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PD-ABA-079

A.I.D. Project No. 532-0079 ISN 6376-0

AMENDMENT NO. 11

TO THE

PROJECT GRANT AGREEMENT

BETWEEN

THE GOVERNMENT OF JAMAICA

AND THE

UNITED STATES OF AMERICA

FOR THE

TECHNICAL CONSULTATIONS AND TRAINING GRANT PROJECT

Date: September 27, 1989
Appropriation: 72-1191021
Budget Plan Code: LDSA89-25532-KG13

PROJECT GRANT AGREEMENT

AMENDMENT NO. 11

AMENDMENT Number 11 between the UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.") and the Government of Jamaica:

WHEREAS, the Government of Jamaica and A.I.D. entered into a project Grant Agreement, dated June 5, 1981, ("Agreement"), which was amended on February 11, 1982, August 31, 1982, September 30, 1982, March 28,1983, September 30, 1983, June 26, 1984, August 27, 1985, July 18, 1986, July 1, 1987, and September 7, 1989, and

WHEREAS, the Government of Jamaica and A.I.D. desire to amend the Agreement to provide for an increase of US$1,000,000 in grant funds;

NOW THEREFORE, the parties hereto hereby agree that the Agreement shall be further amended to read as follows:

(1) Section 3.1. The Grant is deleted in its entirety and replaced by the following:

"Section 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant to the Grantee under the terms of the Agreement an amount not to exceed Twenty Five Million Two Hundred Twenty Thousand United States Dollars ($25,220,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local costs as defined in Section 6.2., of goods and services required for the Project."

(2) Annex A, "Amplified Project Description," shall be supplemented with the addition of Annex I, Project Description Supplement, and an appended revised "Illustrative Budget."

Except as amended herein, the Agreement dated June 5, 1981, and Amendment Number 1 dated February 11, 1982, Amendment Number 2 dated August 31, 1982, Amendment Number 3 dated September 30, 1982, Amendment Number 4 dated March 28, 1983, Amendment Number 5 dated September 30, 1983, Amendment Number 6 dated June 26, 1984, Amendment Number 7 dated August 27, 1985, Amendment Number 8 dated July 18, 1986, Amendment Number 9 dated July 1, 1987 and Amendment Number 10 dated September 7, 1989, thereto between the Government of Jamaica and A.I.D. remain in full force and effect.

IN WITNESS WHEREOF, the Government of Jamaica and the UNITED STATES OF AMERICA, each acting through its respective duly authorized representative, have caused this Amendment to be signed in their names and delivered as of the day and date below written:

GOVERNMENT OF JAMAICA

/s/

P.J. Patterson
Deputy Prime Minister
Minister of Development, Planning and Production
Acting Minister of Finance and Public Service

UNITED STATES OF AMERICA

/s/

Marilyn A. Zak
Acting Director
USAID/Jamaica

Sept. 27, 1989
Date

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PROJECT DESCRIPTION SUPPLEMENT

A. Summary of Project Scope

The Technical Consultations and Training Grant Project Agreement is being amended in order to allow USAID/Jamaica to add US$1,000,000 to undertake activities which are in keeping with the original purpose of the Grant -- to finance foreign exchange and local currency costs of activities to assist the GOJ and Jamaican private sector to alleviate constraints to economically productive activity, make more effective use of capital resources and attract new investments.

Planned project activities will focus on improving Jamaica's ability to earn foreign exchange (which includes development of domestic investment in areas such as tourism) and will consist of three components which the Mission has identified as ways in which to alleviate major constraints to growth and development.

1. Low Productivity: Four sector assessments financed by USAID/Jamaica revealed that existing industries face many constraints to expansion as a result of low productivity. Low productivity, however, is a result of several factors which contribute overall to the problem. These factors include business inefficiences, lack of managers and skilled workers, lack of backward and forward linkages, unreliable supplies of inputs, and poor export marketing strategies. This component of the project will finance, therefore, technical assistance and training as well as trade promotion activities which are expected to assist in alleviating the factors listed above.

B. Controlled Financial Markets: The chief constraints in the financial markets are delays in accessing foreign exchange, high cost of credit, lack of term financing, and lack of small business credit. To mitigate these deficiencies, the project will finance studies of financial markets constraints, including the Stock Market, which are expected to lead to greater diversity of investments and a broadening of the resource base.

C. Lack of Business Infrastructure: To expand the availability of small business infrastructure, this component will address constraints of weak business support services, inefficient state owned enterprises, unclear investment incentives, cumbersome export and import procedures, inadequate transportation, and insufficient factory space by the financing of studies, training and technical assistance.

TABLE I: Summary of Cost Estimates

1. Low Productivity		
Technical Assistance - Long Term (7 LT x 80,000 x 1/2 year)	280,000	
IESC - (US$17,000/3 month, 10 volunteers)	170,000	
Trade Promotion	100,000	
		550,000
B. Controlled Financial Markets		
Studies (4 at US$40,000 each)	160,000	
Technical Assistance - Short Term (3 months at US$15,000 each)	45,000	
		205,000
C. Lack of Business Infrastructure		
1. Public Sector study (2)	80,000	
2. Inefficient State Owned Enterprises		
(a) Training	25,000	
(b) Technical Assistance (professional services)	100,000	
3. Other Studies (1)	40,000	245,000
	TOTAL	1,000,000

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Illustrative Budget

Technical Consultations and Training Grant
(US$)

		Total Obligations thru 9/7/89	This Amendment	Total Obligations
Element No. 1		18,460,000		18,460,000
Subsequent Elements:				
No. 2	Training	572,499	25,000	597,499
No. 3	TA	3,429,501	875,000	4,304,501
No. 4	Commodities	330,000		330,000
No. 5	Infrastructure	333,000		333,000
No. 6	Other	95,000	100,000	195,000
No. 7	MOF	500,000		500,000
No. 8	Infrastructure Co-Finance	500,000		500,000
	TOTALS	24,220,000	1,000,000	25,220,000

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