIPPING</u>	<u>TOTAL COST</u>	<u>TO RETIRE VEHICLE #</u>
2	Sedans	9,000.00	18,000.00	1,000.00	19,000.00	PPDO 25 PPDO 15
1	Bronco	14,000.00	14,000.00	600.00	14,600.00	26D 020
1	Club Wagon	13,500.00	13,500.00	600.00	14,100.00	26D 129

FY 88 PROCUREMENT PLAN 312

2

REPLACEMENT VEHICLES

<u>QUAN</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXT. COST</u>	<u>SHIPPING</u>	<u>TOTAL COST</u>	<u>TO RETIRE VEHICLE #</u>
1	Truck 24000 lbs	18849.00	18849.00	1,700.00	20,549.00	26D 156

Evaluation Plan Narrative

Background

In developing the FY 1987/1988 Evaluation Plan, the Mission has borne in mind recent guidance on the conduct of evaluations as well as the Agency's concerns regarding the effectiveness of the evaluation function. The Mission has found that its past approach to evaluation has too often resulted in sub optimal use of time, personnel and financial resources, and has heightened the perception of evaluation as another routine function in the project implementation cycle, rather than as a valuable tool. This Evaluation Plan represents a step toward an approach that ensures greater effectiveness of the evaluation exercise.

For the remainder of FY 1986, two evaluations are planned. In the first quarter of the year we completed an evaluation of the Energy Sector Assistance Project (0065), and carried out a number of reviews of the Population and Family Planning Project (0069). A mid term evaluation of the National Development Foundation, (0108) is now in progress where critical issues being addressed relate to the long term financial viability of the Foundation given the basic philosophy on which the activity was developed. Findings from this evaluation will provide a basis for critical decisions regarding future funding of this activity, the viability of the Small Enterprise Sector, and the financial structure of the Foundation.

A planned mid term evaluation of the Voluntary Sector Development Project (0085) is scheduled for the third quarter. Of importance during the evaluation will be the extent of the institutional development of CVSS and the sustainability of the activity after the PACD.

One other evaluation will be conducted in the last quarter of the year: Cooperative Development and Training OPG (0123). This evaluation will assess the effectiveness of the technical assistance with a view to deciding whether it needs to be continued to the PACD. It will also assess the extent to which training, as instituted, can be sustained, and the extent of institutionalization of the Cooperative College within the cooperative movement in Jamaica.

Relationship of evaluation to program planning

The Mission will be using evaluations as a means to strengthen program planning. In order to achieve the stated goals, development assistance resources will be targeted on fast disbursing, high impact projects. In this regard there will be constant assessment of ongoing activities to determine where funds might be shifted from slow moving activities to more

relevant ones. The evaluation process will play a critical role in this ongoing process.

Major program issues requiring evaluation over next two years

The major program issues that will require evaluation over the next two years relate directly to the short term strategy. These are: (i) the extent to which we have been successful in minimizing the contraction in domestic production and employment; (ii) our effectiveness in creating the opportunity for export promotion, as well as enhancing local capability for increasing exports; (iii) the extent to which we have been able to use our development assistance to produce tangible results and to ease the burden of adjustment on the most vulnerable segments of the population.

Possible broad scope evaluations

Two sectors which could presently benefit greatly from objective, systematic assessments are the Education and Health Sectors which, because of budgetary stringency are rapidly deteriorating. In the case of Health, an assessment needs to be done with a view to identifying how best to provide a minimum acceptable level of primary health care services, given the constraints, through a workable combination of fewer, ideally located, well functioning health clinics and nominal payment by users.

In Education, a sectoral assessment would highlight whether resources are in fact being deployed optimally, both in terms of the uses to which they are being put (i.e. technical assistance, physical facilities and equipment) and the level of focus (i.e. primary, secondary, tertiary and vocational).

The Agricultural sector suffers from severe constraints at the input, transformation and output stages. These have been studied on several occasions, however, and are well documented, and the Mission does not believe that further studies would be particularly useful at this time.

Making greater use of evaluation findings:

In order to make greater use of evaluations we need to make certain that the findings of an evaluation are in fact useful. USAID/J plans to allow the timing of evaluations to be determined by the need, rather than solely by a predetermined schedule. This approach in itself will lead to a clearer definition of issues to be addressed. We will be encouraging the identification of clear workable options, in terms of recommendations being made based on evaluation findings.

Finally, the Mission will actually use evaluation results to adjust projects, which itself will make the process be taken seriously. For example, the Energy evaluation which was recently completed was highly critical of the project and recommended termination of long term Technical Assistance. This report was used in a just completed major redesign which implemented the thrust of the evaluation.

Evaluation Plan for FY 1987 and FY 1988

<u>Project Title/No.</u>	<u>Last Evaluation Completed</u>	<u>1986</u>	<u>Planned Evaluations 1987</u>	<u>Planned Evaluations 1988</u>	<u>Reason for evaluation/issues to be addressed</u>
National Devel. Foundation (0108)	September 1983	2nd quarter	-	-	Planned mid-term evaluation. Evaluation will focus on macro-economic concerns such as job creation and job retention in the small scale enterprise (sse) sector, long term viability of activity, and mix of credit and technical assistance to small businesses. Project specific issues to be addressed are: (a) loan default rate; (b) long term viability of banking operations; (c) escalation of administrative costs; (d) technical assistance costs; (e) previous loan successes.
Voluntary Sector Devel. (0085)	-	3rd qtr.	-	-	Planned mid-term evaluation. The following specific issues will be examined; (a) institutionalization of CVSS as a sub-project; (b) fund raising vis a vis sustainability of project after PACD; (c) provision and effectiveness of technical and managerial services to qualify PVO's; (d) goals and objectives.
Cooperative Development and Training (0123)	-	4th qtr.	-	-	Scheduled, mid-term evaluation. Specific issues to be addressed: (a) possible extension of technical assistance to end of project; (b) sustainability of training as instituted; (c) number of people trained as a result of project; (d) institutionalization of the Coop. College within the cooperative movement in Jamaica.

Evaluation Plan for FY 1987 and FY 1988

Project Title/No.	Last Evaluation Completed	Planned Evaluations		Reason for evaluation/issues to be addressed
		1986	1987 1988	
Private Dev. Bank 0091	-	-	2nd qtr -	Planned interim evaluation. Macro-economic concerns: effect of bank's operations on foreign exchange earnings, employment generation and incomes. (a) impact of sub-loans on the borrowers' businesses in terms of increased income and entry into new markets; (b) effectiveness of the bank's financial operations in relation to the requirements of clients; (c) progress in recruiting and training local staff for the bank; (d) long term viability of the banking operations.
Inner Kingston Employment (0141)	-	-	3rd qtr -	Scheduled evaluation. Evaluation will assess progress made towards the achievement of goals, and the impact of this pilot activity.
Agricultural Education (0082)	-	-	3rd qtr -	Scheduled, initial evaluation.
CASF Building Department Institutional Support and Training (0117.01)	-	-	4th qtr. -	Project specific issues to be addressed: (a) appropriateness of technical assistance; (b) timeliness of technical assistance; (c) progress on construction component; (d) training component Scheduled mid-term evaluation. Specific emphasis during the evaluation will be placed on the Summer Institute.

Evaluation Plan for FY 1987 and FY 1988

<u>Project Title/No.</u>	<u>Last Evaluation Completed</u>	<u>Planned Evaluations</u>		<u>Reason for evaluation/issues to be addressed</u>
		<u>1987</u>	<u>1988</u>	
Town Planning Department - Institutional Support - 0117.02	-	4th qtr.	-	Scheduled mid-term evaluation. Specific issues to be addressed: (a) determination of policy; (b) institutional change.
Urban & Rural Shelter Improvement (IG-010, IG-011)	-	4th qtr	-	Scheduled evaluation to assess upgrading activities.
Crop Diversification/Irrigation (0123)	-	4th qtr	-	Scheduled evaluation. The evaluation will assess the following: (a) infrastructural works, e.g. canal rehabilitation of existing wells; (b) effectiveness of small farmer linkages; (c) suitability of crops/commodities to the area; (d) effectiveness of existing organizational and management practices; (e) the construction of the ornamental horticultural park.
Agro-industrial Devel. Project Comp. II (0081)	-	4th qtr	-	Scheduled impact evaluation to critically assess extent to which project has been achieving the goals and objectives.
Shelter Sector Support IG-012	-	-	2nd qtr	Scheduled; to assess the progress made on the new components, i.e. Private Sector, Sites and Services and Comprehensive up-grading.

Gray Amendment Compliance

It is Mission policy to fully implement the spirit and the letter of the Gray Amendment. Serious consideration is given to qualifying firms not only in contractor selection for major project related technical assistance packages, but also for PD and S funded activities such as project design work, evaluations, and assessments. As noted in last year's Action Plan, Jamaica was selected as one of the countries to be visited by consultants from the Omega Group, Inc. to assess Gray Amendment performance. The results of this review were favorable with regard to meeting of targets. For 1986 and 1987, at every point where we can foresee Gray amendment entities qualifying, we will take appropriate steps such as shortlisting and negotiating, to achieve the purpose of the law.

The Mission has two projects in FY-86 which will result in contracting activities with Gray Amendment type institutions. The first is a subcontract with an HBCU under the Host Country contract with Louisiana State University for the Agricultural Education Project (532-0082). Approximately 10% of this \$2.9 million contract is with the HBCU. The second project is the Primary Education Project (532-0126) under which the Mission will be using a HBCU to provide the majority of the technical assistance for the project. Procedures have already been implemented to shortlist the institutions who will bid on this contract. It is anticipated that a Host Country contract will be executed before the end of the fiscal year for these services. Additional opportunities will also be looked at for using the services of Gray Amendment firms in project development and evaluation activities.

The Mission will be reviewing the design of the new projects under development for obligation in this fiscal year and in FY-87, to determine those areas where additional Gray Amendment type activities can be identified. At this writing three projects are likely choices for some portion of the contracting to be provided by these types of firms or institutions: the Hillside Agriculture Project (532-0101), the Agricultural Research Project (532-0128), and the University of the West Indies School of Management Project (532-0129).

3. Policy Dialogue and Specific Program Elements

Between now and the end of FY 87 the Mission expects to negotiate at least three ESF agreements (FY 85 Supplemental, FY 86, and FY 87 programs), two PL 480 Title I agreements, and one HIG agreement. As these funding sources provide immediate balance of payments assistance they represent, in effect, U.S. support for the GOJ's overall development program, including balance of payments, fiscal, monetary and structural policy. They afford therefore, the opportunity to discuss with the Government the entire program for which support is being sought. The Mission considers these elements of our program to be individual elements of a single category of support which might be labeled program support. Accordingly, the policy issues that are discussed in the context of the three elements are parts of the broad organic category development policy. They must therefore be viewed as interdependent and complementary.

Since these three program elements are negotiated in the first instance with three different Ministries and the Bank of Jamaica, the conditions upon which each is offered naturally relate most directly to the Ministry(ies) through which it is administered. The FY 1985 PL 480 agreement was negotiated with the Ministries of Agriculture, Finance and Planning, and Industry and Commerce. It contained conditions relating to ceiling prices on food. However, this policy condition related importantly to the balance of payments, the exchange rate, and the structure of domestic industrial and commercial activity as well as to domestic agricultural production. A condition of the FY 85 ESF agreement elaborated and extended the price control condition of the PL 480 program, and added a condition on liberalization of the regulations governing the importation of agricultural inputs. This complementarity will continue through FY 1987 and beyond.

The DA portfolio affords policy dialogue opportunities that reinforce the program dialogue as well as more sharply focused sectoral and institutional discussions. The Board of Revenue Assistance Project could in fact be described as a policy dialogue project. It focuses not only on macroeconomic issues of fiscal management and policy, but on structural issues critical to investment and export promotion, the balance of payments, and allocative efficiency generally. ESF agreements as well as agreements negotiated by the GOJ with the IMF, and the IBRD have included conditions related to the results of the project studies.

In the area of health and nutrition the Health Management Improvement Project has been a vehicle for discussions related to increasing the efficiency of health care delivery systems through increasing reliance on alternative schemes for health financing including private market mechanisms. A nutrition related maternal child health project established relationships that were instrumental in winning Prime Minister Seaga's support for targeting the recently adopted food stamp program to these

groups. In agriculture, the Agricultural Marketing Project has turned up obstructions to agricultural production that are only tangentially related to marketing as well as having identified key marketing bottlenecks. The Mission's Office of Private Enterprise has spearheaded the establishment of a privately owned development bank that appears to be on the verge of a very successful development lending activity, an area in which a succession of public institutions has failed repeatedly. The design and implementation of this project surfaced a myriad of issues relating to the influence of public policy on financial markets generally. Through this process the issues were brought to the attention of the regulatory authorities and have deepened their understanding of the developmental hindrance created by policies designed in pursuit of unrelated objectives. Similarly important issues have gained the attention of policy makers through the Mission's energy project.

Meetings between USAID and GOJ officials for the purpose of programming the use of local currency counterpart from ESF and PL 480 programs are, in effect, policy dialogue meetings. Under the Mission's prioritization scheme for local currency programming, USAID projects, other donor projects, and GOJ projects, in that order, are the three eligible categories. While the overall level of public sector expenditures is controlled by the terms of the GOJ's agreements with the IMF, the distribution of expenditures remains under GOJ control, and reflects policy decisions with respect to GOJ priorities. Consequently, negotiations on local currency counterpart allocations afford an opportunity to influence the structure of the fiscal impact on the economy generally.

During the remainder of FY 1985 counterpart programming will be confined to any increment in ESF assistance and increases in the counterpart associated with PL 480 imports due to exchange rate changes. Mission emphasis with respect to these funds will be on redundancy payments for displaced public sector employees, fuller funding of the food stamp program, private sector credit projects, and support for other donor projects, particularly IDB projects, that would facilitate disbursement of foreign exchange to fund projects with large local currency costs. In this indirect way, local currency counterpart programming will influence not only the structure of the economy, but the overall balance of payments position as well.

D. Program Elements

1. Food Assistance

a. Overview

The U.S. food assistance program, including PL-480 Titles I and II and Section 416 donations, has grown both in size and in complexity during Fiscal Years 1984 and 1985. The Title I program, which increased from US\$20 million in FY 1984 to US\$35 million in FY 1985, finances imports of wheat, corn, rice and edible vegetable oil for commercial sale. In FY 1984, 2,000 MT each of surplus butter and cheese were donated to the newly established Jamaica Agriculture Development Foundation (JADF) under Title II, Section 206. The estimated world market value of these commodities was US\$5.8 million. The butter and cheese are processed and sold commercially, with sales proceeds reverting to the JADF to finance agricultural development activities. The JADF program is envisioned as a multi-year effort with similar amounts of surplus commodities being provided in Fiscal Years 1985, 1986 and 1987. A US\$10 million Section 416 proposal for wheat, dry skim milk and butter oil to support the GOJ's expanded school feeding program is currently under review in Washington. The proposal includes a request for authorization for monetization of a portion of the wheat to cover processing and distribution costs. The Mission also has recently been advised of two additional Section 416 proposals, submitted by the Office of the Prime Minister through the Jamaican Embassy in Washington directly to USDA, soliciting a Section 416 donation of ultra high temperature (UHT) milk for use in day care centers and hospitals.

In addition to the concessional food aid programs Jamaican imports of food and other commodities such as lumber, tallow and tobacco, under the GSM 102 and/or blended credit programs amounted to US\$77 million in FY 1984, and are projected at US\$60 million for FY 1985. In sum, during FY 1984-85, under a combination of mechanisms involving concessional loans, grants and guaranties, Jamaica has financed approximately US\$100 million of food imports per year from the United States, including nearly all of its basic grain requirements.

b. Strategy

i. PL-480 Title I

In light of the contraction in real incomes expected over the near term, the disproportionate share of the burden of economic adjustment borne by the poorer segments of Jamaican society, and the determination of the current Government to continue on the difficult path to long term economic stabilization, continued concessional food assistance, at least at FY 1985 levels, will be required during the next two fiscal years.

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At the present time, wheat flour is the chief source of protein, and cornmeal, the main weaning food for all lower socio-economic groups in Jamaica. The principle reason that there is no significant protein deficiency among Jamaica's poor is the availability of imported cereals. Wheat flour and cornmeal provide the highest nutritional value per dollar spent under the GOJ's food stamp program. Although PL-480 commodities are not earmarked specifically for the food stamp or school feeding programs, it is very likely that without the concessional Title I terms, the GOJ would be unable to purchase cereals in sufficient quantities to meet the country's minimal protein and carbohydrate requirements.

The other side of the food aid coin, of course, is the possible disincentive effect on domestic agricultural production, leading to an unhealthy dependence on imported food as the main source of sustenance for the population. Both USAID and the GOJ are acutely aware of this problem. The Government has embarked upon an ambitious "Food Self Sufficiency Program" which aims at significantly reducing the island's dependence on imported foodstuffs. The program focuses on increasing production of rice, soy beans, cassava (as a substitute for feed grains) fish, meat/ meat products and milk/milk products. The Mission is assisting the GOJ in this undertaking in a variety of ways, including continued support for the Agro 21 program, reprogramming of DA funds to finance a crop diversification project on underutilized and unproductive sugar cane lands, watershed management interventions, and programming of PL-480 local currency generations for both foreign donor and Government supported activities related to increased agricultural production. In addition, one of the self-help measures negotiated as part of the FY 1965 PL-480 Agreement requires the GOJ to collect and analyze domestic food production and household expenditure and consumption data as a basis for assessing the impact of food imports on domestic production. USAID is providing technical assistance to enable the Ministry of Agriculture and the Statistical Institute of Jamaica to comply fully with this condition.

The PL-480 Title I program, thus, is critical to accomplishment of the Mission's revised strategy goals for the following reasons:

- 1) It provides the GOJ with a source of foreign exchange, on concessional terms, to finance the basic food imports necessary to support both its targeted subsidy (food stamp) program and to put food on the shelves for the general population, until anticipated higher levels of domestic production begin to reduce the need for imported foods.

- 2) It is an important component of the ongoing GOJ/USAID policy dialogue. With respect to negotiation of policy reforms aimed at eliminating disincentives to increased agricultural production, it is the most effective instrument at our disposal.
- 3) It is a source of local currency financing for high priority development projects, particularly in the agricultural sector.

As in the past, the Mission will closely coordinate the negotiation of conditions to be included in the FY 1986 and FY 1987 PL-480 and ESF agreements, using the former as the principal tool for assuring that appropriate follow-on activities are undertaken by the GOJ to deal with any disincentive effect of food imports on domestic agriculture, which may be indicated by the analyses mentioned above. It is our intention to use the findings of the analyses in the negotiation of future PL-480 agreements, in which they might provide the basis for self-help conditions. Ideally, of course, the recommendations would be adopted on their merits, and not have to become conditions to future assistance. Other self-help measures which will be negotiated in future PL-480 agreements will include such things as: inclusion of domestically produced foods in the food stamp program; a realistic appraisal, and appropriate modification of the current school feeding program in the context of GOJ budgetary and administrative constraints as well as foreign donor limitations; establishment of a mechanism for undertaking a comprehensive food and agriculture demand analysis; assessment of agricultural research requirements, including the relationship of current research activities to achievement of GOJ agricultural production strategy goals; and improved administration of laws and regulations governing environmental protection, reforestation, afforestation and control of entry and actions in critical watersheds.

Assuming reasonable success of the Government's Food Self Sufficiency Program, as well as development of hard data on the impact of food imports on domestic production over the next two years, USAID would expect a gradual reduction in PL-480 levels for FY 1988 and beyond.

ii. Section 416

The Mission has mixed views on the desirability of continuing a Section 416 donation program beyond FY 1985. On the one hand, now that the door has been opened, the GOJ will likely request additional Section 416 commodities to support the expanded school feeding program. On the other hand, USAID

and the other major food donors (WFP, CIDA and EEC) all share serious concerns about: (1) the magnitude of the program, which aims at providing lunches for some 600,000 primary and secondary students; (2) the ability of the GOJ to administer the program effectively; (3) the appropriateness, nutritional value and cost effectiveness of the current program in which nutribuns and reconstituted milk are prepared and distributed by government owned factories; vs. the possible alternative of contracting with private sector organizations to prepare and distribute a more varied, nutritional, culturally acceptable and less costly lunch; (4) the Government's capacity to sustain such a program once foreign donor assistance is terminated; and (5) the probable negative impact of large amounts of donated milk solids, and/or UHT milk on local dairy farmers.

Further, the variety and type of commodities likely to be available under Section 416 is limited, as is the authority to monetize any portion of the commodities to defray processing and distribution costs associated with the program. Finally, the developmental impact of a grant financed feeding program is indirect and somewhat marginal at best.

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During the next several months, USAID, in coordination with other donors, will continue to study the implications of Section 416 donations, and will develop recommendations for future year assistance from this source. Hopefully, future requests by the GOJ for additional assistance from this source will be channeled through USAID.

iii. JADF

The Mission considers provision of surplus dairy, or other, commodities to the JADF, either under PL-480 Title II or Section 416, to be an important part of its development portfolio. The development of the JADF was a long process involving USAID/J, Land O'Lakes, FVA/FFP, the Rockefeller Brothers Fund, and Grace Kennedy. Mission input into the design of the project assured consistency with program strategy goals in areas such as project selection criteria, credit policies, lending terms and developmental objectives. The JADF is a private, non-profit, venture capital institution. Its purpose is both to provide flexible and innovative finance to the agricultural and agribusiness sectors; and to provide a resource base for private sector sponsored research and training aimed at increasing opportunities for agricultural growth and ensuring that such growth is relevant and sustainable.

The Foundation was launched in July, 1983. By the end of March, 1985, it had approved financing for some 19 projects in aquaculture, crops, livestock, ornamental horticulture and honey production, amounting to slightly over J\$7.0 million.

(Approximately US\$1.3 million at the current rate of exchange.) Clearly, in less than a year, the JADF is proving to be a vital and significant source of capital for private agricultural development initiatives. As such, it complements both the Mission's DA portfolio and the GOJ's Food Self Sufficiency Plan. A Transfer Authorization for the provision of 3,000 MT of bulk cheddar cheese and 1,000 MT of butter for the second year of the proposed six year program has recently been approved. USAID will provide a \$1.0 million grant to the Foundation in FY 1985 to finance technical assistance for project feasibility studies, when such assistance cannot be procured locally. An evaluation of the program is scheduled for the second quarter of FY 1986 to provide a basis for future planning.

2. Uses of Local Currency

a. Background.

There are two sources of AID assistance to Jamaica which provide local currency for joint programming: PL 480 Title I, and ESF balance of payments loans. The two sources differ in that PL 480 generations are derived from the sale of commodities by the state trading company to commercial distributors, whereas in the case of ESF loans, the GOJ contributes counterpart in the Jamaican dollar equivalent of the U.S. dollar amount disbursed, at the exchange rate obtaining on the date of disbursement. PL 480 generations are determined by the FOB value of a given shipment at the rate in effect on the date of arrival.

Under the terms of the agreements, the GOJ is required to set up a separate special account in the Bank of Jamaica (BOJ), into which the local currency counterpart from each PL 480 and ESF loan is deposited. USAID and the GOJ subsequently negotiate uses of the local currency for support of development activities. In the negotiation process, USAID gives highest priority to the provision of adequate local financing for its own, and other donor projects. Given the present magnitude of local currency provided by the ESF and PL 480 programs (approximately J\$525 million in FY 1985 alone) substantial sums are also available for programming to finance government projects and general budget support.

The Ministry of Finance (MOF) disburses funds to other GOJ ministries under a system of monthly warrants. The amounts disbursed, of course, are based upon the GOJ budget approved by Parliament for the given Jamaican fiscal year (April 1 - March 31). Each ministry receives one warrant per month for capital expenditures and another for current expenditure. The warrants authorize the ministries to draw down funds from the Consolidated Fund (Treasury). All donor projects are included in the capital budget.

After expenditures are incurred, the ministries submit a record of such expenditures to the MOF. Upon receipt of the records, the MOF identifies those expenditures for projects and/or other budget support which have been included in the respective counterpart agreements, pays the invoice, and requests the BOJ to reimburse the Consolidated Fund from the appropriate special account(s). Based on these transfers, the MOF submits Activity Status Reports to USAID, which reflect quarterly and cumulative disbursements from the special accounts, and undisbursed balances. Any undisbursed funds remaining in the special accounts at the end of the GOJ fiscal year (JFY) are subject to reprogramming at the discretion of the MOF with the concurrence of USAID.

b. Strategy.

Local currency counterpart will become an increasingly important source of GOJ funding for both donor financed initiatives and government programs during the next three years. Accordingly, the Mission has initiated a dialogue with the MOF to improve both the negotiation and monitoring processes with respect to use of these funds.

USAID will continue to base its negotiating position on an internal review of planned local currency requirements for its ongoing and new projects during a given JFY, and consultation with other major donors concerning their respective requirements. In light of the requested levels of ESF and PL 480 assistance for FY 1986 and FY 1987, however, it is clear that local currency generations/contributions will far exceed the funding requirements of USAID and other donor projects. Further, the GOJ may well be tempted to "sterilize" at least a portion of these funds by simply not disbursing them from the special accounts, and thus being able to count them as an offset against borrowing from the central bank. The "advantage" of this to the GOJ is that funds borrowed by Government from the BOJ or the banking system are not restricted as to their use. Thus, a problem which the GOJ may wish to resolve by spending less than budgeted on capital projects, and more on current account can be dealt with in this way.

The Mission strategy for negotiating the use of local currency counterpart to further the achievement of its overall strategy objectives will include the following elements:

1. increased Mission interaction with key MOF economic and budget planners during the GOJ budget planning process;
2. closer coordination with other donors, particularly the IDB, IBRD and CIDA, to identify local counterpart requirements, and, to assure consistency in approach to the GOJ on the negotiation of uses of local currency;
3. continued dialogue with the IMF with regard to IMF domestic spending targets vis-a-vis GOJ/USAID counterpart agreements;
4. more careful assessment of GOJ proposals for the use of local currency against stated government development priorities, and implementation of agreed upon policy reforms and structural adjustments necessary to achievement of economic recovery/stabilization goals;
5. assuring timely negotiation of future counterpart agreements in order to permit GOJ planners adequate time to involve USAID in the budgeting process;

6. negotiation with the MOF of a more effective and precise system for monitoring local currency use; e.g. a modification of the current warrant system to include program budgeting, which would enable both USAID and line ministry officers to trace more easily and accurately the transfer of funds, earmarked in the counterpart agreements for specific purposes, from the special accounts through the Consolidated Fund, to the designated activity;
7. obtaining GOJ agreement to increased current account use of counterpart; e.g., for funding of expanded redundancy payments and food stamp coverage; and
8. review of private sector credit requirements with a view to providing local currency for special credit lines within the framework of agreed global credit limits.

4. Board of Revenue Assistance. This amendment will provide an additional \$10 million to implement a tax system that supports the GOJ's economic recovery program.

- Would the project meet the concerns that Congress has recently expressed in relation to tax administration projects?

- Why should funding be shifted from mainly loan to all grant (for the amendment) for this income producing project, under which \$3 million worth of equipment will be purchased?

5. Low Cost Shelter Development. This project has been financing long term policy and technical advisors to the Ministry of Construction since 1982.

- At what point will this project have achieved its objectives? Is continued long term TA actually budget support necessary for positions which should by now be filled and salaried by the GOJ?

6. Health Management Improvement. The purpose of this project, for which the \$2 million amendment is proposed, is basically to improve the capacity of the MOH to provide health care. The project began in 1981 but, after continued implementation problems, was reprogrammed by the Mission (which has not yet been approved by the GOJ). The amendment will promote private sector initiatives in the delivery of health care.

- Should the activity provide assistance to a private health management organization to fix up a facility it takes over from the GOJ, rather than provide assistance to the GOJ to fix up a facility it later expects to make available to the private sector?

- Why should construction be grant financed?

7. Hillside Agriculture. The purpose is to promote perennial cropping systems linked to agro-processing and marketing in two key watersheds. This will preserve soil resources, and help to protect major downstream investments in irrigated agriculture. The project will encourage the increased production and productivity of economically profitable tree crops, starting with coffee, cacao, and agroforestry techniques.

- Is the long term pay-off from this project consistent with the Mission's emphasis on short-run, high economic impact?

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- As an alternative, could other lowlands areas be developed for large scale production (using the approach taken in the Crop Diversification/Irrigation Project) rather than addressing the hillside agriculture problem now?
- Why should this income-generating project be wholly grant financed?
- How would the government's monopoly on coffee and cacao exports be diminished through the project?

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ANNEX A

SECTORAL GOALS/BENCHMARKS

1. AGRICULTURE

a. Goals

- To increase agricultural production. Emphasis in FY 1986 - 87 will be on crops contributing to FX earnings and savings.
- To improve rural income and employment through development of diversified cropping programs supported by improved irrigation systems.
- To identify and promote cropping programs that will contribute to reduced destruction of fragile uplands.
- To increase participation of the private sector in agriculture.

b. Benchmarks

	<u>Target Date</u>
- Rehabilitate the Rio Cobre and St. Dorothy Irrigation Systems to adequately service 15,500 acres in diversified crops.	Sept. 1987
- 12,000 acres of sugar cane land converted to diversified crops	Sept. 1986 4,000 12,000
- Increased production of diversified crops	Sept. 1986 Sept. 1987
- Rice (Polished)	8,000 tons
- Winter vegetables	30,000 tons
- Soybeans	8,000 tons
- Feed grains	14,000 tons
- Fish/prawns	2,000 tons
- Ornamental horticulture	20 million tips

	Sept. 1986	Sept. 1987
- Increased employment		
- Full time	1,800	4,000
- Seasonal	8,000	20,000
- Small farmers engaged in Satellite production	170	400
- Joint ventures underway in private sector	4	8
- New-rehabilitated acreage in upland tree crops		
- cacao	60	170
- coffee	40	120
- agro-forestry	40	200

2. INDUSTRY, COMMERCE AND FINANCE

a. Goals

- To encourage increasing reliance on private market mechanisms in place of regulatory and administrative intervention to determine allocation of resources among competing uses.
- To support and sustain the gradual increase in the private sector's relative share of economic activity.
- To continue to seek innovative and flexible mechanisms to support and improve the private sector's performance in the economic recovery effort.

b. Benchmarks

- Achievement of policy dialogue objectives noted in Part I of Action Plan, 44 - 46.
- Design and initiation, by September, 1986, of major industrial export project, involving technical assistance in production technology, quality control, and market identification/marketing strategy.
- By the end of FY 1987, creation of 350 new jobs, foreign exchange savings of US\$4 million and incremental investment of US\$16 million attributable to Trafalgar Development Bank.
- Establishment, by first quarter FY 1986, of private venture capital, technology transfer institution.
- Continued steady growth in foreign exchange earning capacity of Tourism Sector throughout planning period.
- Increased targeting of Technical Consultation and Training Grant resources on private sector activities directly related to export development, investment promotion and employment generations in FY 1986 - 87.
- Improved coordination/communication between key public sector decision makers regarding policy reforms and structural adjustments aimed at ensuring economic stabilization and long term economic growth.

3. EDUCATION AND HUMAN RESOURCE DEVELOPMENT

a. Goals

- To assist the GOJ to provide an improved basic education system consisting of:
 - adequate, universally available primary education; and
 - opportunity for relevant continuing education.
- To increase substantially the number of Jamaicans possessing the occupational, technical and managerial skills necessary for sustained economic recovery.

b. Benchmarks

- Joint GOJ/Donor/Private Sector program institutionalized, by end CY 1985, to provide some 350,000 primary school textbooks and teachers' manuals per year for academic year 1985/86-1988/89.
- Primary school renovation program for approximately 50 schools underway by second quarter FY 1986.
- Effective data analysis, planning and policy system institutionalized in Ministry of Education by end FY 1986.
- Four H.E.A.R.T. vocational training academies built, equipped and functioning by end FY 1987.
- Ten vocational, technical high schools renovated and equipped by end FY 1987.
- Improved labor market demand analysis available to training institutions throughout the planning period. Measured by job placement of at least 75% of vocational training institution graduates.
- Completion of management training needs/demand analysis by end FY 1985.
- Design/approval of appropriate management training intervention (regional or bilateral) by third quarter FY 1986.
- Strengthened capacity of three local management institutions to provide relevant management training to Jamaican small businessmen by end FY 1986. Measured by increased participation in training courses by target group.
- Evolution of at least 20 indigenous PVOs as administratively and financially viable development institutions by end FY 1987.

4. HEALTH, NUTRITION AND POPULATION

a. Goals

- To improve the efficiency, effectiveness and equity of primary health care delivery system.
- To develop a viable, alternative health care financing system.
- To assist the GOJ to develop an effective targeted subsidy program to maintain adequate nutritional status for vulnerable groups of Jamaican population.
- To assist the GOJ in its continuing effort to accelerate the decline in the population growth rate.

b. Benchmarks

- Successful completion of planned clinic renovations under Health Management Improvement Project by end FY 1987.
- GOJ adoption of policy changes, such as introduction of system of fees for services at primary health care centers, to reduce per capita public sector health costs, by third quarter FY 1986.
- Negotiation of increased use of PL 480 local currency generations for support of targeted subsidy programs and related analyses as part of FY 1986 agreement.
- Inclusion of locally produced foodstuffs in food stamp program by third quarter FY 1986.
- Design and approval of Alternative Health Care Financing intervention by third quarter FY 1987.
- Decline in fertility rate by 10% in FY 1986 and 20% in FY 1987.
- Increase in family planning acceptors by 30% in FY 1986, and 40% by FY 1987.
- Adolescents trained through formal, family life/family planning education programs: FY 1986 - 3,000
FY 1987 - 5,000.
- Improved capacity of population data institutions to provide relevant demographic data for planning purposes: 50% improvement by end FY 1986, and 70% improvement by end FY 1987.
- Increased involvement of Jamaican private sector in promotion of family planning and support for GOJ population policies throughout planning period.

5. SHELTER/URBAN DEVELOPMENT

a. Goals

- Rationalization of public and private sector roles in shelter and urban development.
- Establishment of a stable housing finance system.
- Acceleration of housing production and marketing.

b. Benchmarks

	<u>Target</u>
- GOJ decision on consolidating functions of public sector housing finance institutions	Sept. 85.
- Implement system changes through administrative action	Jan. 86.
- Submit draft legislation for actions requiring change of law	FY 87.
- Design/authorize \$15 million HG for starter homes to support institutional and policy changes	Sept. 85.
- Mechanism in place for GOJ shelter institution to leverage private participation in providing shelter to GOJ target group	June 86.
- Private development institution initiates first inner Kingston revitalization project	Jan. 86.
- Complete Shelter Needs Assessment	June 85.
- Design and approve AID shelter institution support project	Jan. 86.
- Establish OPG arrangement with Inner Kingston Project implementation institution	Aug. 85.
- Rationalize HG borrower relationship with GOJ	June 85.

Policy Dialogue Agenda:
June 1985 through FY 1987

<u>Policy Category and Element</u>	<u>Target Completion Date</u>	<u>AID Policy Instruments Involved</u>
A. Reducing the Size of Government		
1. Reduce Public Sector Work Force by 10,000	June 30, 1986	ESF (Outside Experts, Negotiation), Counterpart Programming (Redundancy Payments)
2. Divest and/or lease 30 Additional Public Enterprises	March 31, 1986	ESF (Outside experts, Negotiation), DA (New Project on Tourism/Export Promotion)
3. Consolidation And Streamlining Government Ministries	Continuous	DA (Project design, monitoring. All Technical Offices) ESF (Negotiation, Performance Review)
B. Liberalization of Foreign Trade and Foreign Exchange Market		
1. Relaxation of Exchange Controls	December 31, 1985	ESF (Performance Monitoring, Negotiation)
2. Complete the Dismantling of QR/License System	March 31, 1986	ESF (Negotiation, Performance Monitoring)
a. Tractors	September 30, 1985	
b. Fertilizer	June 30, 1985	ESF (Performance Monitoring)
c. Trucks	September 30, 1985	DA (Negotiation)
3. Permit Banks Unrestricted Access to Foreign Exchange Market to Cover Forward Positions	December 31, 1985	ESF (Negotiation), DA (Outside experts)



4. Develop Full-year Foreign Exchange Budget, Fixing Maximum BOJ Supplies of FX to Auction	December 31, 1985	ESF (negotiation), DA (Outside experts)
C. Deregulation		
1. Complete Deregulation of Coffee	Prior to FY 86 ESF	ESF (Performance Monitoring, Negotiation) DA Project Negotiation, Outside Experts)
2. Deregulation of All Other Export Crops	June 30, 1986	DA (Outside Experts, Project Design and Negotiation), PL 480, ESF
3. Complete Decontrol of Prices	September 30, 1985	ESF, PL 480 (Performance Monitoring)
4. Deregulation of Interest	September 30, 1985	ESF (Negotiation), DA (Project