



**UNITED STATES AGENCY FOR
INTERNATIONAL DEVELOPMENT
MISSION TO JAMAICA**

***PROGRAM OBJECTIVES DOCUMENT
FY 1993 to FY 1997***

and

***ACTION PLAN
FY 1993/94***

***FOREIGN EXCHANGE
EARNINGS***



***AND
EMPLOYMENT***



***ENVIRONMENTAL
MANAGEMENT
& PROTECTION***

***HEALTHY, SMALLER
FAMILIES***



MAY 1992



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LIST OF ACRONYMS

A.I.D.	U.S. Agency for International Development/Washington
EAI	Enterprise for the Americas Initiative
EEC	European Economic Community
CARICOM	Caribbean Regional Integration Community
GDP	Gross Domestic Product
GOJ	Government of Jamaica
IDB	Inter-American Development Bank
IMF	International Monetary Fund
LAC	Latin American/Caribbean
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOF	Ministry of Finance
MOH	Ministry of Health
MOJ	Ministry of Justice
PACD	Project Assistance Completion Date
RHUDO	Regional Housing and Urban Development Office
USAID	U.S. Agency for International Development Mission to Jamaica

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LAC Bureau Objective:
Support Achievement of Broad Based, sustainable economic growth

LAC Bureau Sub-Objective:
Encourage a Vigorous Private Sector Response

Mission Strategic Objective:
Increased Foreign Exchange Earnings and Employment

- 532-0135 Export Development & Investment Promotion
- 532-0156 Micro Enterprise Project
- 532-0164 Economic Support Funds
- 532-0165 Agricultural Export Services
- 532-0101 Hillside Agriculture
- 532-0128 Agricultural Research
- 532-0120 Inner Kingston Development
- 532-0168 Northcoast Development Support
- 532-0169 CLASP II
- 532-0129 UWI Management Education
- 532-0149 Technical Support for Shelter

LAC Bureau Sub-Objective:
Encourage preservation of sustainable use of the natural resource base

Mission Strategic Objective:
Improved Environmental Management and Protection

- 532-0172 Development of Environmental Management Organizations
- 532-0172 Protected Areas Resource Conservation
- 532-0101 Hillside Agriculture
- 532-0168 Northcoast Development Support
- 532-0169 CLASP II

LAC Bureau Sub-Objective:
Encourage increased economic opportunities for the disadvantaged

Mission Strategic Objective:
Healthy, Smaller Families

- 532-0152 Health Sector Initiatives
- 532-0163 Family Planning Initiatives
- 532-0153 AIDS/STD Prevention & Control
- 532-0161 Drug Abuse Prevention & Control
- 532-0200 Narcotics Awareness Education & Control
- 532-0169 Section 416 Food Stamp Program CLASP II

Other Concerns

- 532-0029 SDAF
- 532-0082 Agricultural Education
- 532-0123 Crop Diversification
- 532-0155 Primary Education
- 532-0174 Sustainable Justice Reform

PROGRAM OBJECTIVES DOCUMENT 1993-1997

A. OVERVIEW

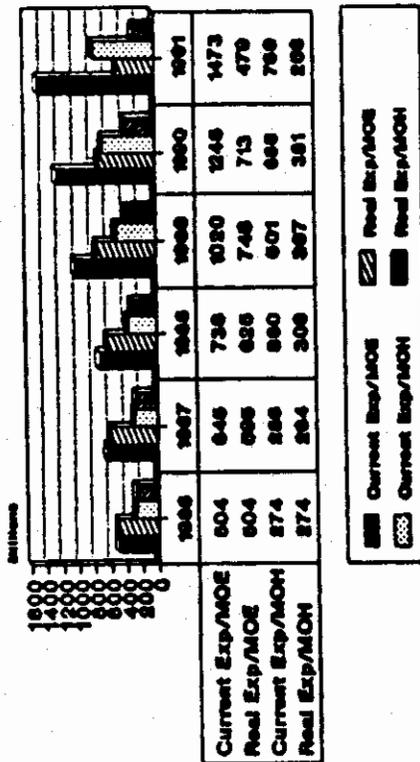
The critical challenge for Jamaica during the 1990s is to rapidly achieve strong and broad-based economic growth while assuring that the island's environment is adequately protected and soundly managed to sustain such growth. After years of negative growth rates, averaging -1.5 percent between 1965-86, modest growth since 1986 has returned Jamaica's Gross Domestic Product (GDP) to its 1973 level. One indicator of the financial impact of Jamaica's slow growth is shown in Figure I depicting current and real expenditures for the key social sector programs of Health and Education. Real expenditures for both sectors in 1991 were below 1986 expenditures levels. Additionally, much of Jamaica's institutional and physical infrastructure has declined substantially and major increases in capital flows are badly needed. For example, capital and maintenance/repair expenditures for the National Water Commission, the government agency responsible for infrastructure development for water supply and sanitation, have declined since 1989 by 80 percent and 46 percent respectively as indicated in Figure II and sewage treatment capacity has remained virtually unchanged since 1988, although water and sewage connections have increased by 20 and 3.5 percent (Figure III). Jamaica's unemployment rates have remained above 15 percent. While donors can help with short-term capital needs, Jamaica will need to devote considerable effort and domestic resources to accelerating the sustainable economic growth process.

Accelerating sustainable growth is not easy for a country the size of Jamaica. The country's less than 2.5 million people are burdened with some US\$4 billion in debt. On a per capita basis, this is one of the highest in the world. The country is highly dependent upon imports (50 percent of GDP) and the precarious export performance of tourism, apparel, bauxite/alumina, sugar and bananas account for the bulk of its foreign exchange. It is also limited by the inherent vulnerability of a small and fragile island economy and ecosystem that must support and sustain any basis for accelerated growth, and, until quite recently, the country was weighed down with inefficient protectionist economic policies.

Jamaica has sought to extricate itself from the protectionist policies of the past to stimulate exports and real GDP. Despite a major recent shift in economic policies toward a liberalized free market economy, including the removal of most subsidies, instituting a fully decontrolled foreign exchange rate, significantly lowering tariffs, allowing freedom of capital movement, and pursuing a model privatization program, trade and investment figures have been disappointingly low over the past year. The trade balance did improve by seven percent in 1991, but the trade gap remains in the US\$600-700 million range and private investment has grown slowly at slightly more than 20 percent of GDP.

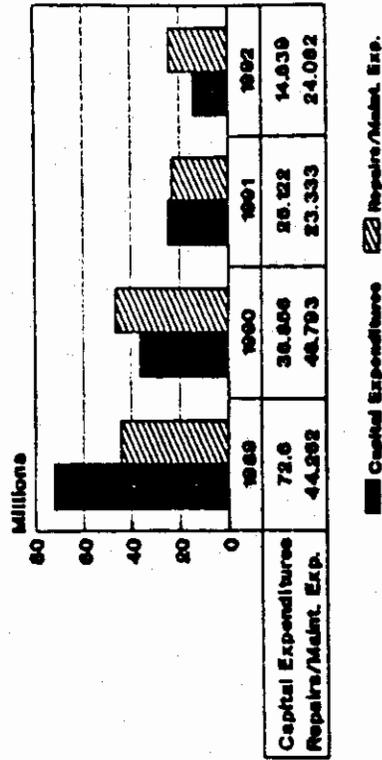
Inflation rates rose to historically high levels of 80 percent in 1991. At the same time, interest rates exceeded 50 percent and real incomes for wage earners declined substantially. Despite considerable popular pressure to backslide into protectionism and subsidies, Jamaica's Government is moving resolutely to fortify and extend the reform program. The new prime minister, Mr. P.J. Patterson, who took the helm of government after the resignation of Michael Manley on March 30, 1992, has pledged to continue reforms leading to a fully open market economy. Mr. Patterson, like Mr. Manley before him, will need the support of the donor community to continue the government's progressive and bold reforms.

FIGURE I Min. of Educ./Min. of Health Budget Expenditures



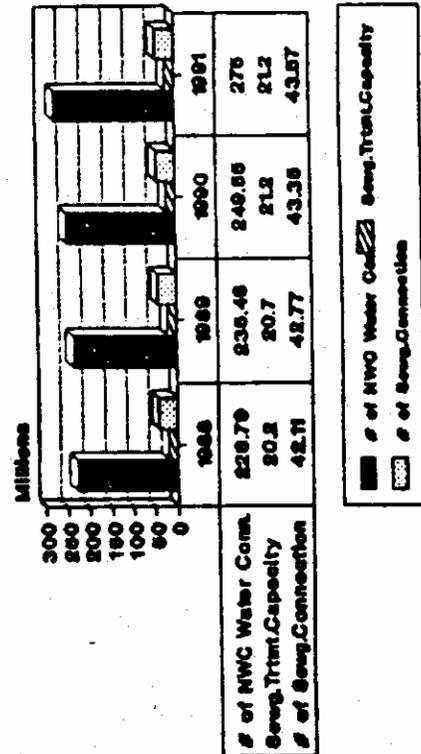
Sources: CPY—Stat. Digest; SOA, Feb 1992; Ed and HHS Expenditures & Social Survey, 1990; PICA, 1990, Current and Capital

FIGURE II National Water Commission Capital vs Repairs/Maintenance Real Expenditures 1/



1/ Real 1985 January Dollars calculated using GDP deflator in IMF Financial Statistics Yearbook (1989)

FIGURE III National Water Commission Sewer/Water Connections and Treatment Capacity



— Water shown represent 87/88 - 90/91
 — Sewerage Treatment Capacity measured in (MLD Imp. Gal./Day)

The U.S. can and must help this key Caribbean country complete and maintain its economic liberalization process. Nearly 60 percent of Jamaica's imports are from the U.S., and the country depends on the U.S. for much of its tourism and export growth. The U.S. looks to Jamaica as a leader in the Caribbean and as the most politically important member of Caricom. A strong, prosperous, democratic and free market-based Jamaica will serve as an anchor of stability in the region and will help lead the Caribbean into productive and open trade relations with the rest of the world. The Caribbean region badly needs this leadership to make the difficult choices presented by the new global trading blocks and the increased competition this will present.

One key U.S. policy initiative is the Enterprise for the Americas Initiative (EAI) to assist countries in the Latin American/Caribbean (LAC) region through trade and investment led growth. Support for an open trade and investment regime, debt relief, and providing for a Jamaican Environmental Fund from reduced debt payments all help to address major Jamaican problems. Realizing the opportunity presented by the EAI, Jamaica was the first in the Caribbean and the second in the hemisphere to qualify for EAI debt relief. USAID's program is designed to support the EAI's thrust toward accelerated growth through trade and investment while helping Jamaica better manage its environment to help sustain such growth.

Jamaica has been working hard to increase exports and attract foreign and local investments. There is broad understanding in Jamaica that the country must earn adequate foreign exchange to service its huge debt, finance development and pay for necessary imports for its future growth and employment needs. By freeing up the foreign exchange market and allowing the Jamaican Dollar to devalue against the US Dollar by 70 percent over the January 1991 to March 1992 period, Jamaica has become a much more price competitive exporter. The rest of the country's recent liberalization and decontrol measures have also improved the trade and investment climate, but these need to be maintained over a sustained period to achieve significant impact and assure investors that they are permanent. In addition, although Jamaica's privatization program has sold more than US\$200 million of government assets, many of the largest government corporations remain. The program must be accelerated to further reduce government's control of productive assets.

Other actions needed to facilitate trade and investment include improving Jamaica's financial and capital markets to better provide term and equity financing; improving Jamaica's low productivity; and rehabilitating Jamaica's basic infrastructure (roads, water, sanitation) to support private industry growth. Besides addressing these cross-cutting constraints to trade and investment, an important concern will be assuring that Jamaica's comparative advantages in areas such as tourism, garments, and tropical agriculture are adequately exploited.

The country's coastal tourism developments are main engines of economic growth, and tourism earnings have become the country's largest source of foreign exchange (US\$700 million in 1990). Direct employment in tourism exceeds 20,000. The unfortunate by-product of rapid growth without adequate environmental planning and management is the increasingly severe environmental degradation, both in urban centers and rural areas. Further degradation of Jamaica's natural resource base will have a negative impact on the island's ability to earn foreign exchange and attract investments, and to sustain essential economic activities such as tourism and export agriculture.

It is projected that Jamaica's population will grow from 2.3 to 2.7 million by the year 2000. Virtually all of that growth will occur in and around urban areas, much of it in the island's tourism growth centers along the environmentally fragile coastal zones. With a population density of about 223 per square kilometer, Jamaica is already one of the most densely populated countries in LAC and this is causing significant environmental stress. Out-migration has in the past provided a safety valve for population growth, but immigration policies world wide are getting tougher. Without out-migration it has been estimated that Jamaica's population would be twice what it is today. By the year 2000, assuming a continuation of a strong family planning program and high levels of out-migration, Jamaica's projected population of 2.7 million, will give the country one of the highest population densities in the world--approaching Haiti's level of 253 per square kilometer. Any decrease in the family planning effort or in out-migration could drive this figure much higher, having severe implications for the environment, needs for expanded social services and schools, and for more jobs.

Until 1985, Jamaica had one of the healthiest populations in the LAC region. The infant mortality rate was only 20 deaths per 1000 live births, and life expectancy was 73 years. In the past five years, however, reductions in household disposable income and in real expenditures for health and deteriorating water, sanitation and health facilities have led to a reappearance of protein calorie malnutrition, increasing outbreaks of measles and two typhoid epidemics. Budgetary problems have also adversely affected other social services, making it increasingly important that all social services be efficiently structured and well managed. As an example, between 1980 and 1988 public expenditures for education fell from five percent to three percent of GDP, illiteracy increased by six percent, and the teacher/pupil ratios increased to the highest level in the Caribbean (1:43).

Among Jamaica's strengths is its history of stable democratic institutions and processes. A recent (1991) USAID-funded analysis of the country's democratic environment concluded that democracy in Jamaica "is alive and well," and that basic institutions and processes are sound. The study recommended no major democracy initiatives for USAID funding. However, the study did caution that Jamaica's poor economic performance in the future would continue to erode key democratic institutions such as the justice and education systems that have already deteriorated from insufficient resources in recent years. It concluded that programs to improve the efficiency and effectiveness of education and the justice system should be pursued in tandem with programs to improve economic growth to help assure a stable democratic society for Jamaica's future.

Other challenges facing Jamaica include the narcotics trade and the threat of epidemics and disasters. Jamaica is a marijuana producing country and transshipment point for cocaine from South America. Jamaica has worked closely with the U.S. in marijuana eradication and supporting efforts to curtail drug shipments into the U.S.

The principle epidemics which threaten Jamaica are those related to declining standards of hygiene and environmental sanitation. In 1990 there were two major outbreaks of typhoid. Another looming threat is that of cholera. The region-wide epidemic which has now spread to Belize is expected to affect up to 20,000 Jamaicans. Meanwhile, water and sanitation facilities continue to age and the costs of water treatment, maintenance and repair continue to rise. Jamaica lies in an active hurricane and earthquake zone and is, therefore, susceptible to severe damage from natural hazards. Hurricane Gilbert in 1988 inflicted damage of over five billion Jamaican dollars

(US\$900 million). To help mitigate the effects of natural disasters, USAID will be cooperating in a regional disaster management program with the RHUDO and the Office of Foreign Disaster Assistance. The program will be implemented through a grant agreement to the Organization of American States which will enter into a series of sub-grant agreements with U.S. and regional organizations.

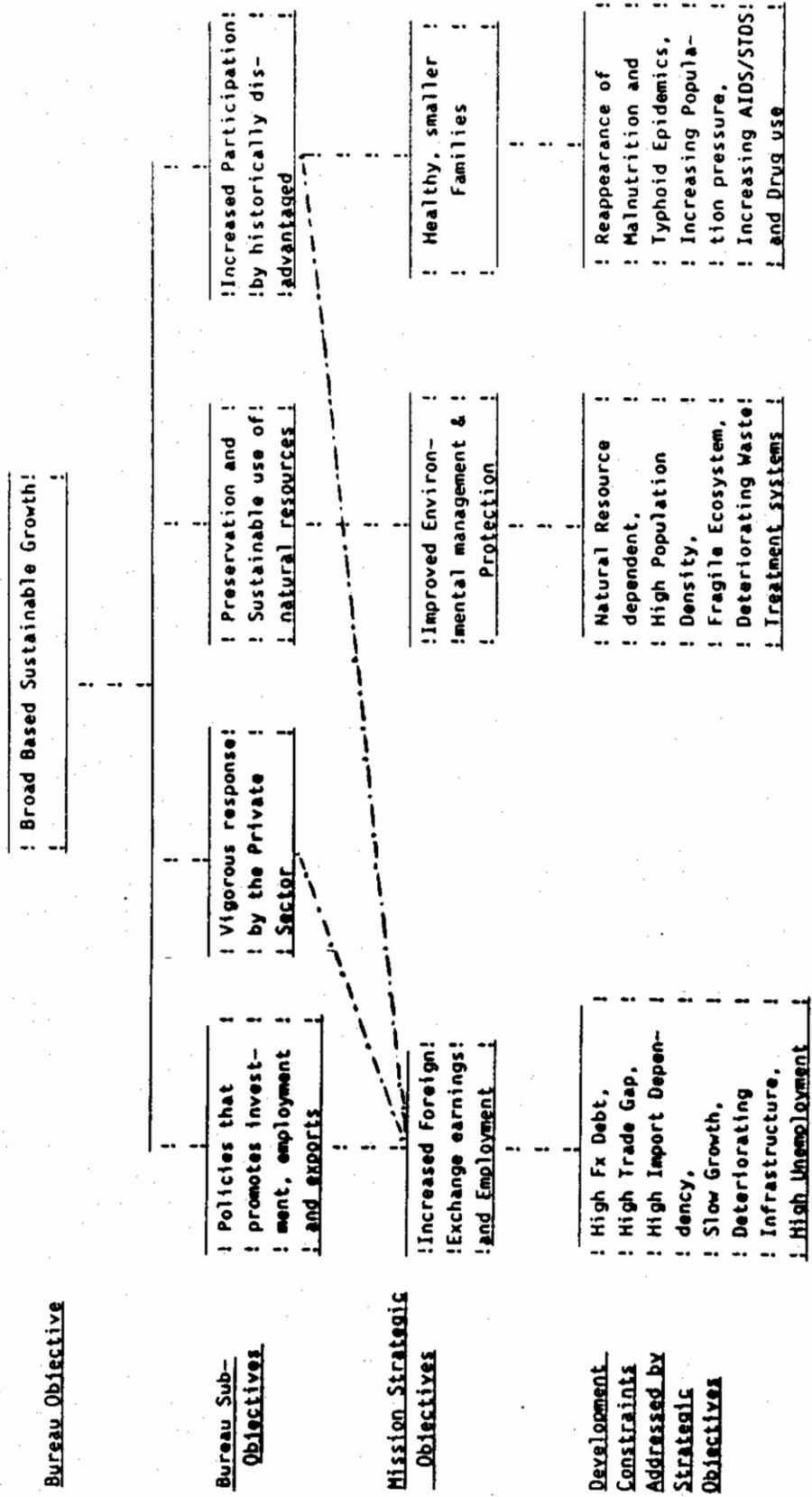
Within the above context of constraints and opportunities, USAID's strategy in Jamaica is targeted at supporting three key interwoven and mutually reinforcing objectives that contribute toward the Agency and LAC Bureau's objective of achievement of broadly-based, sustainable economic growth. The following strategic objectives represent priority development areas in which USAID has a comparative advantage based on our track record and experience; they have great potential impact on the Jamaican economy; they are supportive of other USG initiatives, such as the EAI; and they provide significant opportunities for success:

- (1) *increased foreign exchange earnings and employment,*
- (2) *improved environmental management and protection, and*
- (3) *healthy, smaller families.*

Jamaica's long term development prospects are based on its ability to earn foreign exchange and to provide productive employment for its citizens. USAID's strategy is to encourage policy reforms that stimulate increased trade and investment particularly in the critical foreign exchange earning sector, and provide assistance to help Jamaica overcome key constraints to increased productivity. Stable environmental conditions are necessary to improve foreign exchange earnings over time, due to the dependence of Jamaica's major foreign exchange earner--tourism--on environmental quality. Finally, Jamaica's ability to engage in productive economic activities is predicated on having a healthy population unconstrained by population pressures and environmental problems that lead to deteriorating health conditions. These three interlocking strategic objectives will have a multiplier effect on the ultimate goal of promoting broadly-based sustainable growth and, at the same time, they provide the basis for increased portfolio focus which will lead to greater impact. Figure IV shows the relationship between each strategic objective and the general development constraints discussed in this overview. It also shows the linkage between the strategic objectives and Bureau objectives.

USAID's major policy agenda over the planning period is focused on support of the first strategic objective. The agenda is clearly delineated in the ESP policy matrix recently approved in Washington. The policy dialogue under the ESP program has two major thrusts--economic policies for sustainable growth, and a better private investment environment, including that for foreign investment and export activities. The program calls for reforms and concrete outcomes in five related areas. The first priority among these is continuation of a fully-liberalized foreign exchange regime. Second, there will be sound macro-economic policies to support that decontrol. Third, specific steps will be taken to strengthen the fiscal policy formulation process and establish greater fiscal analysis and fiscal management capability in the Ministry of Finance. The fourth priority is an accelerated pace and sustained record of achievement on privatization, including major government-owned assets or entities. And, fifth, passage and implementation of several legislative actions designed to open up financial markets and increase competition.

Figure IV. Relation of USAID Jamaica's Strategic Objectives to Development Problems and Bureau Objectives



Bureau Objective

Bureau Sub-Objectives

Mission Strategic Objectives

Development Constraints Addressed by Strategic Objectives

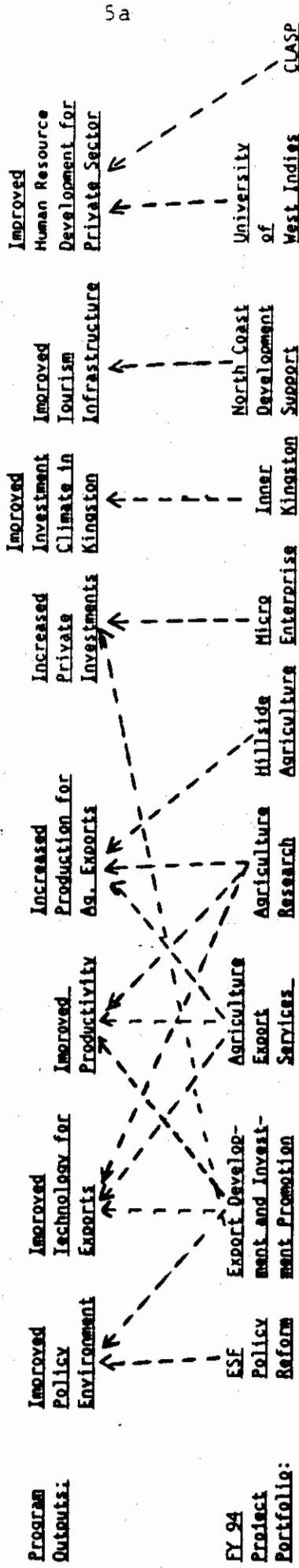
We will continue to support three activities that fall under the "Other Concerns" category. They are: Sustainable Justice; Basic Education, and Shelter. As the only major donor currently involved in shelter and the justice system, we will remain in these sectors in the interim to capitalize on our investment made under previous efforts and ensure that there is a sound institutional foundation in each of the areas. Our continuing key role in primary education is particularly important to lay the groundwork for the education component of a large World Bank social sector program begin planned for FY 94. However, in an effort to more narrowly focus our portfolio, and to engage in activities supportive of our three strategic objectives, USAID will phase out of these activities during the FY 1993-97 planning period.

Consolidation of USAID's project portfolio will be rapidly achieved under the three strategic objectives. Table IV-1 in the FY 92/93 Action Plan shows that the 34 active projects at the end of FY 91 will fall to 19 by the end of FY 94, an almost 50 percent decrease in four years. At the end of FY 94, we should have closed out our shelter assistance and food aid programs, decreased our agricultural and rural development portfolio from eight to four projects focussed on exports and the environment, and amended most of the other projects remaining in our portfolio to complete the transition process. Figure V depicts the relationship between the FY 94 project portfolio and our strategic objectives and major program outputs. It shows the result of the consolidation and concentration process over the next two years.

Figure V: Relation between FY 94 Project Portfolio, Strategic Objectives, and Program Outcomes

Strategic Objective 1:

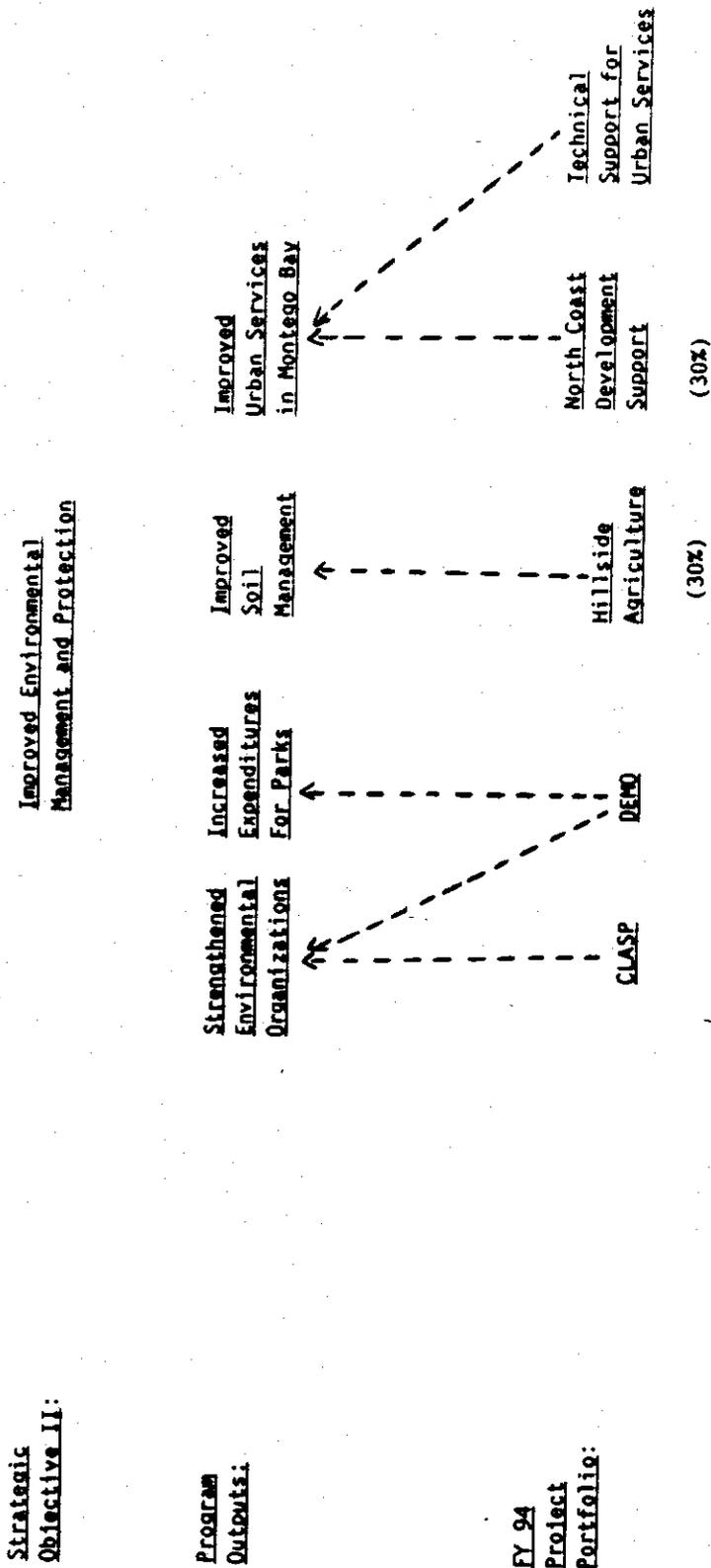
Increased Foreign Exchange Earnings and Employment



(70%) (70%)

Note: Primary Education II, Special Development Assistance and Sustainable Justice Reform are in the "Other" category for FY 94

Figure V (2)

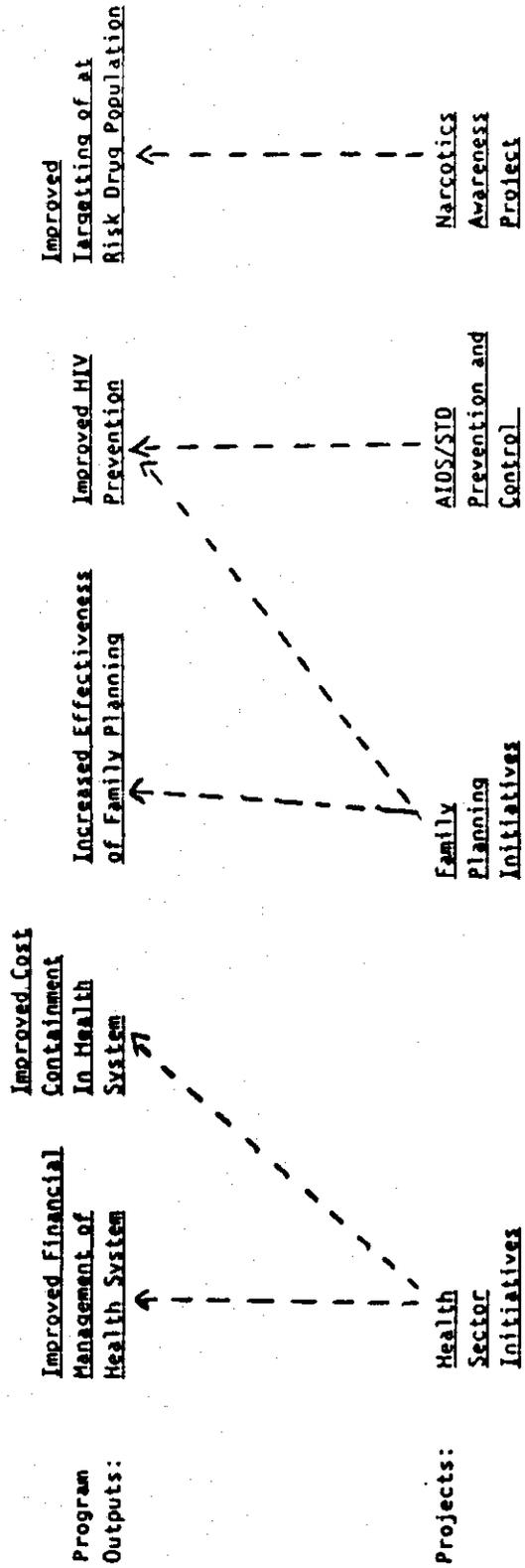


Note: Primary Education II and Sustainable Justice Reform are in the "Other" category for FY 94

Figure V (3)

Strategic Objective III

Healthy Smaller Families



LAC Bureau Objective: Support Achievement of Broadly-Based, Sustainable economic growth

LAC Bureau Sub-objective: Encourage Economic Policies that Promote Investment, Productive Employment and Outward-Oriented Diversification; Encourage A Vigorous Private Sector Response; and Increased Participation by the Disadvantaged

B. MISSION STRATEGIC OBJECTIVE: INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT

I. Strategic Objective Selection and Rationale

USAID/Jamaica has identified *Increased Foreign Exchange Earnings and Employment* as its top priority strategic objective. Jamaica's efforts to liberalize its economy and open its markets are laying the foundation for strong and vibrant growth. Sustained effort on the structural reform process is needed to complete the process which is clearly on the right track. But Jamaica's heavy debt burden, coupled with its import dependence require it to exert special efforts on earning foreign exchange through an export and investment orientation. Broad participation of all segments of the society in a trade and investment led growth strategy can be facilitated by emphasizing employment generation as an important element of the strategy. Sustained effort on completing the economic liberalization process supported by programs to remove selected constraints impeding trade and investment, and to help Jamaica seize specific opportunities within areas of comparative advantage, provide a winning formula for meeting this strategic objective.

Our rationale for selecting this strategic objective as a first priority is based on the critical need for Jamaica to earn foreign exchange and increase employment as described in the overview section, coupled with USAID's excellent experience in the relevant program areas that should allow us to make a significant impact on the underlying problems. We have, for example, played an important role in the economic liberalization process to date with a series of ESP policy support programs and DA funded policy analyses. We, accordingly, have considerable experience and credibility with the Government of Jamaica as honest and objective brokers of the policy reform process in general. We were the first donor to support Jamaica's privatization program and still play the dominant donor support role for this program which has long been regarded as a major success.

Moreover, we have established an important presence in supporting the critical foreign exchange earning tourism sector through our Tourism Action Plan activity, North Coast Development Support Project (for infrastructure), and through several sub-activities under the Export Development and Investment Promotion (EDIP) Project. Other on-going activities, including Inner Kingston, EDIP, Agricultural Export Services, Agricultural Research, Hillside Agriculture, Micro-enterprise Development, and the Caribbean and Latin America Scholarship Program (CLASP II) have contributed to our strong positions in strengthening relevant support institutions and the private sector human resource base. They also have contributed to improving the investment environment, supporting new investments in Kingston and elsewhere, and improving production and productivity in selected export industries and for export agriculture. With this broad and relevant base on which to build, and the necessary staff composition (more than 50 percent of our technical staff focus on these areas) and program portfolio to move forward now, USAID is arguably the best positioned donor to progress rapidly and productively toward this objective. Indeed, given the composition of our portfolio and staff, and the

relative needs of Jamaica, we would be hard pressed to focus elsewhere as a first priority and expect to have significant and meaningful impact over the planning period.

Our emphasis will continue to be on working with the GOJ on policy and regulatory reforms, reducing the role of government in the economy, streamlining and strengthening appropriate government support organizations, and helping to improve human resources and infrastructure essential to private trade and investment led growth. USAID will also work with the private sector in areas of comparative advantage to increase productivity while helping to build private sector support institutions, including financial markets, important for private sector growth. Indicators measuring successful achievement of this strategic objective (Table 1A and 1B in Annex) are: (1) a 15 percent increase in foreign exchange earnings in priority non-agricultural areas; (2) a 21 percent increase in foreign exchange earnings of selected agricultural exports; (3) a 28 percent increase in foreign investments in assisted sectors; (4) a 27 percent increase in domestic investments in assisted sectors; and (5) a 26 percent increase in priority export sectors and in employment in Inner Kingston.

This strategic objective is particularly relevant to improving opportunities for women. Although unemployment for men and women declined in 1991, the traditional disparities with respect to women and youth are still evident. Of the total number of unemployed, 68.3 percent are women and 57.8 percent are under 25 years old. The unemployment rate for women (22.5 percent) is well over twice the rate for men (9.1 percent). Employment expansion in key areas that are traditionally dominated by women (i.e. garments, information processing and the like) are likely to result in greater job opportunities, and less unemployment among women. USAID's strategy is targeted at many industries where women are the major employees.

Other Donors: Although other donors are rapidly entering this strategic objective area, USAID was the first to engage in most of the component areas, and is recognized as the leading donor in all but the macro policy and infrastructure arenas. The multilateral funding agencies, in particular, have influenced Jamaica's commitment to reform and supplied performance-based assistance to help meet the country's urgent needs. Jamaica recently restored its Stand-By Arrangement with the IMF, and discussions are to begin shortly on an Extended Funding Facility. Further, the World Bank and Jamaica signed a US\$30 million Second Trade and Financial Sector Adjustment loan in March 1991, which is co-financed by a US\$75 million Trade, Finance, and Investment Sector loan from the IDB, and US\$25 million in credits from the Export-Import Bank of Japan. Jamaica is also discussing a Private Sector Adjustment Loan, and a Social Sector Investment Project with the World Bank. Moreover, Jamaica hopes to benefit from a new IDB-led Multilateral Investment Fund, expected to provide US\$1.5 billion over the next five years for the LAC region to support investment and business growth in a liberalized trade and investment environment.

II. Implementation Strategy

As noted above, USAID's implementation strategy under this strategic objective is to focus our limited resources on relieving the most important constraints to improving foreign exchange earnings and employment while targeting selected assistance on growth sectors of special promise. The major constraints to achieving the strategic objective fall into three broad categories: (1) Inadequate policy and regulatory framework; (2) Low productivity; and (3) Inefficient financial markets. The Mission's strategy is to target key elements of these constraints that perpetuate a poor business environment.

and inhibit foreign exchange earning growth and employment opportunities. While progress over the last decade has been achieved, it has not been sufficient to overcome a vicious cycle of debt accumulation and rescheduling and dependence on concessional financing.

- o **Inadequate policy and regulatory framework:** While substantial policy reforms have taken place, particularly in the area of foreign exchange liberalization, a cumbersome and inefficient administrative and regulatory apparatus remains in place, inhibiting economic growth. Policy reforms that create a more private sector led economy are critical to the success of USAID's program. Through ESF cash transfers and project assistance, USAID has targeted those areas that have the greatest potential for success and impact on improving the overall investment climate in Jamaica. The policy reform agenda currently includes: (1) support for a continuation of foreign exchange and other liberalization measures leading to an open and free market economy, (2) strengthening the GOJ's fiscal policy planning and implementation capabilities, (3) implementation of privatization and divestiture plans, and other policies fostering competition, broad-based ownership, and a reduced government role in the economy, (4) formation of regulatory bodies such as a security and exchange commission. These activities are critical to providing the necessary framework for a market-oriented economy. Future activities to be included on the policy agenda will focus on alleviating specific administrative constraints, such as cumbersome export documentation and licensing and registration requirements, and low tax compliance. USAID will continue to provide technical assistance, training, policy analyses, and some institutional support to overcome the above constraints to an improved policy and regulatory environment.

- o **Low Productivity:** Major constraints to expanding existing capacity and increasing competitiveness are: (1) business and agricultural inefficiencies; (2) lack of skilled workers and managers; (3) inadequate and unreliable supplies of inputs; (4) poor infrastructure and transportation system; and (5) the absence of full service business organizations that foster both backward and forward linkages. Low productivity is a legacy of early protectionist policies and foreign exchange controls, and is exacerbated by the weak policy and regulatory framework discussed above. USAID's strategy is to reduce production inefficiencies in important industrial and agricultural export sub-sectors (e.g. garments, furniture, information processing, bananas, yams, coffee and cocoa) that have the most potential for growth, train workers and managers to improve business operations and use improved methods for agricultural production, rehabilitate infrastructure in key tourist areas, and strengthen business service organizations.

Jamaica has made outstanding progress on privatization over the past few years, but the government remains a major owner/operator of real estate and key productive enterprises. These assets include transport enterprises (such as Air Jamaica); the electric power company; a petroleum refinery; farm land; agri-business export processing facilities; factory space; major production facilities in sugar and assets held by the Urban Development Corporation. Government's presence reduces productivity, stifles innovation and growth, draws scarce public resources away from social programs, and constrains private investment. Project assistance, and policy dialogue are key USAID ingredients used to support GOJ efforts to reduce government holdings and divest shares to broad-based ownership.

- o **Inefficient Financial Markets:** The chief constraints in the financial markets category are: (1) perceived high cost of credit; (2) limited term-financing; (3) lack of equity financing; (4) limited availability of small business credit; (5) inefficient stock exchange; and (6) insufficient competition. Poor monetary and fiscal policies have caused high inflation and interest rates. In this environment, commercial banks are forced to be extremely conservative, practically eliminating most sources of small business and expansion financing. The low level of competition and inefficient operations of the capital markets also preclude access to equity financing for most firms. Development finance organizations are present, but their tradition of donor-financed growth severely constrains their market coverage and cost-effectiveness. Policy reforms are underway to improve the market, but their implementation will require considerable efforts by the GOJ and the private sector. USAID's strategy is to demonstrate that term and equity financing and credit to small businesses are prudent and beneficial financial decisions that can positively impact the broader economy. Increasing the availability of long-term capital in the financial market is a USAID commitment.

USAID has selected eight program outputs (Tables 1A and 1B in Annex) to monitor and track activities against the strategic objectives. A brief discussion of each program output and planned key activities follows.

Improving the policy environment for trade and investment is a major program output under this strategic objective. As noted elsewhere, USAID's policy dialogue has two thrusts, better economic policies for sustainable growth and an improved private investment environment. By targeting Economic Support Funds and Development Assistance resources under the Export Development and Investment Promotion (EDIP), USAID will provide technical assistance and fund policy analyses to help strengthen the Ministry of Finance's fiscal capability, encourage adoption of Employee Stock Ownership programs and pro-competition legislation, and continue progress under the GOJ's privatization program. USAID will also support under the ESF policy agenda the macro policy dialogue spearheaded by the IMF and multi-lateral donors, especially measures to maintain and further economic liberalization.

USAID intends to support efforts to develop a viable and responsive stock exchange in Jamaica and will also work to establish a Securities Exchange Commission. We will look for opportunities to develop a secondary market mechanism for debt, as well as support efforts to increase the availability of term credit to borrowers.

Under the improved research developed and technology adopted by export industries output, USAID will concentrate on those industrial and agricultural activities that have the most potential for export earnings. Current high priorities are garments and furniture of the industrial groups, and tourism and information processing in the services sector. Others may emerge during the planning period, and EDIP will maintain the flexibility to adjust priorities according to our reassessment of comparative potential. We are also expanding packing and storage facilities for export crops and developing production enhancing research which will be demonstrated on farms.

Increasing production and productivity of selected export industries and agriculture, two program outputs, is a major focus of our activities. For agricultural export development, USAID will concentrate on increasing production and productivity of Jamaica's most economically viable foreign exchange earning crops, i.e. bananas (over the short to medium term while there are solid markets), yams, coffee, cocoa and other

selected crops with high income generating potential. Two major projects in the sector will contribute: Agricultural Export Services and Hillside Agriculture. Adoption of improved technology and increased production will be the major program output indicators used to measure progress. Both projects will support the adoption of improved technology for farmers involved in export crops. EDIP will continue to focus on increasing productivity in selected areas such as garments, furniture and information processing.

Increasing the number of private investments is an important component of USAID's strategy. EDIP resources will significantly help the GOJ in moving ahead on their privatization program by providing technical assistance and training to key policy personnel. Contributing to this program output is the Microenterprise Development Project which directs technical assistance and loan resources to microenterprise lending organizations to increase their sustainability and ability to assist microenterprises become viable business entities.

Constraints to an improved investment climate in Inner Kingston include lack of suitable manufacturing space priced at acceptable rates. The Inner Kingston Project will continue to support improvement of the investment climate in downtown Kingston through infrastructure improvements of existing structures--thus, providing space for manufacturing, public improvement and community development activities. Progress will be measured by program output indicators focus on the value of private investment and increases in industrial and commercial space rehabilitated in Inner Kingston .

Improved tourism infrastructure and services are a major focus of the strategy. Deteriorating infrastructure which is under considerable pressure from rapid urban growth threatens to undermine the gains made in tourism. Along with the Japanese, USAID will help to rehabilitate and upgrade critical infrastructure improvement activities through the North Coast Development Support Project. The amended Technical Support for Shelter and Urban Services Project will help to improve solid waste management in Montego Bay and address other important constraints to tourism growth in that key tourist center. USAID will support improved environmental management activities under the Development of Environmental Management Organizations Project (discussed under the environment strategic objective). Performance indicators under the improved tourism infrastructure program output include: (1) expanding the Ocho Rios Port berth # 2, which welcomes 80 percent of the tourists arriving by sea to the island; (2) improvements in the North Coast Highway; (3) storm drain improvements in Montego Bay; (4) sewerage collection and treatment facilities in Montego Bay; (5) improvements in potable water facilities in Negril; and (6) improved environmental management in the major tourist areas.

Improved human resources development supporting the private sector is a necessary component of the strategy. Lack of skilled workers and managers is a major constraint to improving productivity in the private sector. Under the regional CLASP II project, up to 30 individuals per year will receive short term skills training and 25 per term will receive academic training in areas relevant to our three strategic objectives, with priority placed on training relevant to strategic objective number one. The University of the West Indies School of Management Project will establish a greater capacity to train mid-level managers by the end of the planning period. Finally, Jamaica will benefit from its inclusion under the LAC Economics Training program that will upgrade the skills of up to 25 masters level economists from the public and private sectors to do better economic analysis and planning.

A new activity that USAID plans to support, in an effort to increase skills training in Jamaica, is through the International Fund for Education and Self-Help (IFESH), a U.S. Non-Governmental Organization (NGO). Under a cooperative agreement with IFESH, A.I.D. grant funds, amplified by a debt-for-development swap, will finance skills development and strengthening of micro-enterprises.

Finally, the Mission's strategy calls for continued support for the PL 480 Section 108 auction system to local commercial banks and implementation of a "Second Tier" auction for development banks and credit unions to address the needs of small scale borrowers. There is currently US\$7.5 million available from 1991 resources. These funds will be made available to local commercial and development financial institutions during FY 1992/93 to improve the availability of credit to small and medium size enterprises.

III. Resource Requirements

To achieve progress under this strategic objective, the Mission is planning to use resources averaging US\$22 million per year from FY 92 through FY 94. A 20 percent reduction in resources in the DA accounts supporting this strategic objective would result in stretching out the funding of key activities, thus delaying and/or decreasing impact. The mortgage ratio for the PSEE and ARDN accounts are at 3.84 and 3.16 respectively for FY 92, and we would be hard pressed to sustain any cuts in these accounts, due to our more concentrated and focused portfolio which relies heavily on PSEE and Agriculture funds. If forced to sustain a 20 percent cut in the resources for this strategic objective (approximately US\$4.4 million per year), ESP would be the only funding source we might reduce without significant damage to our ability to meet this strategic objective. A 20 percent increase in resources would allow the Mission to buy down the mortgage on several key projects that support this strategic objective, such as EDIP, Agricultural Export Services, Hillside Agriculture, Technical Services for Shelter and Urban Services and Micro-Enterprise Development. We would also be able to accelerate project implementation and target key constraints faster, thus, better assisting the GOJ in implementing key reforms.

	<u>FY 92</u>	<u>FY 93</u> (US\$000)	<u>FY 94</u>
ESP	15.0	15.0	15.0
DA	6.4	7.9	6.5
Total	21.4	22.9	21.5
% of DA OYB	39%	48%	40%
% of Total OYB	56%	73%	69%
<u>Non-Additive</u>			
Regional LAC Economist Training	.2	.2	.2
Section 108 Auction	7.5		

LAC Bureau Objective: Support Achievement of Broadly-based, Sustainable Economic Growth

LAC Bureau Sub-Objective: Encourage Preservation and Sustainable Use of the Natural Resource Base

C. MISSION STRATEGIC OBJECTIVE: IMPROVED ENVIRONMENTAL MANAGEMENT AND PROTECTION

I. *Strategic Objective Selection and Rationale*

The Mission has selected *Improved Environmental Management and Protection* as its second priority strategic objective to conserve the resources on which stable and sustainable long-term development depend. Jamaica supports some of the most diverse biological and physical conditions on earth, with high proportions of endemic species. Approximately 46 percent of the land area is considered to be in agricultural production, and more than 85 percent of the land surface is susceptible to soil erosion. The Jamaican economy has historically depended on its natural resource base, initially in agriculture (especially sugar and bananas), then as a leading world supplier of bauxite and alumina in the 1960s and 70s, and finally, in tourism. These three sectors played the lead role in moving real annual national GDP growth from negative values in the mid-1980s to positive growth trends in the late 80s and early 90s. Tourism is currently at the forefront of national economic development: tourism foreign exchange receipts matched those of bauxite in 1990, and could remain a major source of foreign exchange through the end of the century.

The Jamaica Environmental Strategy, undertaken by USAID in 1991, emphasizes that sound natural resource management will have a critical impact on the future of each of these productive sectors: a quality environment for tourism, sustainable soil and water management for agriculture, and pollution control and reclamation of mined lands in the case of bauxite production. The JES also makes clear that, of all the various aspects of natural resource management requiring attention, that of tourism is the most pressing and important of national priorities in this area.

In tourist resort areas such as Montego Bay, Negril and Ocho Rios, development is outstripping infrastructure and environmental protection services. Unplanned and uncontrolled development impacts tourism by reducing attractiveness and hampering the ability of government to maintain sewerage collection and treatment plants, water supply systems, roads and other services. Highest priority attention is needed in the area of coastal zone degradation. Most of Jamaica's urban development has occurred along coastal areas and this development has placed heavy demands on the very fragile coastal ecosystems. The primary causes of the degradation include: (1) lack of planning for urban developments, agriculture, tourism, and industry; (2) degradation of upstream watersheds; (3) inappropriate management of liquid and solid wastes which contaminate the soils and water of estuary and near-shore marine environments; and (4) the lack of enforcement of standards and guidelines for water quality, fisheries management, and zoning. The effects of these factors have included loss of important habitats, including mangroves and mangrove estuaries, coral reefs, and grass sea-beds. Related effects include beach erosion, reduction in aesthetic quality, increased incidence of human health problems, and overall imbalance in the ecosystem. The location of the majority of Jamaica's important tourism industry in the coastal zone areas points to an extremely strong linkage between this degradation and future economic growth. The objective of coastal zone management in this country should be the development of a comprehensive program to allow for better management of marine and

near shoreline terrestrial environments, and to allow for sustainable exploitation of those resources in a manner that does not disrupt balanced ecosystems. Other priorities include: watershed degradation changes in hydrologic regimes and soil loss; the elimination or degradation of (flora and fauna) habitat, water pollution; and air/atmospheric pollution.

Important biological and economic resources are now threatened, particularly in coastal areas where extensive environmental degradation is rapidly increasing. Unless strong actions are taken to remedy many of these problems, Jamaica will experience a continuing gradual deterioration of environmental conditions. Support for Jamaica's efforts to stem further environmental deterioration is critical at this time. The long term implications of not acting could lead to increased environment degradation and rising indirect costs in terms of lost revenues from agricultural production, particularly exports, and in the critical foreign exchange earning tourism sector. The benefits of investment in environmental protection accruing to the tourism and agricultural industries justify substantial allocation of resources to mitigative measures, especially considering the contribution of these industries to the Jamaican economy.

USAID/Jamaica selected this strategic objective based on our on-the-ground experience in working with environmental issues in Jamaica. We have worked closely with the GOJ and NGO community under two highly successful projects--one that has laid the foundation for a national park system and created two pilot parks, and the other one has worked with small farmers on improving agronomic practices on fragile and vulnerable hillsides. Moreover, this strategic objective supports not only the Agency's emphasis on natural resource management, but also contributes directly to the Enterprise for the Americas Initiative by building NGO capacity to participate in environmental projects under the Jamaican Environmental Fund and the World Bank's Global Environmental Fund. The GOJ, on its part, is strongly supporting these efforts and is demonstrating its interest in strengthening the country's environmental management program. Recently, the GOJ created the National Resource Conservation Authority and upgraded it from a department to a full statutory body now located in the newly-created Ministry of Tourism and Environment, which was elevated to cabinet level. These efforts, along with Jamaica's lead in signing an Environmental Framework Agreement under the EAI and establishment of a local environmental foundation, are positive signs of the seriousness with which Jamaica is giving to environmental issues and its commitment to improving environmental management.

Indicators measuring successful achievement of this strategic objective (Tables 1A and 1B are: (1) 300,000 acres (vs. none in 1990) protected under the National Park System; (2) 12 activities under our projects with components for regularly monitoring environmental biological habitats (vs. none in 1990); (3) reduced volume of untreated waste water from 1.5 million gallons/day to none in Montego Bay; (4) increased watersheds protected from the current 3 watersheds to 7; and (5) establishment of a functioning/operational National Park System.

GOJ and Other Donor Activities: Other donors that have expressed interest in supporting environmental management activities in Jamaica include: Canada, the European Economic Community, the United Nations Development Program, the Inter-American Development Bank, Japan, and the Netherlands. USAID participates in a donor coordinating committee with these organizations to ensure that individual activities are complementary.

II. *Implementation Strategy*

In September, 1991, the USAID Mission developed a Jamaica Environmental Strategy which identified critical environmental issues confronting the island nation, based on a ranking of ways particular issues affect human health, economic development, monetary costs, and damages to biological systems. The three most significant issues were identified as degradation of coastal zone areas, wildlife habitats, and watersheds, including changes in the hydrologic regimes and soil loss. The persistence of these issues is inextricably linked to institutional constraints which include: (a) low-level of public awareness of the importance of environmental problems; (b) inadequate leadership within the government in establishing and promoting clearly defined environmental policies; (c) absence of standards, regulations, and guidelines for maintaining a desired environmental quality; (d) lack of trained personnel and funding to monitor environmental quality to develop appropriate intervention activities and manage urban resources; (e) paucity of reliable, systematic ecological data to guide planning and decision making, and (f) deficiency of financial resources to meet the growing burden of infrastructure and services to protect the environment.

USAID's strategy for accomplishing the strategic objective over the FY 93/97 planning period will concentrate on alleviating the constraints identified above. As a first program output (Tables 1A and 1B), USAID will work to strengthen environmental organizations in Jamaica by providing technical assistance and training to the local environmental organizations and the National Resource Conservation Authority (NRCA). Assistance to the NGOs will focus on training geared to helping the organizations become effective management entities which can collect data on environmental changes for projects islandwide both through USAID-funded site specific projects and through the EAI Jamaica Environmental Fund. USAID will also help NRCA become an effective and fully operational regulatory body that will provide guidelines, statutes and incentives for development that affects the environment. We will track progress under this program output through: (1) increased number of NGO's managing environmental projects; (2) fully staffed NRCA with clear operating guidelines; (4) Environmental Fund for Jamaica established and operating; and (4) improved data system for monitoring the environment. The DEMO and PARC projects are the major contributors to this program output, as well as the Jamaica Environment Fund which will provide non-USAID resources to local environmental groups.

Five key Mission projects will provide the vehicle for USAID's intervention in the environment--Development of Environmental Management Organizations (DEMO), North Coast Development Support, Hillside Agriculture, Technical Support for Urban Services (amendment) and CLASP II. These Mission projects will be targeted in geographic areas deserving immediate attention due to the importance of their contributions to the national economy and the extent to which these contributions are threatened by environmental degradation. DEMO will work toward improving environmental regulatory and policy issues on a national level and with NGOs on developing capacity to manage and monitor environmental activities. The North Coast Development Support Project is jointly funded by USAID and the Japanese and is targeted at upgrading infrastructure in key tourist areas. USAID resources finance the project management unit, environmental monitoring in Montego Bay, and a water loss management component in Lucea/Negril. The Japanese are providing the bulk of the project's resources which will finance the actual construction and rehabilitation activities. The Hillside Project will continue to focus on providing improved technology for perennial tree crop production, primarily export crops of coffee and cocoa, and the FY 94 Technical Support for Shelter and Urban

Services Project amendment will concentrate on improving solid waste disposal and processing in Montego Bay.

The National Parks System is a major focus of our activities in the environment. Our efforts over the next few years will concentrate on increasing public/private expenditures on and number of national parks/protected areas to ensure a sustainable base for national park development. Indicators to be used to measure our progress under this program output include: (1) increase in the national parks trust fund; (2) increase in recurrent expenditure covered by the national parks trust fund; and (3) increase in the number of parks established. The PARC project is the chief Mission project focused on national parks development.

Through the Hillside and Agricultural Research Projects, we are working to improve soil management by encourage use of perennial tree crops, responsible pesticide use, and appropriate cultivation practices, particularly on fragile hillsides. We will track progress by measuring: (1) acres protected from soil erosion and (2) increase in number of farmers adopting environmentally sound cultivation practices.

Tourism infrastructure and urban services is a cross cutting issue which also affects achievement of the first and third strategic objectives. By improving urban services in Montego Bay, the environment will be enhanced and sanitation improved, thus, contributing to healthier conditions in Montego Bay. Indicators selected to track this program output include: (1) sewerage treatment plant expanded and operational and (2) percentage of solid waste generated versus solid waste collected in Montego Bay. The North Coast Development Support Project and a component of the Technical Support for Shelter and Urban Services Project are the main Mission projects supporting this program output.

Training will play a central role in implementation of the strategy. Jamaica's limited experience in dealing with several key environmental management problems facing the island make the building of an adequate human resource base a national imperative. To do so, USAID's strategy is dual focussed: using U.S. experience and proven approaches to protection and management as a training model and laboratory; and supporting an on-going campaign of citizen education.

The focus of U.S. training will be on a few long-term training opportunities under CLASP II, short-term specialized courses and on-the-job training with private sector entities, such as The Nature Conservancy, and government agencies, such as the Environmental Protection Agency. Areas in which the U.S. has particularly relevant experience include the management of national parks and natural habitats, waste management, protection of coastal zones and environmental management, in general.

Within Jamaica, project technical assistance will be directed toward hands-on training that will demonstrate both technological and managerial approaches to problem solving. In large part, it will be site specific, working with GOJ personnel in the National Resource Conservation Authority and representatives of NGOs and community organizations and farming community in environmentally vulnerable areas. Projects will support citizen education through private organizations.

The end of the FY 97 planning period will see an improvement in environmental management and protection in Jamaica. More parks will be delineated, better environmental monitoring, a reduced volume of untreated waste water, more solid waste

collected, more watersheds protected and institutionalization of a national park system will be the results of USAID's efforts. By working to strengthen environmental organizations, both public and private, Jamaica will have greater capacity to develop a critical policy and statutory framework essential for environmental regulation. Non-governmental organizations will have developed the appropriate mechanism, e.g. voluntary compliance and educational campaigns, as well as advocacy, to ensure that the environment is a key consideration in implementing activities. The national park system will be in place and the government and NGOs working together to sustain the system. Our activities during this planning period will also help stem soil erosion in key farming communities, particularly those on steep hillsides and involved in major export crops production. Finally, Montego Bay--the largest tourism center--will have expanded its sewerage treatment plant to enable it to handle greater quantities of sewerage and to reduce pollution of beaches in Montego Bay, and a component of the Technical Support for Shelter and Urban Services project will have resulted in a sustained program of solid waste collection and management.

III. *Resource Requirements*

The Mission will utilize bilateral development assistance to meet the resource requirements for the planning period under this strategic objective. ESF local currency generations will be used to support counterpart funding of projects. EAI Environmental Trust Funds will be available to non-governmental organizations at least some of which will have benefitted from training and pilot activities conducted under DEMO. The Mission's resources will, thus, complement and support the EAI by strengthening environmental organizations and developing models for environmental action. Furthermore, although Mission resources devoted to this strategic objective appear limited, these figures do not reflect EAI resources supporting the environment which are estimated to be some US\$1.5 million per year in the next 3 years. Given Jamaica's low absorptive capacity in the relatively new environmental management area, USAID's resources combined with those expected under EAI represent a significant resource for this strategic objective. Additionally, if the U.S. Congress authorizes further debt reduction and Jamaica continues to qualify, the projected amount of resources devoted for environmental management and protection would be substantial.

A 20 percent drop in planned DA resources would seriously undermine USAID's ability to assist Jamaica manage its natural resource base, especially given the modest amounts we are planning for this sector already. As the first donor to develop a comprehensive strategy in the sector, a reduction in resources would have a significant effect on efforts to develop institutional capability and models for later replication. A 20 percent increase in resources would not be advisable given the limited absorptive capacity and phased start up strategy we envision. Mission DA resource requirements for the bilateral program to support the strategic objective are as follows (\$million):

	<u>FY 92</u>	(US\$ Millions)	<u>FY 93</u>	<u>FY 94</u>
<u>DA</u>	2.2		3.3	4.4
% of DA OYB	13%		20%	27%
% of Total OYB	7%		10%	13%
<u>Non-Additive</u>				
Environmental Fund for Jamaica	1.5		1.6	1.4

LAC Bureau Objective: Support Achievement of Broadly-based, Sustainable Economic Growth

LAC Bureau Sub-objective: Encourage Increased Economic Opportunities for the Disadvantaged

D. MISSION STRATEGIC OBJECTIVE: HEALTHY, SMALLER FAMILIES

I. Strategic Objective Selection and Rationale

The Mission has selected Healthy, Smaller Families as its third priority, and last strategic objective. Deteriorating health standards are likely to reduce the productivity and efficiency of the workforce, and this is a factor that would impede our progress toward strategic objective number one. Moreover, the ability of the country to increase earnings from tourism is obviously constrained by any increase in epidemics such as typhoid or other serious diseases such as AIDS/STDS. Increased population pressure also erodes environmental quality which also affects tourism.

Although Jamaica's health indicators are relatively good, the health system is suffering from economic decline and neglect. The public sector health system is under increasing stress as Jamaica attempts to halt further deterioration and continues providing services to those at the bottom of the economic scale. The poor are the primary constituents of the public health system and are first to show the effects from deterioration in the system by developing preventable, chronic, diseases. AIDS, drug abuse and teen pregnancies are on the increase, overloading the health system, and population pressures threaten to overwhelm limited—and declining—family resources.

In the past five years, reductions in household disposable income, real expenditures for health, and deteriorating water, sanitation and health facilities have led to a reappearance of protein calorie malnutrition, increasing outbreaks of measles and two typhoid epidemics. Another constraint is that, while contraceptive prevalence rates have reached 55 percent, the 1989 Contraceptive Prevalence Survey (CPS) indicated a plateau in the program and the GOJ's ambitious target of reaching 62 percent contraceptive prevalence and replacement level fertility by 2005 were becoming increasingly difficult goals. Moreover, the CPS found that 53 percent of births were mis-timed and 18 percent were unwanted, indicating a high unmet need for family planning. The mean age of women at first birth is also declining with 37 percent of women giving birth during their teens while the mean age for first sexual encounters for men is 11 years old. The high fertility behavior exhibited in teens forces young women to abandon their education at an early age and to forego substantive employment opportunities.

Key objectives of USAID's family planning program are to delay the age of first birth, thereby, optimizing the employment potential of young women before childbirth and reducing the health complications associated with teenage pregnancy, and to reduce family size from the current 5 members per family (which relates to a fertility rate of 2.9 children per woman) to 4 members per family (which relates to a fertility rate of 1.7 children per woman). Assuring access to safe, affordable and effective family planning is also an integral element of USAID's Family Planning Initiatives project. Currently, there is a gap between the actual family size of five and the desired family size of four. Helping couples plan and realize desired family size is one of the key household decisions which affects allocation of disposable income and the family's ability to educate, nourish and provide for their members.

Dramatically increasing levels of STDS including a resurgence in congenital syphilis, rising levels of AIDS and an estimated 20,000 individuals using hard drugs (cocaine and crack) have all placed the health care system under severe stress and threaten to undermine hard won public health gains achieved in previous decades.

The implications of Jamaica's morbidity and mortality pattern are that the health system must continue to provide and finance both quality primary care including family planning and STD treatment while simultaneously addressing emerging chronic diseases such as diabetes and heart disease and other highly specialized disease syndromes resulting from the AIDS virus and drug abuse. The latter are costly to treat and require sophisticated technology and specialized staff to monitor.

Along with the changing disease profile has come a decline in real public expenditures for health. Between 1980 through 1990, there has been no change in terms of real expenditures for health and real expenditures have actually fallen since 1986 (Figure I). Recent austerity measures resulting from government-wide structural adjustment targets disproportionately affected hospital supplies and maintenance resulting in a serious deterioration of facilities and medical equipment. With the continued devaluation of the Jamaican dollar, the costs of imported drugs and medical supplies has increased steeply and the Government's ability to provide the level and quality of care once offered to the entire population has been seriously eroded.

USAID has selected health and population as its third strategic objective because of the challenges facing the health care system, population pressures, its contribution to the Mission's first strategic objective, and the Mission's critical support role at present. USAID continues to be the lead donor on population and AIDS, and we are the only donor focusing on health care financing, cost containment and cost recovery, in addition to working to encourage private sector participation in health care delivery. Health is one of the few social services that lends itself to privatization, and our privatization strategy under the first strategic objective includes active involvement of the for-profit health care industry and seeks to assist the government in divesting selected health services.

Indicators measuring successful accomplishment of this strategic objective (Tables 1A and 1B) are: (1) maintenance or improvement in infant and maternal mortality rates at 27/1000 and 11.5/1000; (2) 5 percent increase in contraceptive prevalence; (3) 27 percent decrease in Total Fertility Rate; (4) reduce the rate of transmission of HIV among STD clinic attenders from an eight-fold increase over four years to a two-fold increase every four years; (5) downward trend in overall use of hard drugs islandwide from 22,000 users to 17,600 users.

The principle challenges facing the public health system are securing sufficient financing and containing costs. Although the government has shown a willingness to implement cost recovery systems and contain costs through divestment and greater cost sharing with the private sector, including the insurance industry, testing alternative approaches to achieving these policy imperatives requires technical assistance, retraining of staff to manage the new operations and start-up capital. It is worth noting that few developing countries have embarked upon as dramatic a restructuring of their health system as Jamaica, and therefore few models exist to guide this delicate transition.

The private sector also faces considerable challenges. The private health insurance industry which currently reaches only 15 percent of the population has been restricted in its growth due to the lack of private sector tertiary care and relatively minimal differentiation of in-patient services offered at public hospitals to insured patients. Existing government policies including high interest rates and duty on imported medical equipment make it difficult for private clinics and providers to raise the capital to purchase and maintain necessary equipment.

GOJ and Other Donors: An important factor which has been considered in shaping USAID's strategic objective in the health sector are other donor investments and the Mission's comparative advantage in providing certain types of assistance. USAID is part of the Human Resources Development Program, a donors consultative group administered by the Planning Institute of Jamaica with assistance from the World Bank to coordinate donor support in health and education, to monitor progress in program implementation and to identify major gaps in assistance. USAID also contributes to the mini-Dublin Group which represents donor assistance in narcotics control.

USAID is the lead donor providing technical assistance and support for family planning and AIDS prevention. In the health sector, the Mission has chosen to focus on health care financing and management concerns while the other major donors including the IDB, World Bank, the EEC and the Italian Government are heavily involved in hospital and facility renovation and construction. UNICEF has played a leading role in maternal and child health.

II. *Implementation Strategy*

Over the FY 1993/97 planning period, USAID will target its resources at halting further decline and deterioration in the health system, improving responsiveness to AIDS and drug abuse prevention activities and improve the sustainability of the family planning program. There are three interlinked components of USAID's strategy in the health sector: (1) encourage greater private sector involvement in financing and delivering health and family planning programs, concentrating in those areas where the private sector has a demonstrated or potential comparative advantage to function efficiently; (2) improve the operational efficiency of public sector health and family planning programs; and (3) develop the human and institutional resources, systems and capacity to sustain effective health and family planning programs in the public and private sector.

As a first program output (Tables 1A and 1B), USAID resources will be targeted at improving financial management and administration of the health system by supporting decentralization of the Ministry of Health, increased cost recovery, improved cost containment measures and broader private sector participation in health care delivery. The Health Sector Initiatives Project will be the vehicle for USAID to work with the GOJ in resolving financing and administration constraints. USAID will track progress toward achieving this program output through: (1) adoption of fee collection systems in health care facilities; (2) proportion of health services delivered by the private sector; (3) contribution of fee collection in hospitals toward cost recovery; (4) adoption of cost effective treatment protocols for 15 key illnesses; and (5) close or lease of underutilized secondary care facilities.

Improving cost containment measures in the health system is critical. With the GOJ's limited budgetary resources, and greater demands on the health care system,

particularly by the disadvantaged, it is incumbent upon the government to develop more efficient measures to reduce costs. This can be done by developing (1) cost reducing treatments for key illnesses (treatment protocols) and (2) closing or leasing to the private sector underutilized secondary care facilities.

In family planning, USAID resources will increase the effectiveness of family planning services and promote greater use of more long-term effective contraceptive methods. USAID's Family Planning Initiatives Project will provide the resources to improve the overall management and service delivery of the family planning program in Jamaica. USAID's strategy in population is to build upon the success of our previous projects and phase out of the sector by 1997. By this time, we will transfer to the private sector the responsibility for distribution of contraceptives, and ensure that the program is fully institutionalized. As the lead donor in population, it would be irresponsible for us to move out of the sector before this is accomplished. Specific program output indicators selected to measure progress include: (1) proportion of acceptors protected by longer term methods; and (2) reduced public sector share of contraceptives distributed.

USAID's strategy in AIDS/STDs is to reduce transmission rates of AIDS and STDs by improving HIV prevention services, STD treatment practices, case management and training of health care providers. Program output indicators selected include: (1) expanded condom use and access by general population; (2) proportion of population citing two correct methods of HIV prevention; (3) reduction in the incidence of primary and secondary syphilis in population; and (4) reduction in the number of partners for young men.

Through household surveys and ethnographic studies, the U.S. Mission has worked to define the magnitude of the drug abuse problem and at-risk population. Through a network of peer counselors, in-service training for social workers, physicians and other counselors and studies, USAID will assist the GOJ in developing islandwide grassroots drug abuse prevention efforts to reduce the trend in overall use of hard drugs. To increase targeting of the at-risk drug population, A.I.D. will gauge the progress of its intervention by: (1) mobilization of peer counsellors in vulnerable communities; (2) development of an integrated drug reduction and marketing and public education strategy; (3) development of extended mass media campaigns; and (4) development of ethnographic surveys to determine practice and usage pattern.

USAID's support for an improved food stamp program as a safety net measure for the disadvantaged will help assure food stamp benefits flow to vulnerable groups such as pregnant and lactating mothers, children under six, the elderly and indigent, and poor households. USAID is programming the last of its food assistance under Section 416 to support the food stamp program through FY 1993. Program output indicators of progress are: (1) an increase in persons benefitting from food stamps; (2) maintaining a 50 percent increase in the value of the stamps; and (3) improving the efficiency in the delivery of the stamps to target groups.

In-service training is an integral support component of USAID's health and population activities. In the HSI project, support will be provided to the Government's Administrative Staff College to add health care financing and executive management courses for health professionals. The new family planning project has a clinical training component to introduce new contraceptive technology such as NORPLANT and no-scalpel vasectomy, and to promote better counselling of patients. In AIDS/STDs, in-

service training is focussed on STD case management, diagnosis and counselling, while in drug abuse prevention, short-term training is provided in counselling and community mobilization.

III. Resource Requirements

The Mission will utilize bilateral development assistance to meet the resource requirements for the planning period under this strategic objective. ESF local currency generations will be used to support counterpart funding of projects at a roughly 1:3 ratio for project expenditures. A 20 percent decline in available resources would drive our FY 92 mortgage ratio substantially above the 2.5 current level that is considered acceptable, could delay start up activities and would impede our ability to have early impact on the strategic objective. If the Mission received an additional 20 percent in resources, USAID would target those resources to the AIDS/STD and Drug Abuse Prevention and Control projects which have the highest level mortgages of the projects contributing to this strategic objective. Mission DA resource requirements for the bilateral program to support the strategic objective are (US\$million):

	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>
	(US\$ Million)		
DA	5.2	3.7	3.3
% of DA OYB	31%	23%	21%
% of Total OYB	17%	12%	11%
<u>Non-Additive</u>			
Section 416 Food Stamp Program	5.0	-	-

E. OTHER CONCERNS

I. SUSTAINABLE JUSTICE REFORM

An effective and credible system of justice contributes to a growth-oriented strategy driven by trade and investment earnings and employment. Without a stable society ruled by law, investments and trade are likely to be constrained. The Jamaican justice system has enjoyed the longstanding and widespread respect of government officials and private citizens alike. There is a deeply embedded tradition of democratic values that supports the rule of law and the rights of individuals to a fair and public trial.

However, the justice system is under stress. There has been a steady deterioration of the efficiency and physical infrastructure of the courts over the past decade due mainly to a shrinking public resource base unable to support and sustain the system. Unfavorable economic conditions have forced this government to drastically cut its public expenditures which in turn has had a deleterious effect on public services. In the justice sector this has meant low salaries, high attrition and sagging morale for professionals at all levels of the court system; deteriorating physical infrastructure of court facilities throughout the island; and an increasing backlog of cases and a downgrading of the public's perception of the image and effectiveness of this vital democratic institution.

From 1986 to March 1992, USAID assisted the GOJ in its effort to stem the tide of a deteriorating justice system through the Caribbean Justice Improvement Project (CJIP). Substantial improvements were made in the image and working conditions of the justice sector through the renovation and upgrading of the country's major court houses and its foremost legal library; training programs for judges and other key professionals in the system; automation of court reporting and the Supreme Court registry; and the reissuing of the Laws of Jamaica.

USAID will continue its involvement in the justice system to capitalize on the excellent relationship we have developed and the base we have built under CJIP. However, CJIP focussed primarily on filling infrastructure and equipment gaps. Disengagement now would force us to abort the justice system improvement process without the crucial institutional development phase necessary to establish and sustain a more responsive system. As the only significant donor to the judicial component of the justice system, USAID's precipitous withdrawal would have a traumatic impact on the long-term ability of Jamaica's courts to serve justice effectively and efficiently. By maintaining a presence through FY 96, we should be able to address the highest priority needs of the judicial system to enable the system to make the most effective and efficient use of available resources. Specifically, by the end of FY 96, we expect to: (1) establish an efficient court organizational and management system to help assure the rapid and fair disposition of justice; (2) rationalize the approach to court locations to save resources; (3) improve the capacity and capability to administer justice; and (4) mobilize the private sector's participation to support the system. The Mission plans to devote an average of US\$750,000 per year (about five percent of the DA OYB) to achieve these ends under the Sustainable Justice Reform Project.

II. BASIC EDUCATION

The economic future of Jamaica depends on its capacity to expand export capacity and to market its products in a highly competitive world market. The country's comparative advantage lies in products that require high labor input. To meet the demand for quality and assure timely delivery requires an educated labor force and a high level of management competency. Continued USAID involvement in basic education until FY 96 will help assure the education system will be ready to meet this requirement.

Jamaica is experiencing a steady loss of talented human resources through out-migration and a decline in the capacity of the system to provide a quality education for future generations. The decline in the once high-quality primary education system is characterized by: a drop in the overall attendance rate of those enrolled to about 68 percent, with dramatic drops in some months to not more than 50 percent; a drop in the average tenure of teacher college graduates to just over three years before exodus to other occupations; decreased literacy and numeracy by primary school leavers; overcrowding in both primary and secondary schools with only one high school seat for every five primary school leavers; and a system that has increasingly focussed on passing tests rather than on quality performance and on stimulation of learning ability. Actual expenditure per student and the ability to meet system development needs in an inflationary environment have declined drastically.

Faced with difficult choices of narrowing our focus, USAID has decided to phase out of the education sector by the end of 1995, the PACD for the Primary Education Assistance Project II (PEAP II). We are currently the lead donor agency involved in primary education, however, other donors—World Bank and IDB—are planning to bring significant resources to the sector by the end of 1994, thus lessening the need for major USAID involvement. In the interim, we will focus on enhancing policy analysis, planning, and management in the Ministry of Education and upgrading the math curriculum and testing at the primary level PEAP II. This "bridging assistance" prior to the World Bank and IDB assistance will help assure a sound base for other donor assistance and complement the World Bank's plans to implement policy reform of the education system.

If USAID withdraws assistance before the current PACD of PEAP II (8/95), there would be several implications: (1) the improvement of the math training program would have to be abandoned for lack of resources, foregoing a model for improving other curricula; (2) the highly regarded SCOPE decentralization activity that was tested under PEAP I on 100 schools could not be replicated in the remaining 650 schools; (3) school administration could not be strengthened to prepare for the other donor programs expected in late 1994. The last component will require a \$1.6 million amendment to PEAP II which is proposed in the NPD Section. Resources for this section will be limited to an average of about \$650,000 per year from 1993 through 1995, or about four percent of the DA OYB.

III. SHELTER

Inadequate housing, infrastructure, and other services in urban centers are problems of critical importance in Jamaica. The need for adequate shelter has been most evident in Kingston and in North Coast towns where job opportunities have burgeoned in response to growth in tourism and service industries. Squatting is a phenomenon that has grown out of control in Jamaica's fastest growing, most environmentally fragile lands. Squatting and lack of adequate basic infrastructure have led to the continued pollution of ground water systems, aquifers and coastal waters in some of Jamaica's most valued tourist attractions as well as Kingston. Improved shelter, water and sanitation will be important if tourism--the major foreign exchange earner--is to continue to grow rapidly and natural resources in coastal zone areas are to be protected.

USAID anticipates closing out our remaining shelter programs by the end of FY 94, in compliance with our desire to focus the portfolio, consolidate in fewer sectors, and limit staff burdens. Shelter is an important sector related to our strategic objectives, but it requires large flows of debt resources to make a difference. USAID cannot justify additional indebtedness for infrastructure not directly related to increased trade and investment at this time. However, it will be important for us to continue existing housing guarantee programs until the end of FY 94. If USAID withdraws from shelter sooner, it would seriously impair the momentum toward meeting basic shelter needs, numerous public and private sector organizations stand to be hurt financially, and the Mission's strategic objectives could be adversely affected.

Over the next two and one half years, USAID expects to be able to finance the completion of more than 4,000 serviced housing sites in tourism areas, which should reduce environmental degradation from squatting; finance the extension of more than 3,500 private sector low-income shelter loans; and improve access to potable water for more than 4,000 households, thus limiting their vulnerability to water born diseases. We also will be able to help assure the sustainability of the Caribbean Housing Finance Corporation, strengthen credit unions and building societies' capacity to service shelter loans, help improve policies to make shelter more accessible to the poor, and help increase private sector involvement (such as building societies, NGOs and professional associations) in the development of housing for their low-income target groups. All these activities will improve access to affordable housing on a sustainable basis, and thus, decrease squatting and its consequent environmental impacts.

The GOJ has already taken a series of policy decisions on increasing interest rates, using budget allocations to protect financial institutions from decapitalization (thereby complying with USAID requests), and vigorously pursuing arrearages on the public sector mortgage portfolio. To abandon the program after the GOJ took difficult decisions to continue the program would have a major disruptive effect on future progress in policy reform as well as the sustainability of previous reforms.

Even more severe is the damage that will be done to organizations such as the Estate Development Company, National Water Commission, Jamaica Teachers Association Credit Union, City of Kingston Credit Union, Jamaica Cooperative Credit Union League and Victoria Mutual and Jamaica Mutual Building Societies. The GOJ does not have the money to complete the projects started by these organizations, and these institutions would have modest-to-severe cash flow problems since, in many cases, they would have advanced money to initiate construction activities and lines of credit for home loans.

In sum, maintaining an involvement in the shelter sector until the end of FY 94 will allow us to complete a number of activities already underway that support tourism development and healthy families. Early termination would disrupt progress toward these ends, and marginalize substantial investments already made to support the policy reform process.

FY 93/94 ACTION PLAN

I. PROGRAM PERFORMANCE

A. Overview

USAID accomplished most of its workplan objectives in last year's Action Plan (see below) and scored reasonably well on strategic objectives indicators. Notably, on key strategic objective indicators: exports and investments increased, a market determined exchange rate was implemented, export crop production increased, small farmers increased productivity, a new tax system (the General Consumption Tax) was installed, and a strengthened AIDS/STD prevention and control program was put in place. Indicators that clearly lagged and were not met included the establishment of a National Agricultural Research Institute, an increase in the population above the poverty line (there was a decrease), better health services and improved efficiency in hospitals, higher quality primary education, implementation of management reforms in the justice system and improved disaster mitigation capacity. These indicators were ambitious and/or suffered from the economic downturn, high inflation and GOJ expenditure austerity over the past year.

Lessons learned on the strategic objective exercise over the past year include the need to set realistic, measurable targets within USAID's manageable interest, and to recognize more clearly the influence of the macro economic environment on meeting sectoral objectives. In setting new objectives and workplans, we factored in these lessons learned. We dramatically reduced the number of strategic objectives from ten to three to improve focus and concentration, and carefully considered our ability to make a measurable impact. Because of relative needs and A.I.D.'s capacity to make a significant difference, our emphasis has swung toward environmentally sustainable, export driven growth and away from programs to support stable democratic societies, housing and primary education.

We also adhered to AID/W guidance from last year's Action Plan review to focus our policy dialogue primarily on continuing progress in liberalizing the foreign exchange regime, to consider carefully the issues raised in the proposed Local Participation in Development Project (we decided not to pursue the project), to carefully consider the appropriateness of any future Housing Guarantee Program (we decided not to proceed with future housing programs), to address concerns related to mortgage reduction (we have reduced mortgages but other mortgage issues are discussed elsewhere in the Action Plan), and to work with LAC/DPP to develop better indicators of progress toward strategic objectives (we received two TDYs in this regard).

Now that USAID has established its three principal objectives (foreign exchange and employment, the environment, and healthy, smaller families), we have begun to transform our portfolio and reorient our resources that way. The bulk of the effort needed to make this transition will fall during FY 1993, and we will need to sustain planned staff and funding levels through FY 93 to assure a successful transition. If successful, we will emerge from a portfolio of 36 projects in FY 1991 to almost half that level by FY 1995. The highlights of this transition will be:

- for foreign exchange and employment: a new ESF program and substantial expansion of the Export Development and Investment Promotion (EDIP) combined

with steps toward phasing out of agricultural training and infrastructure, as well as food aid;

- for the environment: consolidating the PARC project with the new Development of Environmental Management Organizations (DEMO) project and the amendment to the Technical Support for Shelter and Urban Services project to develop more effective and private sector-oriented solid waste collection in Montego Bay;
- for healthy, smaller families: consolidation of the health and family planning portfolio and a new narcotics awareness project; and
- for other concerns: reinforcing our final primary education effort with badly needed assistance on management information at the ministry of education, while terminating all shelter assistance.

Details on our new workplan and projects under our new strategic objectives framework follow after a discussion, below, on workplan progress on last year's action plan.

B. Performance Based on FY 92/93 Action Plan Workplan

1. Environmentally sustainable increase in exports and in domestic production

There was significant progress during the past year toward environmentally sustainable exports and domestic production. The most important indicator of this was the decision by the GOJ in September 1991 to liberalize the exchange rate, eliminating most controls, and allowing the rate to move in response to market forces. This has had a very favorable effect on the environment for investment in productive enterprises and agriculture. In last year's Action Plan, the Mission selected three performance indicators to track progress under the strategic objective: (1) growth in exports of goods and services and increase in ratio of international trade to GDP; (2) continued progress toward a market-determined foreign exchange rate; and (3) growth in production of agricultural crops for which Jamaica has a comparative advantage.

Growth in the export of goods and services has been positive in recent years. The sum of total exports plus net tourism receipts was US\$1.25 billion in 1988/89, US\$1.66 billion in 1989/90, and US\$1.88 billion in 1990/91. Exports of goods and services as a percentage of GDP were 48.8 percent in 1988/89, 59.0 percent in 1989/90, and 64.7 percent in 1990/91. (Data from IMP Staff report 2/20/92). As noted above, the GOJ completely liberalized the foreign exchange system in September, which has provided strong incentives for exporters. Production and export of both traditional and non-traditional crops increased during the year. Production of agricultural crops for which Jamaica has a comparative advantage has increased by an average of 300 percent in cocoa and coffee, and production of bananas and yams have also shown substantive increases. These increases have been due to the application of improved technology and, in the case of small farmers, by making available inputs on a timely basis with appropriate technological advice for their optimal use. The garment industry, the most significant export manufacturing industry, saw export sales grow by US\$21 million in 1991, to US\$281 million, despite the U.S. recession. Liberalization of exchange rates made this industry even more competitive.

Of the 14 items delineated on last year's workplan, the Mission was successful in completing all but one: establishing a National Agricultural Research Institute, rendering infeasible by GOJ budgetary constraints. The other items on the workplan were met, and the majority on time. Completion of these activities contributed to greater efficiency and effectiveness in the productive and agricultural sectors. One set-back during the year was the destruction of the Rio Cobre Dam in May 1991 due to extensive flood damage. We have agreed to use the remaining project resources for design support and limited inputs leading to dam reconstruction.

The most significant accomplishments over this year are: (1) liberalization of foreign exchange, (2) divestment of major government shareholdings, (3) advanced stage of pro-competition legislation; and (4) increased production of bananas, cocoa, coffee and yams. The freeing up of exchange controls has been the principal objective of the Mission's policy negotiations with the Government, and was the culmination of a series of agreements including the elimination of most price controls, a rationalized tax system, and the near-introduction of pro-competition legislation.

2. Increase and Diversify Private Sector Investments

The Mission's private sector portfolio has become the major thrust of the Mission's portfolio and continues the market-driven approach of recent years. This approach targets USAID resources toward reducing the Government's role in the economy and creating a favorable environment for business and investment. Three performance indicators were selected last year to measure progress under this strategic objective. More efficient use of capital to increase private investment, the first indicator, was achieved as gross domestic investment as a percentage of GDP increased from 20 percent in 1990/91 to an estimated 21.9 percent in 1991/92. However, growth in private investment in real terms as a percentage of total investment decreased by two percent. To improve performance, USAID included conditions to improve the investment environment in its FY 92/93 ESF program, and the IDB signed an investment sector reform loans with Jamaica last year. The implementation of the General Consumption Tax (GCT), a value-added tax, enlarged the tax base and created a more equitable system.

Fifteen actions were listed under the workplan for 1991 under this strategic objective; and all were met, although some were behind schedule. The Mission continued progress toward supporting key reforms aimed at improving the business climate and increasing trade and investment. The Pro-competition Act was introduced in the Senate in March 1992, nine months later than scheduled. It is expected that the legislation will become law by June, with the Fair Trading Commission, the key enforcement body, to be created in July. The new act will promote competition, efficiency in trade and commerce, open markets, and protect consumers against unfair prices and market domination by large firms. Legislation to create a Security Exchange Commission, in an effort to regulate the capital market, is currently being considered by Parliament. The legislation is expected to be passed by July and the commission established by the end of the year. This legislation, when passed, will ensure better policing of the stock market and more efficient allocation of capital resources as a result of greater credibility within the system.

In 1991, the National Investment Bank of Jamaica (NIBJ) became the principal privatization arm of the government and the Mission established a strong, supportive program. Divestiture progress on 67 pending entities was moderate. With support

from the Export Development and Investment Promotion (EDIP) project, since April 1991, the GOJ transferred to private control 12 companies including two banks, seven tracts of agricultural or coastal lands, and 100,000 square feet of publicly owned factory space. Negotiations are well advanced on nine other companies and two additional agricultural properties. Privatization strategies for the major utilities, the health care and sugar industries, and Sangster International Airport are being developed for 1992 action. On the negative side of the ledger, the GOJ removed the national airline from the privatization list, and did not diligently pursue divestment of factory space. Slow action on the privatization of Jamaica Public Service Company (JPSCO), the petroleum refinery and other large, critical entities also poses future challenges.

The pace of implementing reforms that are central to our strategy of improving the overall investment climate has been slowed by the necessity for full public review and discussion of proposed legislative actions. Despite many successes, the process of transforming the Jamaican economy into an open and attractive environment to investment requires intensification.

3. Strengthen the policy environment and public and private sector institutions, including NGOs, to advocate and implement effective environmental protection and natural resource management measures

The Mission's efforts to strengthen policies and institutions for environmental protection progressed during the year. We have: (1) completed an assessment of environmental NGOs in Jamaica which identified some 40 local organizations that are currently operating in environmental activities with various levels of managerial expertise; (2) completed an Environmental Strategy in September 1991 which recommended five priority areas for intervention and identified key constraints to in environmental management in Jamaica; and (3) nearly completed design of the Mission's central environmental management project--Development of Environmental Management Organizations (DEMO) for authorization in June.

These key documents provide the basis for our activities under this strategic objective. We have made progress over the past year in contributing toward the performance indicators identified in last year's Action Plan. The PARC project was successful in supporting enforcement of environmental laws within the Montego Bay Underwater Park and the John Crow/Blue Mountains terrestrial park. The DEMO Project will provide technical assistance and training on a national level to help the government develop the regulatory framework necessary for effective protection of the environment and management of natural resources. The DEMO project will also assist local environmental NGOs to effectively utilize available EAI resources.

Five items were identified on the 1991 workplan for completion during the year. Only one item was not met according to schedule--development of DEMO, which was delayed by the pace of related events in Jamaica. The GOJ was the first Caribbean nation, and second in the hemisphere, to sign an EAI Framework Agreement which permits interest payments on reduced PL 480 debt to be made in local currency to a trust fund for environmental enhancement projects. The government established the National Resource Conservation Authority as the agency responsible for developing environment policy and regulations and brought on board the executive director in February. The GOJ also elevated the environment to cabinet level under the Ministry of Tourism and Environment. With these significant positive changes, indicating the seriousness with which the government is treating environmental

management, our project will begin this summer, a time when the GOJ's direction in this area has been clearly defined.

Other accomplishments during the year include establishment of two pilot national parks, currently in operation under the Protected Areas Resource Conservation (PARC) Project and a Conservation Data Center was established that is providing management oriented data on natural resources for future development. A draft National Parks Systems Plan was prepared, but it needs substantial reworking to be ready by July.

Establishment of the National Parks Trust Fund under the PARC Project was delayed because the Bank of Jamaica was unable to make the debt-for-nature conversion as a result of budgetary constraints. But, a recent agreement will provide an acceptable cash flow to the National Parks Trust Fund.

4. Environmentally sustainable increase in productivity and growth of small entrepreneurs including small farmers

The Mission had some success in accomplishing this strategic objective as measured against the three performance indicators. We were unsuccessful in increasing the share of the population above the poverty line. Devaluation of the currency, elimination of most subsidies, inflation and high interest rates contributed to a lowering of the standard of living for most Jamaicans. Some 2,000 small farmers increased productivity, particularly in export crops, as a result of improved technology application, as indicated under strategic objective number 1. Lending and technical assistance through a number of organizations providing assistance to small and micro entrepreneurs resulted in 724 loans and training of over 3,600 entrepreneurs in production, marketing and other basic business skills. A national craft vendor association was formed, with USAID assistance, to strengthen the ability of 20 member organizations and 3,000 vendors to produce market-attractive products. This has resulted in an increase in income generating enterprises and the ability to sustain these activities over time.

Of eight workplan objectives listed in last year's Action Plan, we successfully completed seven. The GOJ's National Land Policy to broaden access to land for agricultural production and uses was not finalized due to GOJ budgetary constraints and USAID's concentration on areas of greater priority and potential payoff. Important accomplishments include the government's adoption of sustainable agronomic and extension improvements by encouraging the wider use of perennial tree cropping systems (under the Hillside Agriculture Project), development of a comprehensive and environmentally sound pesticide training and monitoring program (under the Agricultural Export Services Project), and initiation of a survey and research program, co-financed by other donors, to measure the size of and impact on small and micro enterprises. A program audit of the long-term assistance in the furniture sector led to the curtailment of assistance in this sector. The Mission's present focus continues to be on the garment industry, which showed steady growth in employment and export earnings. Export sales grew by US\$21 million over 1990 figures to US\$281 million, despite the recession.

5. Improve the quality and sustainability of health and family planning programs accessible to all sectors of the population

Considerable progress was made during the year towards placing the National Family Planning program on a more sustainable footing while continuing progress towards

meeting fertility reduction targets. In 1989, contraceptive prevalence reached 55 percent, a 4 percent increase from 1983. Although the next contraceptive prevalence survey is not scheduled until 1993, based on service statistics, it is estimated that prevalence has increased slightly to 56 percent. Moreover, sterilizations have begun to increase, signalling the beginning of a shift towards longer term, more cost effective contraceptive methods, while couple years of protection provided by the commercial retail sales program increased by 10 percent in 1991. In the health sector, cost recovery systems were implemented in five hospitals and in April 1992, the GOJ agreed to a major reform of their cost recovery plan to recover 20 percent of facility costs and to index fees according to costs. The proportion of the health sector budget allocated to primary care increased from 15 percent of the health budget to 18 percent, indicating the government's continuing commitment to primary care services.

Of the targets set in last year's workplan, those related to family planning were achieved. The targets related to health policy reforms were only partially achieved due to changes in GOJ priorities, organizational problems in the Ministry of Health, and a need to refocus the Health Sector Initiatives Project through a strategic planning exercise.

While sustaining momentum on the family planning program is a significant achievement, perhaps the most significant accomplishment has been the progress which has been made towards increasing the private sector's role and restructuring the national family planning program. In the health sector, agreeing to index service fees to actual costs is a positive and important step towards partially recovering health care costs. While cost recovery has been an area of health financing with encouraging signs, progress on decentralizing the management of health services has encountered many obstacles. Progress in expanding private sector health services and health insurance has also been hampered by a lack of clear direction and focus. The targets established for this year, however, are based on a more narrowly defined health policy agenda in the area of cost recovery and cost containment. Some of the major obstacles encountered in implementing the workplan were the government hiring freeze which impeded decentralization efforts, and a change in government strategy concerning divestment.

6. Sustainable improvements in the relevancy, effectiveness and efficiency of the education system for meeting the employment needs of society

Progress was made toward achieving higher quality and more relevant instruction in the primary schools, but it is too soon to measure quality increase. The Ministry of Education (MOE) approved a multi-year plan for the strengthening of mathematics. The contracting process for technical assistance is underway, and will lead to: evaluation and revision of instructional materials and teachers' guides as required; enhancement of teachers' ability to use those materials; and development of testing instruments that will measure individual student and aggregate performance in math. Work to strengthen community participation in the education system proceeded with the awarding of a contract to provide training for community leaders and key school personnel from schools across the island over the next three years. In experimental schools, greater community involvement has resulted in a dramatic reduction in vandalism and an improved environment. Modest increase in available training spaces at the HEART academies has brought some improved opportunity for school leavers, particularly in the areas of information processing and hospitality management.

Of the six targets identified on last year's workplan, two were met on time, three were met during the work plan period and one is expected to be met in the coming year. The program to extend school/community outreach training was developed on schedule as was a very successful seminar on "Investing in Education" that was held in June with broad-based participation from the private sector, other donors and from across the educational sector. The plan to improve mathematics education proved to be a more complex undertaking than originally believed. Though a few months behind schedule, the approved plan is one which will provide a solid foundation for upcoming technical assistance. The development plan for management education at the University of the West Indies was produced nearly six months behind schedule, but represents a more comprehensive strategic approach to development than was originally envisaged.

The most significant accomplishments with the MOE were: (1) agreement on a detailed Scope of Work and definition of USAID's assistance for a program to strengthen mathematics; (2) launching of an extended program to stimulate greater community participation and contribution to schools by local communities, and to strengthen the capability of principals to manage schools; and (3) definition of policy analysis and planning requirements for education system improvement, including the development of an Education Management Information System.

Enrollment targets at the College of Agriculture were not met due to problems with the construction contractor and the consequent delay in creation of new space. These problems are resolved, and a 20 percent increase is expected to be achieved with the entry of the September 1992 class.

Although the indicators of progress on this objective were not met, significant progress was made in laying the groundwork needed for achievement. By 1996, the target date for completion of our program in primary education, there should be measurable strengthening of mathematics, overall system improvements, and sustained local community support for schools.

7. Increase the affordable provision of land, shelter, and infrastructure to individuals and families at or below the median income level while strengthening the sustainable role of private institutions within the shelter sector

During the year, access to shelter and related services was achieved for approximately 7,000 households. Approximately 6,000 households received upgraded water services in communal water schemes, 500 were hooked up to urban water systems, 200 were hooked up to urban sewerage systems and 350 were provided serviced lots. More effective use of public resources was accomplished as a result of a number of policy changes made by the GOJ.

No aspect of the shelter program received more attention than the improved management of public sector financial resources. The government initiated a major collection program to reduce arrearages in all GOJ public sector projects. The potential decapitalization of the Caribbean Housing Finance Corporation (CHFC), the principal source of low cost housing finance, has been arrested. Rates of the National Water Commission (NWC) increased substantially and recommendations to index those rates have been passed by the Board and are being prepared for submission to Cabinet. Finally, interest rates for shelter financed by the public sector are

moving closer to private sector rates. The role of the credit unions was also significantly increased when interest rate restrictions were recently lifted.

Five of nine workplan benchmarks were accomplished. Two benchmarks, one on completed shelter solutions was almost achieved (more than 7,000 of the 8,500 solutions were completed) and Ministry of Construction (Housing) (MOC/H) joint ventures with credit unions and building societies are about to be consummated. Two benchmarks were not achieved: the MOC(H) did not initiate construction of the Norwood and Rosemont schemes, and the GOJ did not take the policy actions on land regulation and titling required to borrow additional Housing Guaranty resources.

The most significant accomplishments this year were decisions by the GOJ to radically improve financial management of shelter activities. Interest rates were increased by 50 percent to equal those charged the credit unions. The other major accomplishment was the J\$28 million payment made by the Ministry of Finance to the CHFC during a time of great fiscal austerity. This payment made whole the government's commitment to make up losses incurred by CHFC primarily due to arrearages on mortgage payments and devaluation of the Jamaican currency. The loss clearing mechanism now in place will arrest future decapitalization of CHFC. Placing the HG program on budget is forcing financial management decisions never before considered and should generate future reflows for low cost shelter.

The most significant non-accomplishment and a major problem of the program to date has been weak inter-agency coordination (e.g. the Estate Development Company and NWC) with respect to project implementation. This is complicated by fiscal austerity which is limiting the flow of resources to initiate projects such as Rosemont and Norwood. Coordination problems are being compounded by competing priorities among agencies at a time when public sector resources are decreasing rapidly. However, these problems are now being directly addressed and project schedules of implementing institutions will be prepared jointly.

8. Improve the justice system's sustainability and responsiveness to society's needs

A major emphasis over the past year has been the collection and analysis of information concerning remaining priority needs of the system that extended beyond the reach of CJIP. A round table seminar for key decision makers in the justice system was held in February 1991 to elicit their views on the most pressing problems that needed to be addressed through a follow on project planned for 1992. As a result of this conference, six feasibility studies were commissioned in an effort to identify and fine tune the main components to be included in the Sustainable Justice Reform Project (SJIP) due to come on line in July 1992. The studies, which were completed in the last quarter of the project, provided analyses and recommendations on several areas of enquiry, including: courthouse rationalization, automation of accounting systems, improved asset management, training needs, court management systems and justice research capabilities. The information gleaned from these reports provided the foundation for the design of SJIP project paper, which is underway as of this writing.

Of the three benchmarks included in last year's workplan, the Mission was not able to measure any improvement of the justice system, but it did move closer toward making the justice system more efficient and effective, and improving the credibility of the system. The Mission made an important contribution toward

upgrading the skills and improving the working environment of the justice system personnel through the Caribbean Justice Improvement Project (CJIP) which was closed in March 1992. Major accomplishments over the year included the completion of the final phases of several activities that had been underway throughout the course of the project, namely: renovation of the Supreme Court building and several Resident Magistrate Courts; refurbishing and re-equipping the country's major court houses; automation of the Supreme Court registry; and training for justice system personnel.

9. Strengthen citizen participation in the resolution of local problems

The Mission completed a Strategy for Democratic Initiatives in November 1991. Designed to assist the Mission in integrating democratic initiatives throughout the portfolio, the Strategy assessed the democratic and economic environment in Jamaica and provided recommendations for an appropriate democratic initiatives program. The Strategy's conclusion stated "this is a promising atmosphere for Jamaican democracy but not one which requires--or even, indeed, offers targets for--a strategic approach by the United States." Recommendations from the strategy, as well as recommendations made by many local leaders--inside and outside of the government--suggested that USAID should continue to address this objective through projects already on board and that the cross-cutting approach to strengthening democracy in Jamaica appears to be the most appropriate one. Thus, the Mission decided against holding a seminar of government and private sector representatives to strengthen local government.

Based on the recommendations of the DI Strategy, the Mission will not undertake a separate project specifically to address this objective. However, the FY 1992 Sustainable Justice Reform Project will support development of local mediation counsels designed to provide alternative conflict resolution measures.

Over the past year the regional Caribbean and Latin American Scholarship Program (CLASP) has provided short term specialized training for 50 participants and long term academic training for 25 participants in the United States. The two predominant selection criteria are aimed at opening opportunities for economically and socially disadvantaged individuals and groups, and identifying individuals with high leadership capability or potential.

All programs have a built-in emphases on the programming of experiences that accent democratic practices in the United States. Over the past year the Mission has systematically strengthened the "Experience America" aspect of training. At the same time, the Mission has given increased emphasis to the training of homogeneous groups that can return and reinforce each other in providing leadership in their particular field. Examples of both group and individual programs completed over the past year are: (1) A dynamic group of six volunteer women, all professionals in the health field, who are working on various aspects of the diabetic problem in Jamaica. The group drew respect from American professionals in the field, as exemplified by an initiative from the International Diabetic Center in Minnesota which sent a team to Jamaica five months later to conduct seminars at no cost on "Stage Diabetes Management." The Jamaican team has become a significant force in spearheading outreach programs since their return less than a year ago; (2) In 1991, a group of farmers from deep rural Jamaica presented a request for training in Apiculture (beekeeping) in the U.S. They saw a significant untapped economic potential that could be realized from beekeeping in Jamaica. Since return the group has worked

together as a group and individually, in spreading the skills and techniques gained during their training. Several follow-on programs for rural farmers have been well received and the group has been motivated to continue to spread the benefits of their training.

10. Support USG efforts to reduce production and export of drugs, the incidence of AIDS and other epidemics, and the effects of disaster

Over the past year, the National Council on Drug Abuse was recognized as a statutory body and has gained national, and regional, recognition for its demand reduction programs. USAID has assisted this effort by strengthening the organization's management information system and supporting staff development. The AIDS/STD control program has successfully increased AIDS awareness to virtually universal recognition of the problem. Surveys also indicate that progress has been made in identifying AIDS/STD prevention measures. Commercial condom sales increased 20 percent over last year in large part due to AIDS campaigns.

The most significant accomplishments on both the drug abuse and AIDS/STD programs over the past year have been identifying the scope and magnitude of these problems and pinpointing high risk groups. In the area of counternarcotics, another noteworthy accomplishment was the completion of a U.S. Mission demand reduction strategy which delineates roles and responsibilities for aspects of the program based upon each agency's comparative advantage. This is the first document of its kind in the hemisphere and is indicative of the high degree of collaboration between elements of the U.S. Mission. A household study funded by the Department of State's International Narcotics Matters division indicated that there are an estimated 20,000 hard drug (crack and cocaine) users. A follow-up ethnographic study of women crack users has found an alarming linkage between crack use, prostitution and poverty. These findings have helped to drive USAID's project to focus on women and building linkages between drug abuse prevention programs and AIDS/STD and family planning programs.

Under the AIDS/STD program, expanded surveillance and follow-up has turned up an even higher incidence of STDs than previously reported. While rates, therefore, have not gone down, the national program now has the services and staff in place to properly address this growth problem. The program has also made considerable headway in plotting new directions for work with the private sector including developing plans for nationwide pharmacist training in STD case management and retraining, and using private physicians for HIV referrals. A four year US\$3 million amendment to the bilateral AIDS/STD prevention and control program will be authorized this summer. As one of the Agency's fifteen AIDS emphasis countries, this amendment provides support for three high-impact interventions including expanded access to condoms, increasing emphasis on partner reduction and more effective STD case management in both the public and private sector. The major impediments encountered in implementing the AIDS program have been related to understaffing resulting from the government-wide hiring freeze. In the area of drug abuse, mobilizing effective community development efforts has proven more time consuming than originally envisioned due to the relative inexperience of the private voluntary organizations working in this area.

A Disaster Mitigation Strategy for the Caribbean was developed in July 1991 and approved by OPDA in January 1992. Approximately US\$5 million was committed to

support the strategy and program. OPDA will sign a cooperative agreement with the Organization of American States in June 1992 to implement the project.

II. MONITORING AND EVALUATION STATUS AND PLANS

Over the past year, the Mission has devoted considerable time and effort to developing a Program Performance Assessment Plan. Two Washington teams helped the Mission begin the process of identifying strategic objectives and their performance indicators that accurately reflect the level of our commitment and anticipated impact. With the selection of the three strategic objectives and the performance indicator baseline data, we are now ready to put in place a monitoring and evaluation (M&E) plan. We have requested AID/Washington assistance in developing the framework for the M&E plan during September 1992. We expect a team of three persons (with one funded from our OE budget and others AID/W funded) who will help us develop a plan for establishing cross-Mission teams to provide oversight of the data collection and report on incremental progress for each strategic objective. We are planning to undertake our first sector-level analyses (to be project funded) indicating progress toward achievement of the Mission's three strategic objectives and contributing program outputs and cross cutting evaluations (i.e. impact on disadvantaged) in the January 1993. These analyses will assist us in refining the performance indicators and program output indicators.

Sector and Project Level Evaluations

To date, the Mission has undertaken a number of project-level impact and sector-level evaluations which are being used to more narrowly focus our activities around the strategic objectives. These evaluations are being used to assist us in streamlining projects to ensure achievement of strategic objectives.

Under the first strategic objective--Increased Foreign Exchange Earnings and Employment--the Mission completed an Agriculture and Natural Resource Strategy in January 1992, which recommends a focus on specific export crop production and marketing systems. The strategy's implications are to reduce our investment in cross cutting areas including training and infrastructure development.

To better focus our agriculture portfolio on foreign exchange earnings and employment, five of the eight agriculture projects are currently being evaluated with results expected by May 1992. The Crop Diversification/Irrigation (CD/I) Project's evaluation is in progress as a result of changing circumstances of the project, i.e. May 1991 floods which destroyed the main diversion dam of the Rio Cobre irrigation system, and illegal sand mining and vandalism in a portion of the project site. Recommendations are expected to provide direction to the Mission in completing construction of the dam and determining use of remaining project resources prior to the project's completion by the end of FY 1993 (a one year extension may be necessary to complete dam reconstruction monitoring).

An evaluation of the Agricultural Research Project was completed in April 1992. The purpose of the activity was to develop a plan for the sustainable funding of agriculture research in Jamaica. The plan recommends funding for a private research council by the public and private sector as well as bilateral and multilateral donor contributions. The remaining project funds will be used to assume a smooth transition into new funding sources. We expect to extend the PACD of the project from July 1993 to July 1996 to provide adequate time to make this transition.

An evaluation team presently studying the Protected Areas Resource Conservation (PARC) project will help the Mission and the GOJ to determine results of this

innovative effort to date prior to going forward with a second stage effort. The evaluation will also provide alternatives for us to integrate future PARC activities into the DEMO project, thereby, consolidating two closely related environmental initiatives under one project and reducing the Mission's management burden.

The current Hillside Agriculture Project evaluation will help the Mission to expand and make more sustainable an already successful foreign exchange earning and watershed protection activity. The project directly encourages and equips farmers to expand tree crop acreage on fragile hillsides. The evaluation will guide a project amendment to render the project more sustainable and address related policy issues to broaden the government's ability to improve watershed management island-wide and to increase the farmers' incomes through marketing of exportable fruit tree crops.

Under EDIP, the Mission continued its ongoing program audit activities which assess cost effectiveness, sustainability and impact of various industries supported by USAID and implementation of a management information system to assist the Mission in measuring impact in assisted sectors. A program audit of the furniture industry, completed in August 1991, questioned the broad level of USAID assistance in the sector, given lack of sustained growth in the industry. Consequently, the Mission eliminated one consultant and decided to cost-share another consultant based on a more targeted approach on in-plant production improvements with furniture firms.

A final evaluation of the Jamaica Agricultural Development Foundation was near completion in April 1992. The JADF activity, financed by PL 480 Title II commodities since 1985, will come to an end in September 1992. The evaluation concluded that JADF has been a major influence in providing support to small and medium sized agricultural enterprises, and is an established private sector institution capable of becoming self-sustaining with continued prudent management. The Foundation also plays a major role in agricultural research by providing administrative support to the Jamaica Agricultural Research Project, financed separately with USAID DA funds.

EDIP also financed development of case studies of divested hotels, a bank, and the cement company to determine impact of the divestitures. The result was that the divested entities showed greater growth, reinvested retained earnings, increased overall employment levels, and maintained and better relations between management and employees. Our activities in the garment industry will be assessed under a program audit during summer 1992. We plan an overall project evaluation of EDIP at the end of 1992 prior to proceeding with the proposed amendment.

In June 1991, the Mission financed a review of the PL 480 Section 108 program to determine the effect of monetary and interest rate developments on the program and the impact of the program on private sector development. After three years of operation, the Section 108 auction of local currency to private financial institutions has allocated J\$128 million (US\$12.8 million) to six banks through four auctions. The banks have loaned the funds to 23 projects, all with at least one developmental aspect. The result of the review concluded that the current volatile interest environment makes the Section 108 resources attractive to financial institutions, because the loans carry a fixed rate of interest over a ten year period, (these funds are less attractive as interest rates begin to fall), and that participating banks are pleased with the Section 108 Program.

In the education sector, we have scheduled one evaluation and several ongoing evaluations during the coming year: (1) a mid-term evaluation of the University of the West Indies Management Education project to assess its contributions toward the strategic objective and whether a Phase III is appropriate; (2) regionally-financed ongoing formative evaluations of CLASP II to review periodic numerical targets, compliance with participant selection criteria, and progress toward achievement of strategic objective.

The Mission prepared an Environmental Strategy in September 1991 which provides the foundation for targeted intervention in support of the Mission's second priority strategic objective--Increased Environmental Management and Protection. The Environmental Strategy prioritized five key problem areas which need immediate attention to protect Jamaica's natural resource base and tourism foreign exchange earnings: coastal zone, wildlife habitat, watershed degradation, and air and water pollution. As a result of the strategy's findings, the Mission is currently developing a project--DEMO--to address major constraints to effective environmental management and protection. The project will incorporate PARC II following completion of the national park system design, and agreement on an institutional and financial strategy for establishing a park system. Results of the Hillside Agriculture Project, which contributes to two strategic objectives (Increased Foreign Exchange Earnings and Employment; Environmental Management), will also be used to refine indicators under the Mission's environment portfolio.

Targets for the Healthy, Smaller Families strategic objective are being reviewed through program audits and management reviews of Drug Abuse Prevention (currently underway), Health Sector Initiatives, and AIDS/STD Prevention and Control. The results of both program audits will provide useful insights into the organization and structure for the new Narcotics Awareness and Education Project (NAEC) (scheduled for FY 93). We organized the management review of HSIP in January which identified the need to focus on key cost containment and cost recovery objectives. A new strategic workplan has been prepared and will be approved by the end of April. An external evaluation of the AIDS/STD project was completed in February 1990, and another one is scheduled for April 1993.

III. COUNTRY PERFORMANCE RELATED TO BUREAU OBJECTIVES

(Included in Annex)

IV. PORTFOLIO ANALYSIS

A. DISCUSSION OF NEW INITIATIVES:

During this Action Plan period (FY 1993-1994) the program will pass through a major transition that was begun last year, from a large and relatively dispersed portfolio pursuing numerous program objectives to a concentrated and more limited number of efforts aimed at achieving impact. It will also achieve a greater degree of geographic concentration.

1. Portfolio Transition

Over the next two years, USAID will be phasing out of projects that are not directly related to the three strategic objectives. Generally these include projects in agricultural training, agricultural infrastructure, shelter development, and food

aid. We will also be terminating our involvement in the democratic initiatives and primary education areas at the end of the Sustainable Justice Reform Project and PEAP II project 1996. To the extent possible, complementary ongoing projects, such as the Protected Areas Resource Conservation (PARC), and Developing Environmental Management Organizations (DEMO) projects will be combined to reduce their management load on the Mission.

Whenever possible, USAID has elected to amend ongoing projects to achieve strategic objectives to minimize staff burdens rather than start new projects. We will seek to take advantage of institutional capabilities already developed, and to decrease implementation disruptions that can occur when new projects are phased in. The number of active projects will drop from 34 at the end of FY 1991 to 19 by end of FY 1994.

To align our portfolio more closely with our focussed program strategy and avoid discontinuities, we will need to design four project amendments and one new start in FY 93. We will also seek to terminate at least two projects well short of their scheduled PACDs, with intensified efforts to complete our obligations for end-of-project results.

This transition period will also put a temporary strain on USAID's budget. Hence, FY 1993 in particular is a tightly funded year. In order to allow for the minimum of new starts and amendments, USAID was obliged to allocate the minimum needed to incrementally fund ongoing projects. This will, however, cause our mortgage ratio in the important PSEE account to reach 4.34 in FY 1993. That is by far the largest mortgage ratio compared to other accounts.

By slowing implementation in projects funded by the PSEE account, we can proceed at current funding levels to carry out this program transition. However, PSEE account fall-out or supplementary funds would be particularly useful to USAID in FY 1993 to ease this changeover.

2. Concentration on Fewer Objectives:

During the coming two years, USAID will put into place several key projects and amendments which will directly contribute to our strategic objectives. They are summarized in Section B, "New Project Descriptions" below.

The following paragraphs summarize the key elements involved in the transition, indicate the key portfolio elements supporting each strategic objective, and list the most critical accomplishments which we will strive to achieve in FY 1993:

-- To increase foreign exchange earnings and employment:

Portfolio Adjustments: We will substantially expand the Export Development and Investment Promotion (EDIP) Project to address specific constraints to private sector participation in the economic recovery, and propose a continuation of the ESF Program beyond FY 1993 to continue the policy dialogue in this area. We will also significantly expand our investment in microenterprise development to build on recent project successes.

FY 1993 Targets: During FY 1993, our principal achievement targets include a seven percent increase in foreign exchange earnings in priority non-agricultural areas and a three percent increase for selected agricultural imports; and a five percent increase in employment in priority export industries and in Inner

Kingston. We also expect to help achieve a two percent increase in the number of microenterprises registered throughout Jamaica, to help privatize up to 20 more state enterprises and put into operation key staff and systems at the Finance Ministry to strengthen fiscal policy.

-- For Environmental and Natural Resource Management:

Portfolio Adjustments: We will be implementing the DEMO Project (to be launched in FY 1992) and integrating PARC activities into it. This nationwide environmental policy and corrective action project forms the centerpiece of the Mission's environmental focus. Other projects, such as North Coast Development Support and Hillside Agriculture project, will also directly address environmental issues. Finally, the proposed amendment to the Technical Support for Urban Services project will substantially streamline and privatize solid waste collection, sorting and disposal in Montego Bay, generating substantial indirect benefits for both health status and the economic wellbeing of the tourism industry.

FY 1993 Targets: Because the DEMO project will only get started in FY 93, major achievements will come from other projects, particularly Hillside and PARC. Key achievements will include a 33 percent increase in the number of farms adopting environmentally sound practices on environmentally threatened watersheds, adding one more park to the national parks system, and beginning engineering work to improve the Montego Bay sewage treatment plant.

-- In the third area, healthy, smaller families:

Portfolio Adjustments: The portfolio will be complete once we add the new Narcotics Awareness Project in FY 1993. In addition to this effort, the AIDS project, revised in FY 1992, and the two other initiatives in family planning and health sector reform constitute a strong and coordinated approach to addressing this objective. In Montego Bay, the proposed amendment to the Technical Support for Shelter and Urban Services project, besides contributing to the environment, will improve sanitation for thousands of residents and reduce the likelihood of communicable diseases such as Typhoid.

FY 1993 Targets: The program should raise contraceptive prevalence from 55 to 56 percent, and reduce maternal mortality from 11.5 to 11 per 10,000 and the total fertility rate from 2.8 to 2.5 by the end of the year.

-- With respect to Other Concerns: In education, we will amend the Primary Education Assistance Project Phase II (PEAP II) to add a policy analysis improvement component -- an element critical to the Ministry of Education's effort to decentralize and render more cost-effective the national education program. We have shown this as an FY 93 amendment, but we will do the amendment in FY 92 if the design work can be completed in time. The shelter program, including the final implementation of HGs 012 and 013 will also wind down during the Action Plan period, but the principal policy dialogue project, Technical Support for Shelter and Urban Services, will be amended to address solid waste disposal in Montego Bay. Although USAID has not established formal POD or Action Plan achievement targets for the "Other Concerns" area, we expect by the end of FY 1993 to have:

- assisted the GOJ to designate badly needed, trained Court Administrators for all of the Resident Magistrate courts;
- conducted our initial assessment of requirements to upgrade primary school mathematics;
- completed 3,000 serviced housing sites and improved access to water for 2,100 house holders; and
- tested a plan for data collection, integration and dissemination for policy analysis on primary education.

3. Evolving Geographic Focus

Since last year's Action Plan, several new project starts have begun to show significant geographic and functional complementarities with ongoing and planned projects. The location where this trend is most evident is Montego Bay, Jamaica's premier tourism center and second largest city, where deteriorating infrastructure and municipal services are threatening the quality of Jamaica's tourism product.

As the Mission focuses on its first two objectives (increasing foreign exchange revenue and protecting the environment) it is natural for efforts to concentrate in part on this city. Tourism, Jamaica's largest foreign exchange earner in 1991, is an essential element in achieving that strategic goal. Tourism is also highly vulnerable to changes in Jamaica's environmental conditions. USAID's concentration on Montego Bay includes the following ongoing, new and planned activities:

- Assistance to the Tourism Action Plan organization will continue to include a series of subgrants to the Montego Bay Chamber of Commerce.
- USAID finances small business, garment and information processing industry assistance efforts in Montego Bay.
- The North Coast Development Support Project, since 1991, supports a variety of infrastructure improvements along the North Coast to generate foreign exchange and investment in tourism. Three of its five sub-projects (highway, sewerage treatment and urban drainage) involve Montego Bay.
- HG lending will finance shelter solutions for low-income residents, particularly in the Rosemont and Norwood settlements, many of whom work in tourism trades.
- USAID is committed to continuing efforts to improve sanitation and waste disposal in Montego Bay, through the proposed North Coast Urban Services Improvement Project scheduled to begin in FY 1993.
- PARC has launched a new marine park in Montego Bay, and will coordinate its water quality testing effort with the North Coast Development Support Project starting in late FY 1992.
- By FY 1993, DEMO advisors and the GOJ Natural Resource Conservation Agency (NRCA) will also be financing and assisting Montego Bay action groups.

More broadly, such complementarities will continue to develop in similar areas, such as Negril, another major tourism center on the North Coast. This concentration of effort will bring about some of the synergies and complementary impact which will help USAID to secure the program impact we expect from the new strategy.

B. NEW PROJECT DESCRIPTIONS:

With the FY 1991 new starts in the macroeconomic policy reform (ESF Program), sustainable family planning and tourism infrastructure development and the second phase of Inner Kingston Development in place, USAID turned its attention in FY 1992 to the new DEMO Project discussed above, the new sustainable Justice Reform Project (to follow from a pilot effort under the regional Caribbean Justice Improvement Project), and an amendment to the AIDS project (to expand USAID activity from problem identification and experimental interventions to a national effort to prevent its spread).

Designs envisioned for the action plan period include the following:

1. FY 1993:

Export Development and Investment Promotion (EDIP): This \$10 million amendment through FY 1997 would allow USAID to build upon successes to date in privatization, policy reform to promote liberalized trade and investment, and support to key export oriented industries. The amendment will focus on critical themes emerging from the current project including financial sector reform, direct assistance to the tourism industry, support for business service organizations, and reduction of administrative bottlenecks to trade and investment.

Microenterprise Development: This \$3 million addition to a \$2 million ongoing effort will triple the number of microenterprises established or assisted. It will expand the project's efforts on behalf of the smallest businesses and take advantage of \$250,000 in matching funds for that purpose from the Private Enterprise Bureau's APPLE Fund. The amendment will also permit USAID to have a more significant impact on small enterprises outside Kingston, and help assure that USAID's program emphasis on trade and investment does not neglect the most employment intensive approaches, based on small and microenterprise development, and equity considerations.

Technical Support for Shelter and Urban Services: This \$2 million amendment will have as its primary objective to maximize private sector participation and funding in the collection, and disposal of solid waste in Montego Bay. The project will be devoted to achieving this goal, primarily through assistance to Western Parks and Markets, as well as private groups such as the Greater Montego Bay Redevelopment Company (GMRC). By the new PACD of March 1996, the project should have successfully demonstrated an effective model for collecting and managing solid waste in Montego Bay, which might be replicated elsewhere.

Narcotics Awareness, Education and Counseling (NAEC): This new \$3 million project will be the centerpiece of the United States Mission's demand reduction program, which complements the Embassy's interdiction and eradication program. Besides contributing to this important foreign policy program, the project will contribute to USAID's objective to promote healthy, smaller families. It builds upon the lessons learned over the last three years of U.S. assistance in this area, and will expand our support to include schools and NGOs.

Primary Education Assistance II: This amendment will add \$1.6 million to the \$4 million PEAP II. The project purpose is to strengthen primary education, which has deteriorated considerably in recent years due to budgetary constraints. This amendment will improve management information systems now needed to complement project-financed educational strengthening (math) and decentralization measures. This project amendment will be USAID's last intervention into the primary education area, but it will be important to allow a rational phase-out of our assistance while setting the stage for an expected World Bank social sector program after our withdrawal.

2. FY 1994:

Economic Support Funds: The current three-year ESF Program, Policy Reform in Support of Private Investment, will end in FY 1993. Jamaica's bold liberalization steps to date will carry the country much of the way to a leaner and more competitive economy, but even if the measures are fully implemented, other important constraints will continue to repress growth. USAID anticipates a follow-on ESF Program to target the key remaining policy constraints to export-led growth, with the dollar and local currency generations tied to further trade and investment enhancement measures.

C. PLANNED FOOD AID AND LOCAL CURRENCY ACTIVITIES:

During FY 1993 and 1994, we expect food aid activities, as well as their related local currency operations to come to an end. The only other source of local currency generations in the Program is from ESP.

1. Food Aid:

In FY 1991, USDA assumed responsibility for all future Title I programs. During FY 1992 and FY 1993, USAID will complete monitoring for the A.I.D. managed Title I local currency.

Under Title II, USAID's current assistance to the Jamaica Agricultural Development Foundation (JADF) will end with the FY 1992 \$1.8 million in corn. It is likely that JADF will serve as the parent organization for a private agricultural research foundation which, assuming GOJ agreement, will take on the primary role of promoting agricultural research. This foundation will need an initial endowment, and USAID, the Food and Agriculture Organization and other donors are examining funding options. USAID may consider requests for Title II and Section 416 assistance in FY 1993 and 1994 to help endow an agricultural research foundation.

At A.I.D.'s initiative, the USG is supporting Jamaica's National Food Stamp Program with two Section 416 program grants: the 1991 \$3 million non-fat dry milk program, and \$5 million in corn shipments expected for FY 1992. Implementation responsibility is being vested in the United Nations Development Programme (UNDP) and the U.N.'s World Food Programme. USAID views this assistance as a significant United States contribution to the social safety net which the GOJ and donors agree is needed during the present structural adjustment period. USAID has therefore requested, with the backing of the regional USDA representative, that we continue to monitor this Section 416 programs until its completion.

By FY 1993, USAID expects that the UNDP will have completed its Typhoid Control Project, which is supported by another Section 416 program: \$1.7 million worth of local currency support from a butteroil agreement signed in 1991. The project, which launched its technical assistance effort at the end of 1991, will help the GOJ to eradicate typhoid in a region on Jamaica's south coast which has been repeatedly struck with this disease. Again, although UNDP will have the implementation responsibility, USAID will continue to follow progress and results. There is a close linkage between this activity and our strategic objective to promote healthy families.

In view of the imminent conclusion of USAID's formal food aid responsibilities, we will terminate the Food Aid Monitoring Project which supports the above programs by March 1993--more than one year ahead of schedule.

2. ESF Local Currency:

A total of \$37 million is expected to be obligated to this program between the end of FY 1991 and FY 1993 which will generate the Jamaican dollar equivalent of local currency. In light of the new standards for local currency monitoring which AID/W issued in July 1991, and given the counterpart funding needs of our portfolio, USAID and the GOJ have agreed to program these funds into mutually agreed projects which are receiving technical assistance either from USAID or from another foreign donor as a first priority. The other donor projects must possess adequate reporting mechanisms to assure accurate reporting on their impact and achievement.

D. DISCUSSION OF TERMINATING ACTIVITIES:

As discussed above, our objective is to phase completely out of food aid, housing lending, and agricultural infrastructure and training by the end of the Action Plan period. These sectors, while important to Jamaica's development, would impose staff and resource requirements on the Mission which we can no longer afford. Furthermore, they are less central to the three principal strategic focal points than are the other elements of the portfolio.

With those phase-out objectives, it will be possible for the Mission to terminate the Food Aid Monitoring project early (in FY 1993 instead of FY 1995), and the Agricultural Education project one year ahead of schedule. By the end of the period, Mission assistance to higher education and housing construction will also be over, and we will be one year from completion of our investment in primary education. PARC will have been merged with the new DEMO Project, and a number of other projects will have ended on schedule.

Figure IV-1 below illustrates this compression of the portfolio. The projects begin with an asterisk (*), indicating initial obligation. Each addition sign (+) indicates a fiscal quarter of implementation status, and the (#) symbol represents the project's termination. At the bottom of Figure IV-1, we have tallied all active projects during each Fiscal Year (consisting of the new starts and projects which were still ongoing at the end of that year), and have itemized separately all projects beginning and all projects ending each year.

Figure IV-1: USAID/Jamaica Portfolio: Expected Project Durations

Project Number	Project Name	1990	1991	1992	1993	1994	1995
(† = 1 Fiscal Year Quarter; # = beginning of project; & = end of project)							
AGRICULTURAL & RURAL DEV. SECTOR							
5320060.00	AGRI. MARKETING-RURAL ROADS	††††	#				
5320082.00	AGRICULTURAL EDUCATION	††††	††††		††††		
5320105.00	JAMAICA AG. DEV. FDM.	††††	††††	††††			
5320113.00	HILLSIDE ASSESSMENT	#					
5320101.00	HILLSIDE AGRICULTURE	††††	††††	††††	††††	††††	††††
5320123.00	CROP DIVERSIFICATION/IRRIGATION	††††	††††	††††	††††	††††	
5320128.00	AGRICULTURAL RESEARCH PROJECT	††††	††††	††††	††††	††††	††††
5320148.00	PROTECTED AREAS RESOURCE CONSERV	††††	††††	††††			
5320157.00	FOOD AID MONIT. & SUPP. GRANT	††††	††††	††††	#		
5320165.00	AGRICULTURAL EXPORT SERVICES	††††	††††	††††	††††	††††	††††
5320174.00	DEV. ENVIRONMENTAL MGT. ORGS.			#	††††	††††	††††
PL-480	TITLE I	††††	††††	#			
PL-480	TITLE II SCHOOL FEEDING	††††					
PL-480	TITLE II SUPPL. FEEDING	††††					
PL-480	SECT. 416 BUTTEROIL		#†††	††††			
PL-480	SECT. 416 MFDN		#†††	††††			
PL-480	SECT. 416 CORN			#	††††	#	
EDUCATIONAL SECTOR							
5320029.00	SPECIAL DEVELOPMENT ACTIVITIES	††††	††††	††††	††††	††††	††††
5320083.00	BASIC SKILLS TRAINING	††††	#				
5320129.00	UWI SCHOOL OF MGT IMPROVEMENT	††††	††††	††††	††††	††††	††††
5320147.00	PTIC	††††	††††	††††			
5320126.00	PRIMARY EDUCATION ASSISTANCE I	#					
5320155.00	PRIMARY EDUCATION ASSISTANCE II	#	††††	††††	††††	††††	††††
5320169.00	CLASP 2	#†††	††††	††††	††††	††††	††††
HEALTH SECTOR							
5320064.00	HEALTH MGT. IMPROVEMENT	††††					
5320069.00	POPULATION & FAMILY PLANNING	††††	††††	#			
5320122.00	PRIV. SECT. PROMO. OF FAM. PLAN.	††††					
5320152.00	HEALTH SECTOR INITIATIVES	††††	††††	††††	††††	††††	††††
5320153.00	AIDS/STD PREVENTION & CONTROL	††††	††††	††††	††††	††††	††††
5320161.00	DRUG ABUSE PREVENTION	††††	††††	††††	††††		
5320200.00	NARCOTICS AWARENESS EDUC.				#	††††	††††
5320163.00	FAMILY PLANNING INITIATIVES		#	††††	††††	††††	††††
PRIVATE SECTOR ENERGY & ENVIRONMENT							
5320079.00	TECH. CONSULTAT. & TRAINING	#					
5320091.00	PRIVATE DEV. BANK	††††					
5320095.00	REVENUE BOARD ASSISTANCE	††††	††††	#			
5320135.00	EXPORT DEV. & INVESTMENT PROM.	#	††††	††††	††††	††††	††††
5320156.00	MICROENTERPRISE DEVELOPMENT	#	††††	††††	††††	††††	††††
5320120.01	INNER KINGSTON DEVELOPMENT/UDC	††††	††††	††††	††††	††††	††††
5320162.00	CARIBBEAN JUSTICE IMPROVEMENT	††††	††††	#			
5980645.08							
5320168.08	NORTH COAST DEVELOPMENT SUPPORT		#	††††	††††	††††	††††
5320175.00	SUSTAINABLE JUSTICE REFORM			#	††††	††††	††††
5320158.00	HURRICANE RECONSTRUCTION	††††	††††	#			
ESF							
5320146.00	P&E IX (PROD. & EMP.)	#					
5320154.00	P&E X (PROD. & EMPLOYMENT)	#	††††				
5320164.00	POLICY REFORM IN SUPPORT OF PRIV. INV.		#	††††	††††		
5320166.00	POLICY REFORM FOR EXPORT & INV.					#†††	††††
HOUSING DEVELOPMENT							
5320067.00	LOW COST SHELTER DEVELOPMENT	††††	††††	††††	#		
5320117.00	URBAN TECH. ASSISTANCE	††††	#				
5320149.00	TECH. SUPP. FOR SHELTER & URBAN SV	††††	††††	††††	††††	††††	††††
532-HG-012B	JA. SHELTER SECTOR SUPPORT	††††	††††	††††	††††		
PRIVATE SECTOR							
532-HG-012C	JA. SHELTER SECTOR SUPPORT	††††	††††	††††	††††		
532-HG-013	JA. SHELTER AND URBAN SERVICES POLICY PROGRAM	††††	††††	††††	††††		
Active Projects at End of FY:		33	34	28	20	19	17
Terminating Projects in FY:		9	4	9	9	2	2
New Projects in FY:		5	5	3	1	1	0

TABLE 5.1 ACTION PLAN - CURRENT AND PLANNED PROGRAM MORTGAGES BY FUNCTIONAL ACCOUNT

Project No. and Title	Project Assistance Completion Date	FY 92		FY 93		FY 94	
		Mission FY 92 DVB	Mission FY 92 Mortgage Ratio	Planned Mission FY 93 DVB	Planned Mission FY 93 Mortgage Ratio	Planned Mission FY 94 DVB	Planned Mission FY 94 Mortgage Ratio
Private Sector, Environment & Energy							
532-0277 Special Development Activities		100.00		100.00		100.00	
532-0178 Inner Kingston Development II	8/30/76	200.00	11.50	898.20	1401.80	500.00	901.80
532-0135 E. B. I. P	07/30/77	1000.00	1.38	1524.00	10520.00	2000.00	8570.00
532-0149 Tech. Svcs. for Shelter and Urban Socio. Policy Program		275.00	5.72	500.00	1573.00	500.00	1073.00
532-0154 Microenterprise Development (AM00 & PSEEI)	03/31/76						
532-0148 North Coast Devol. Support	08/31/78	120.00	5.54	375.00	1790.00	300.00	1470.00
532-0169 CLASP II (AM00, EMB & PSEEI)	7/30/76	200.00	5.31	200.00	862.00	300.00	382.00
532-0173 BERN	7/30/77			0.00			
532-0174 Sustainable Justice Refers	7/30/76	200.00	9.00	250.00	1350.00	150.00	1400.00
532-0162 Caribbean Justice Improvement		433.00	3.93	1032.00	1535.00	834.00	705.00
532-0166 PMS	05/31/72						
PSEE Account Total		165.00	3.84	980.00	17237.00	980.00	10452.00
PSEE Mortgage Ratio		3173.00		12176.00		4980.00	
				0.00			
				3.04			
		16700.00	2.67	16500.00	61042.20	16500.00	24412.70
							1.48
			2.67		2.54		
Economic Support Fund							
532-0154 Production & Employment I							
532-0164 Policy Refers in Support of Prof. Invest.							
532-0171 Production & Employment III		15000.00		15000.00		15000.00	
TOTAL ESP							
PL 400							
Title I							
Title II							
Section 416							
TOTAL PL 400		1000.00					
		5000.00					
TOTAL ASSISTANCE LEVEL		30500.00		31500.00		31500.00	

Table IV-2 below summarizes the trends in active projects between 1991 and 1994. It compares our current projections with those which we made in last year's Action Plan.

Table IV - 2: Reduction in Active Projects
(at end of each Fiscal Year)

<u>FY</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>
Active Projects (This Act. Plan)	34	28	20	19
Active Projects (Last Year's Plan)	27	27	21	(Not Relevant)

This trend will help assure that USAID/Jamaica can function effectively with the lower staff levels which may be required in the out-years. It is also the means by which the available staff effort can be concentrated on the objectives outlined in the new strategy.

Compared to our expectations in last year's Action Plan, these figures are favorable. Our current estimate for FY 1993 is only 20 (not 21 as predicted last year). Hence, USAID is proceeding generally according to plans described in last year's action plan with the portfolio consolidation and reduction effort.

V. RESOURCE REQUIREMENTS

A. Program Resources

Over the past year, the Mission has gone through an intensive process of consolidating its portfolio and streamlining its program objectives from 10 (as reported in the last Action Plan) to three. Program resources in 1992 are expected to total US\$16.7 million in DA; US\$15 million in ESP; an estimated US\$5 million in Section 416 Food Aid; and the last tranche of PL 480 Title II of US\$1.8 million.

The FY 1992 DA totals are above the request level in actual numbers, but mask the constraints placed on the Mission's OYB. Due to the Continuing Resolution, the Mission's FY 92 DA levels straightlined FY 1991 levels at US\$13.7, plus the Mission was given an additional \$2 million in Population funds and \$1 million in Basic Education funds. Although these two additional amounts were useful in buying down mortgages in two projects, this represents an overall reduction in the priority DA accounts of ARDN and PSEE. This development placed greater pressure on the Mission's ability to fund activities under the PSEE and ARDN accounts which provide the greatest sources of funding for activities under the Mission's priority strategic objective. Reobligations of over \$1.2 million in the FY 92 ARDN account served to reduce the mortgage in that account somewhat, but PSEE was reduced by 30 percent from the anticipated level of \$4.58 million to \$3.173 million. Thus the mortgage ratios (Table V-1) in the PSEE account rose from 2.17 in FY 91 to 3.84 in FY 92 and the ARDN account dropped slightly to 3.16 (a 4 percent decrease) from 3.3 at the end of FY 1992. The Education account mortgage declined from 3.0 to 1.57 as a result of reobligations and the additional funds under basic education. HE/POP/AIDS accounts mortgage ratios remained the same over last year's ratio at 2.46. This is a result

of the Mission's focus on environmental management and protection activities under the second strategic objective which contribute to environmental health.

Further reductions in resource levels, particularly in the PSEE account, could have serious impact on our ability to manage a comprehensive and focused program targeted at three significant strategic objectives. The Mission has limited new starts, is planning to move out of two projects earlier than the PACDs, and has concentrated a great deal of effort to clearly focus our portfolio. Our projects are declining from 34 in FY 91, to 19 in FY 94. By FY 94 mortgage ratios in Health/PN and Agriculture will be substantially below 1.0 and Education will stand at 1.8, but PSEE will still hover around 2.9. This figure reflects the Mission's greater concentration of resources on the first strategic objective which represents some 56 percent of the Mission's total OYB, and 39 percent of its DA levels. Table V-2 shows the Mission's current and proposed funding requirements by strategic objective.

The above mortgage levels are based on the Mission receiving the \$16.5 million FY 93 CP level, and straightlining the level for FY 94. Overall mortgage level ratios drop from 2.54 in FY 93 to 1.48 in FY 94. But, again, these ratios mask the funding problems in the PSEE account, as mentioned above, which will stand at 2.9 in FY 94 even with no new starts beyond FY 93 and, if requested funding levels are realized in the previous years.

The Mission does not at this time have specific new plans for food aid beyond the FY 92 Section 416 allotment of US\$5 million in corn. In FY 91, Section 416 resources allowed the Mission to support the GOJ safety net program by upgrading the value of the food stamp. The FY 92 request will continue USAID's support until the end of CY 1993.

The Mission is requesting straightlining of ESP levels at \$15 million through FY 95. As noted in the POD narrative, Jamaica has made significant progress toward liberalizing the economy, but there is a need to maintain momentum to complete the process. We believe that continued assistance in supporting the government's policy dialogue agenda through FY 95 would provide important support to Jamaica in furthering liberalization efforts. Moreover, the proposed FY 94 ESP program will focus even more tightly on relieving sectoral policy constraints to trade and investment as the macro reform agenda is completed. This will complement our trade and investment project portfolio nicely by providing a significant resource for policy support.

Local currency generated under the ESP program is also needed to support priority USAID and other donor activities locally. As mentioned in last year's Action Plan, the Mission is now using ESP local currency generations to directly support our strategic objectives which will increase the impact from our limited resources. Local currency generations also support the USAID Trust Fund operations.

B. Operating Requirements

USAID has decreased the percent of its operating costs provided by trust funds from 58 percent in FY 91 to a projected 34 percent in FY 92. This has been done while decreasing the absolute level of OE funds used.

It is anticipated that trust funds will be a continuing significant resource for the Mission at least into FY 94. At the same time, the recent changes in exchange rate make it difficult to predict how valuable this resource will be. The Mission must propose a budget to the Government of Jamaica and request an amount of trust funds for the Jamaican fiscal year which runs from April 1 through March 31. This process has been a constraint in obtaining additional funds as the GOJ is not eager to increase the amount of J\$ provided to us to offset foreign exchange losses, and in all fairness, the IMF discourages them from doing that.

By Mission policy, we do not use reverse accommodation exchange except for salary payments to PSN's who are on TDY or travelling in the United States, FICA and CSR payments for PSN's, and rent payments during the period that OE funds are not available in sufficient amounts for mission operations. The latter was the case during October - December 1992.

	<u>Trust Fund Resources</u>		
	<u>FY91</u> (actual)	<u>FY 92</u> (projected)	<u>FY 93</u> (estimated)
Unobligated Balance, 10/1	5,666.0	4,779.8	1,179.8
Deposits	16,528.4	30,000.0	50,000.0
Obligations (net of deobs)	17,414.6	33,600.0	42,200.0
Unobligated Balance, 9/30	4,779.8	1,179.8	8,979.8
Average Exchange Rate FY 91	9.9		
Exchange Rate 3/1/92		27.0	

There is little that can be done to increase the trust fund reserve to be able to cover eighteen months of operating expenses. The GOJ must include the trust funds provided to us in its annual budget. Competition for these funds is intense and is monitored by the IMF and others.

Although a higher Jamaican dollar trust fund contribution has been negotiated for FY 92, the value of the funds provided in US dollar terms may decrease. The Jamaican dollar has gone from an average value of J\$9.90 = US\$1.00 in FY 91 to an April '92 rate of J\$29.32 = US\$1.00. At the same time, the IMF is projecting an average exchange rate of J\$23 = US\$1.00 for FY 92.

The Mission has begun to reduce its dependence on trust funds. This was forced by our inability to make up for the effects of rapid inflation following the devaluation of the J dollar which eroded the purchasing power of the total trust fund budget. Although some replacement funds were made available from appropriated funds, they were not enough to make up for the decrease in the purchasing power of the trust funds. Fortunately, several of the cost reduction initiatives from FY 91 have reduced our costs for FY 92. Examples are: reducing services provided by maintenance contractor, emphasis on decreasing use of utilities, and assignment of a tandem couple.

C. Staffing

From a FY 1990 level of 20 direct hires, USAID, as of the end of FY 1992, will have reduced its direct hire staffing level by 15 percent to a FY 1993 total of 17. In addition to the 17 USDHs for FY 1993, USAID will have one assigned IDI who will be in the first year of his initial overseas assigned tour of duty.

In anticipation of further required personnel reductions for FY 1994, Mission's present plans call for a direct hire staffing level of 16. This staffing level will be accomplished by eliminating two positions at the end of FY 93 made available by our declining portfolio size.

In addition to reductions in USDH staff, the Mission will reduce its FSNPSC staff level by three positions by the end of FY 1992. This will be accomplished through attrition rather than through termination of employment. A Center for Disease Control PASA will also be terminated without replacement in FY 92. Also, one program funded USPSC position for democratic initiatives will not be extended beyond FY 1992 as we have decided not to launch a democratic initiatives program. In FY 1993, the Mission will not renew the USPSC program funded Food Aid Monitoring position and plans to eliminate two additional FSN positions, primarily through attrition. However, on the upside, we expect to have to hire an additional part-time (up to 50 percent) resident USPSC to help in implementing the new audit management guidelines.

As a result of the above cuts, in the non USDH categories, we should have a total of 61 FSNs (PSC and DH), five full time USPSCs, two part time USPSC and one PASA by the end of FY 92, and no more than 59 FSNs, 4 USPSCs, one PASA and two part time USPSC by the end of FY 93. As noted in our August 1991 memo to LAC/DP, we have found it very difficult to take cuts through FY 93 because of workloads, but should be able to take additional cuts in FY 94.

The Mission is making a strong effort to positively respond to the Agency-wide need to reduce overall staffing on the one hand and the need to ensure that staffing is maintained at a level for the effective performance of the development assistance program in Jamaica. We believe that the above proposed staffing levels for FY 1992 through FY 1993 meet the two objectives.

VI. MISSION AND AID/W INITIATED ISSUES

A. PSEE Mortgage Levels

The Mission is seriously concerned about the overall level of resources, particularly in the PSEE 106 account, which are necessary to continue progress toward achieving our strategic objectives. The PSEE account is increasingly in demand due to the focus of our program, and mortgage levels in this account will rise. Without additional resources in this account, our ability to foster progress may falter.

B. Staff Levels

The Mission is restructuring its staffing pattern to shift personnel into areas where we have the greatest program focus (private sector and environment, most notably) and out of areas where we are phasing down. However, this takes time to do, given that normal tours last four years. In addition, workloads will be very high in FY 93 as we restructure our portfolio. We simply cannot take additional staff cuts beyond what is discussed above until this process is completed.

C. Requests for Immediate Action

The workload on the Mission from immediate AID/W requests for information is placing considerable pressure on the field staff. Requests for quick turnaround, short notice actions are also affecting morale and effectiveness. As staff sizes decline, this becomes even more an issue. We suggest that every effort be made to give Mission's advance notice of rapid turnaround actions, so that we can schedule our workloads accordingly.

**PROGRAM OBJECTIVES DOCUMENT
F1993 to FY 1997**

FY 93/94 ACTION PLAN

ANNEX

JAMAICA

TABLES 1A AND 1B: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: — Support achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-objectives: — Encourage economic policies that promote investment, productive employment and outward-oriented diversification
 — Encourage a vigorous private sector response

I. MISSION STRATEGIC OBJECTIVE — INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT

Performance Indicator	Unit	BASELINE Value	date	TARGET Value	date	Revised Value	Date	Current Year 1992 Value	1993 Target Value	Date	DATA SOURCE
15% Increase in foreign exchange earnings in priority non-agricultural areas 1/	US\$ (000)	1023	1990	1481	1995	1086	1995	1086	1159		JAMPRO
21% Increase in foreign exchange earnings of selected agricultural exports 2/	US\$ (000)	6373	1990	7700	1995	7650	1995	7650	7910		JPIU Economic and Social Survey and Commodity Industry Boards
26% Increase in value of foreign investments in assisted sectors 3/	US\$ million	50	1990	64	1995	56	1995	56	58		JAMPRO
27% Increase in value of domestic investments in assisted sectors 4/	US\$ million	460	1990	567	1995	507	1995	507	532		STATIN and DPE
28% Increase in employment in priority export sectors & inner Kingston 5/	persons	20908	1990	37050	1995	29700	1995	29700	31800		STATIN Report on Small Business and JAMPRO Social/Economic Survey

1/ Furniture, garments, information processing, tourism

2/ Banana, cocoa, coffee and yam

3/ The increases in investments resulting from JAMPRO assisted activities average J\$430 million per year since 1981, or about US\$50 million per year at 1990 exchange rates. It should be noted that these data vary considerably over time, from as low as J\$100 million to slightly more than J\$800 million depending on the year. This variability must be taken into consideration when setting benchmarks, since some of the causes are external to Jamaica and to the program. Based on continued growth in the economy, an open exchange regime, focus by JAMPRO in high-growth sectors, it seems reasonable to assume an average annual increase in value of foreign investments assisted by JAMPRO at five percent a year.

4/ Additions in private domestic investment vary considerably over the last several years, but have averaged J\$3660 million per year, or about US\$460 million at 1990 exchange rates. Given the openness of the Jamaican economy, and the influence of external factors, some continued variability should be expected.

In addition to variability, there are also significant data collection and compiling problems. UNAIID is discussing with the World Bank, the Statistical Institute of Jamaica, and others, technical assistance to resolve these issues and to provide a consistent and accurate data base. However, based on continued growth in the economy, an open exchange regime increasingly favorable investment environment, it seems reasonable to assume an average annual increase in the data of five percent per year.

5/ Furniture, garments, info processing, small/micro enterprises, tourism, inner Kingston

I.1 Program Output: Improved Policy Environment for Trade and Investment

Program Output Indicator	Unit	BASELINE Value	date	TARGET Value	date	Revised Value	Date	Current Year 1992 Value	1993 Target Value	Date	DATA SOURCE
Strengthened Ministry of Finance fiscal capability	100000X	0	1990	maintained	1995	staff in place	1995	staff in place	operation		Ministry of Finance
Implementation of Employee Stock Ownership Plan legislation	100000X	0	1990	implemented	1995	implemented	1995	100000X	legislation passed		Ministry of Finance
Adoption of pro-competition legislation	100000X	0	1990	adopted	1995	100000X	1995	100000X	legislation passed		Ministry of Finance
Continued GOJ priority on privatization to decrease state ownership	# of firms	10	1990	20	1995	10	1995	10	13		National Investment Bank of Jamaica

JAMAICA

TABLES 1A AND 1B: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: — Support achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-objectives: — Encourage economic policies that promote investment, productive employment and outward-oriented diversification
 — Encourage a vigorous private sector response

1. MISSION STRATEGIC OBJECTIVE — INCREASED RURAL INCOME EARNINGS AND EMPLOYMENT

1.2 Program Output: Improved research developed and technology adopted by export industries

Program Output Indicator	Unit	BASELINE		Date	TARGET Value	Date	Revised Value	CURRENT YEAR 1992		1993 TARGET		DATA SOURCE
		Value	Date					Value	Date	Value	Date	
Better in-plant technology adopted by export industries	# of firms	93	1990	180	1995			95	104			JAMPRO
Improved export crop technology adopted by small/medium farmers	# of farmers	8500	1990	11000	1995			9000	10000			Ministry of Agriculture
Expansion of packing/storage facility for export crops (by 20%)	square feet	70000	1990	90000	1995			100	100			Agricultural Marketing Corporation
Increase in production enhancing research conducted on farms	# of farms	150	1990	360	1995			150	225			Jamaica Agricultural Research Program

1.3 Program Output: Increased production of selected agricultural export commodities

Program Output Indicator	Unit	BASELINE		Date	TARGET Value	Date	Revised Value	CURRENT YEAR 1992		1993 TARGET		DATA SOURCE
		Value	Date					Value	Date	Value	Date	
30% increase in banana production	Tonnes	61066	1990	110000	1995			65000	67172			JFIO Economic and Social Survey
	Acres	8000		12000				8900	9500			JAM Island Banana Growers Association
	Farmer	200		600				250	300			
21% increase in cocoa production	Tonnes	1900	1990	2000	1995			1995	2090			JFIO Economic and Social Survey
	Acres	2000		25000				21000	22000			Cocoa Industry Board
	Farmer	30000		35000				30000	34000			
17% increase in coffee production	Tonnes	71000	1990	90000	1995			80000	82500			JFIO Economic and Social Survey
	Acres	4000		5000				41000	45000			Coffee Industry Board
	Farmer	30000		40000				31000	35000			
15% increase in yam production	#kg	6206	1990	9500	1995			8900	9000			JFIO Economic and Social Survey
	Acres	26000		35000				28000	30000			Ministry of Agriculture
	Farmer	14000		20000				14500	16000			

JAMAICA

TABLES IA AND IB: FOUNDRING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: -- Support achievement of broadly-based, sustainable economic growth

LAC Bureau Sub-objectives: -- Encourage economic policies that promote investment, productive employment and outward-oriented diversification

-- Encourage a vigorous private sector response

1. MISSION STRATEGIC OBJECTIVE -- INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT

1.4 Program Output: Increase in productivity of selected exports

Program Output Indicator	BASELINE Value	Unit	BASELINE date	TARGET Value	date	Revised	Current Year 1992 Value	Date	1993 Target Value	Date	DATA SOURCE
150% increase in coffee productivity	12	tons per acre	1990	30	1995		15	15	20		Coffee Industry Board
200% increase in cocoa productivity	10	tons per acre	1990	30	1995		15	15	20		Cocoa Industry Board
100% increase in banana productivity	5	tons per acre	1990	10	1995		7	7	8		All Island Banana Growers Association
200% increase in yam productivity	5	tons per acre	1990	15	1995		7	7	9		Ministry of Agriculture
25% increase in productivity of garment workers per year	14663	US\$ per worker	1990	18328	1995		16129		16862		STATIN Employment Earnings/Hours Worked in Large Establishments

1.5 Program Output: Increased number of private investments

Program Output Indicator	BASELINE Value	Unit	BASELINE date	TARGET Value	date	Revised	Current Year 1992 Value	Date	1993 Target Value	Date	DATA SOURCE
Increased foreign direct investment as a result of privatization 1/	110	US\$ millions	1990	300	1995		150		150		National Investment Bank of Jamaica and Company Annual Reports
15% increase in registered small/micro enterprise firms	65100	# of firms	1990	75225	1995		65200		66400		STATIN Report on Census of Small Business
45% increase in registered micro enterprise firms 2/	506	# of firms	1990	725	1995		611		631		Social Survey

1/ Includes telecommunications, power industry, sugar, and infrastructure (water, airport)

2/ furniture, garments, information processing, tourism

JAMAICA

TABLES IA AND IB: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

- LAC Bureau Objective: -- Support achievement of broadly-based, sustainable economic growth
- LAC Bureau Sub-objectives: -- Encourage economic policies that promote investment, productive employment and outward-oriented diversification
- Encourage a vigorous private sector response

I. MISSION STRATEGIC OBJECTIVE -- INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT

I.6 Program Output: Improved investment climate in Inner Kingston

Program Output Indicator	Unit	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
		Value	date	Value	date	Value	Date	Value	Date	
40% increase in private sector investment in Inner Kingston	Millions J\$	50128	1990	70910	1995	56128		60828		Kingston Restoration Company
8% increase in industrial space rehabilitated	square feet	177000	1990	304000	1995	177000		177000		Urban Institute Survey
Increase in commercial space rehabilitated	square feet	20000	1990	200000	1995	20000		36000		Urban Institute Survey

I.7 Program Output: -- Improved Tourism Infrastructure

Program Output Indicator	Unit	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
		Value	date	Value	date	Value	Date	Value	Date	
Expanded Ocho Rios port berth # 2 to accommodate greater number of tourists	feet	300	1990	500	1995	300		300		Port Authority
Improved 170 miles of road to reduce operating costs, allow safer speeds and greater comfort (in reststops/lookouts)	1.25/million/number	5.22	1990	3.41	1995	5.22		5.22		Ministry of Construction
Increase in resistance to storm flooding in Montego Bay	1000/years	3	1990	10	1995	3		3		National Water Commission
Increase population served by (1) sanitary collection system and (2) by treatment plant in Montego Bay	100000/years	65000	1990	100000	1995	45000		45000		National Water Commission
Increase potable water service in Negril	100000/years	36000	1990	60000	1995	36000		36000		National Water Commission

JAWAICA

TABLES 1A AND 1B: FORTIFYING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: — Support achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-objectives: — Encourage economic policies that promote investment, productive employment and outward-oriented diversification
 — Encourage a vigorous private sector response

I. MISSION STRATEGIC OBJECTIVE — INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT

I.6 Program Output: — Improved Human Resource Development Supporting the Private Sector

Program Output Indicator	Unit	BASELINE		TARGET		Revised	Current Year 1992		1993 Target		DATA SOURCE
		Value	date	Value	date		Value	Date	Value	Date	
Greater capacity by I&T to train mid-level managers working in private industry	# of graduates	30	1990	30	1995		30		30		University of the West Indies
Increased capacity to produce skilled employees for export oriented industries	# trained		1990		1995						PEAP II Evaluation
	# employed	25		25			25		25		
	# shortfalls	30		30			30		30		
Upgraded B.Sc. management program measured by number of area specializations	# of areas	0	1990	3	1995		0		1		University of the West Indies
Enhanced capacity in fiscal policy and economic analysis	# trained	0	1990	20	1995		4		5		IAC Bureau Regional Sir Arthur Lewis Advanced Training in Economics Program

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TABLES IA AND IB: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: -- Support achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-objective: -- Encourage preservation and sustainable use of the natural resource base

II. MISSION STRATEGIC OBJECTIVES -- IMPROVED ENVIRONMENTAL MANAGEMENT AND PROTECTION

Performance Indicator	BASELINE		TARGET		Current Year 1993		1993 Target		DATA SOURCE
	Unit	Value	Date	Value	Value	Date	Value	Date	
Increased areas protected under National Park System	hectares	0	1990	300000	1995	300000	300000		PAC Evaluations
Increased environmental monitoring of biological habitats	# of projects	0	1990	12	1995	2	6		PAC/BMO Project evaluation
Reduced volume of untreated waste water in Montego Bay	million gallons/day	1.5	1991	0	1995	1.5	1.5		National Water Commission Engineering Department
Increased waterbed acreage protected	number of waterbeds	3	1991	7	1995	3	4		BOM/Hillside Evaluations
Functioning/operational National Park System	%	0	1991	1	1995	0	0.5		PAC Evaluation

II.1 Program Output: Strengthened Environmental Organizations

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
	Unit	Value	Date	Value	Value	Date	Value	Date	
Increased number of BMO managing environmental projects	# of BMOs	1	1990	10	1995	2	6		PAC/BMO Project evaluation
Fully staffed BECA with clear operating guidelines	%	0	1990	fully staffed	1995	0	in place		PAC/BMO Project evaluation
Environmental Fund for Jamaica established and operating	%	0	1990	established	1995	0	operating		PAC/BMO Project evaluation
Improved data system for monitoring the environment	%	0	1990	operating	1995	0	planned		PAC/BMO Project evaluation

JAMAICA

TABLES 1A AND 1B: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS

LAC Bureau Objective: -- Support achievement of broadly-based, sustainable economic growth

LAC Bureau Sub-objective: -- Encourage preservation and sustainable use of the natural resource base

II. MISSION STRATEGIC OBJECTIVES -- IMPROVED ENVIRONMENTAL MANAGEMENT AND PROTECTION

II.3 Program Output: Increased public/private expenditures on and number of national parks/protected areas

Program Output Indicator	BASELINE		TARGET		CURRENT YEAR 1992		1993 TARGET		DATA SOURCE	
	Unit	Value	date	Value	date	Value	date	Value		date
Increase in national parks trust fund	J\$ in millions	0	1/90	20	1/95	0		10		PARC/DMO Project evaluation
Increase in recurrent expenditures covered by trust fund for national parks	percent	0	1/90	40	1/95	5		10		PARC/DMO Project evaluation
Increase in number of parks	% of parks	3	1/90	5	1/95	3		3		PARC/DMO Project evaluation

II.3 Program Output: Improved soil management

Program Output Indicator	BASELINE		TARGET		CURRENT YEAR 1992		1993 TARGET		DATA SOURCE	
	Unit	Value	date	Value	date	Value	date	Value		date
Acres protected from soil erosion	acres	6200	1/91	12000	1/95	6200		8000		Ministry of Agriculture Ministry of Agriculture
Increase in number of farmers adopting environmentally sound cultivation practices	number of farmers	6000	1/91	12000	1/95	6000		8000		Ministry of Agriculture Institute Evaluation

II.4 Program Output: Improved Urban Services in Montego Bay

Program Output Indicator	BASELINE		TARGET		CURRENT YEAR 1992		1993 TARGET		DATA SOURCE	
	Unit	Value	date	Value	date	Value	date	Value		date
Septage treatment plant expanded and operational	percent completed	0	1/91	100	1/96	0		6		National Water Commission
Increase in solid waste collected vs. solid waste generated in Montego Bay	percent collected	30	1/91	60	1/96	30		40		Metropolitan Parks and Markets

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TABLES 1A AND 1B: MONITORING THE ACHIEVEMENT OF STATISTICAL OBJECTIVES AND PROGRAM OBJECTIVES
 LAC Bureau Objective: -- Support the achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-objective: -- Encourage increased economic opportunities for the disadvantaged

III. MISSION STATISTICAL OBJECTIVES --- QUALITY, SMALLER FAMILIES

Performance Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
	Unit	Value	date	Value	date	Value	Date	Value	
Mortality rates are improved or maintained	Infants/11,000	27	1989	27	1993	27	1993	27	PIOW Social and Economic Survey
	Infants/110,000	11.5	1989	10	1993	11.5	1993	11	PIOW Social and Economic Survey
5 % increase in contraceptive prevalence	percent	55	1990	58	1993	55	1993	58	Contraceptive Prevalence Survey
27% decrease in Total Fertility Rate	percent	2.9	1989	2.1	1996	2.8	1996	2.5	Ministry of Health
Reduced rate of HIV transmission among STD clinic attendees every 4 years	rate of HIV seropositivity	0	1991	2	1996	7	1996	6	Ministry of Health Epidemiology Division
Downward trend in overall use of hard drugs (alcohol, cocaine, crack)	% of users	22000	1991	17600	1993	22000	1993	20000	National Council on Drug Abuse (Car) Stone Survey

III.1 Program Output: Improved financial management and administration of health system

Program Output Indicator	BASELINE		TARGET		Current Year 1993		1993 Target		DATA SOURCE
	Unit	Value	date	Value	date	Value	Date	Value	
Installation of fee collection system for facilities and pharmaceuticals	% of hospitals	1	1990	10	1994	1	1994	3	Ministry of Health
Increase in proportion of health services delivered by the private sector	percent	15	1990	25	1996	15	1996	17	Health Information Unit Ministry of Health
Increased contribution of fee collection in hospitals toward cost recovery	% of cost recovery	7	1990	12	1993	7	1993	10	Ministry of Health

JAMAICA

TABLES IA AND IB: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS
 LAC Bureau Objective: ... Support the achievement of broadly-based, sustainable economic growth
 LAC Bureau Sub-Objective: ... Encourage increased economic opportunities for the disadvantaged

III. MISSION STRATEGIC OBJECTIVE --- HEALTHY, SMALLER FAMILIES

III.2 Program Output: Improved Cost Containment Measures in Health System

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
	Unit	Value	date	Value	Value	Date	Value	Date	
Adoption of cost effective treatment protocols for 15 key illnesses	illnesses covered	0	1990	15	0		5		Ministry of Health
Close or lease underutilized secondary care facilities	% of facilities	0	1990	7	0		2		Ministry of Health

III.3 Program Output: Increased effectiveness of family planning services

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
	Unit	Value	date	Value	Value	Date	Value	Date	
Increase proportion of acceptors protected by longer term methods (IUC, IUD & injectable)	percent	42	1990	60	42		50		National Family Planning Board
Reduce public sector share of contraceptives distributed	percent	60	1990	40	60		70		National Family Planning Board Ministry of Health
Increase private sector share of contraceptives distributed	percent	20	1990	60	20		30		National Family Planning Board Ministry of Health

III.4 Program Output: Improved HIV prevention services

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE
	Unit	Value	date	Value	Value	Date	Value	Date	
Expanded condom use and access by general population	percent	42	1990	40	42		45		National Family Planning Board
Proportion of population citing two correct methods of prevention of HIV	percent	63	1990	50	63		45		IPF Unit, Ministry of Health
Reduction in incidence of primary & secondary syphilis in population	cases/100,000	60	1990	40	63		45		IPF Unit, Ministry of Health
Reduction in number of partners for young men with 2 or more partners/month	percent/month	20	1990	20	20		25		IPF Unit, Ministry of Health

JAMAICA

TABLE 1A AND 1B: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES AND PROGRAM OUTPUTS
 LAC Areas Objective: -- Support the achievement of broadly-based, sustainable economic growth
 LAC Areas Sub-Objective: -- Increase economic opportunities for the disadvantaged

III. MISSION STRATEGIC OBJECTIVES --- HEALTHY, SMALLER FAMILIES

III.5 Program Output: Improved targeting of at-risk drug population

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE	
	Unit	Value	date	Value	date	Value	date	Value		date
Increased subsidization of peer counselors in vulnerable communities	# of peers	140	1/1/90	200	1/1/96	140	1/1/92	160	1/1/93	National Council on Drug Abuse
Development of integrated drug reduction marketing and public education strategy	# of strategies	0	1/1/90	1	1/1/96	0	1/1/92	1	1/1/93	National Council on Drug Abuse
Development of extended mass media campaigns (1 month each)	# of campaigns	0	1/1/90	3	1/1/96	0	1/1/92	2	1/1/93	National Council on Drug Abuse
Development of ethnographic surveys to determine practice and usage patterns	# of surveys	2	1/1/90	6	1/1/96	2	1/1/92	6	1/1/93	ICPE Unit, Ministry of Health

III.6 Program Output: Improved Food Stamp Program as Safety Net Measure for the Disadvantaged

Program Output Indicator	BASELINE		TARGET		Current Year 1992		1993 Target		DATA SOURCE	
	Unit	Value	date	Value	date	Value	date	Value		date
Increase in persons benefiting from Food Stamps	# of persons	1250,000	1/1/90	1,000,000	1/1/96	300,000	1/1/92	300,000	1/1/93	Ministry of Labor, Welfare & Sport
50% increase in value of the Food Stamp	US\$	30	1/1/90	45	1/1/96	45	1/1/92	45	1/1/93	Ministry of Labor, Welfare & Sport
Improved efficiency in Food Stamp delivery to targeted population	% of base	70	1/1/90	100	1/1/96	70	1/1/92	80	1/1/93	Ministry of Labor, Welfare & Sport

TABLE 2 - STRATEGIC OBJECTIVES, PROGRAM OUTPUTS AND PROJECTS

STRATEGIC OBJECTIVES & PROJECTS

Project ID	Project Description	PRCD Estimating/Expected	Improved Policies	Improved Export Technology	Increased Productivity	Increased Ag. Production	Improved Urban Services	Improved Health Management	Improved Cost Containment for Health	Increased Family Planning	Improved Tourism Infrastructure	Improved Human Resources
I. STRATEGIC OBJECTIVE: Increased Foreign Exchange Earnings and Employment												
5320155.00	MICROENTERPRISE DEVELOPMENT	9/94 / 9/98										
5320156.00	EXPORT DEV. & INVESTMENT PROM.	4/94 / 9/97	X	X								
5320164.00	POLICY REFORM IN SUPPORT OF PVF. INV.	9/93	X									
5320165.00	AGRICULTURAL EXPORT SERVICES	9/96		X								
5320101.00	HILLSIDE AGRICULTURE (700)	2/94 / 9/97		X	X							
5320129.00	AGRICULTURAL RESEARCH PROJECT	7/93 / 7/96		X	X							
5320120.01	INNER KINGSTON DEVELOPMENT/AJDC	9/93		X	X							
5320160.00	NORTH CONST DEVELOPMENT SUPPORT (700)	7/96							X			
5320159.00	CLASP 2 (500)	9/98								X		
5320129.00	UNI SCHOOL OF NOT IMPROVEMENT	9/93									X	
5320166.00	POLICY REFORM FOR EXPORT & INV. SUPPORT	9/96	X									X
	LAC BUREAU ECONOMIST TRAINING											X

STRATEGIC OBJECTIVES & PROJECTS

Project ID	Project Description	PRCD Estimating/Expected	Strengthen Environmental Organizations	Increased Park Expenditures	Improved Soil Management	Improved Urban Services	Improved Health Management	Improved Cost Containment for Health
II. STRATEGIC OBJECTIVE: Improved Environmental Management & Protection								
5320120.00	PHAC I	8/92 / 12/92		X				
5320174.00	DEV. ENVIRONMENTAL MGT. ORBS..PHAC II	9/97	X		X			
5320101.00	HILLSIDE AGRICULTURE (300)	9/97						
5320168.00	NORTH CONST DEVELOPMENT SUPPORT (300)	7/96				X		
5620149.00	TECHNICAL SUPPORT FOR URBAN SERVICES	9/93				X		
5320169.00	CLASP II (300)	9/98	X					

III. STRATEGIC OBJECTIVE: Healthy, Smaller Families

Project ID	Project Description	PRCD Estimating/Expected	Improved Health Management	Improved Cost Containment for Health
5320152.00	HEALTH SECTOR INITIATIVES	7/96		
5320163.00	FAMILY PLANNING INITIATIVES	7/98		
5320161.00	DRUG ABUSE PREVENTION & CONTROL	9/94	X	
5320153.00	AIDS/STO PREVENTION & CONTROL	8/96		
5320069.00	POPULATION AND FAMILY PLANNING	3/96		
5320200.00	MARCELO'S AWARENESS EDUC. SECTION 416	9/98		
		12/93		

IV. CENTRALLY FUNDED PROJECTS WITH USAID BUY-IN

Project ID	Project Description	PRCD Estimating/Expected	Improved Health Management	Improved Cost Containment for Health
9363055.00	FAMILY PLANNING MORT. DEVELOPMENT			
9363049.00	ASSOC. FOR VOLUNTARY SUBSICAL CONTRACEP.			
9363048.00	FAMILY PLANNING DIAGNOSTIC MGMT.			
9363035.00	OPTIONS FOR POP. POLICY			
5320153.00	AIDS/STO PREVENTION & CONTROL PROJ.			

V. OTHER CONCERNS

Project ID	Project Description	PRCD Estimating/Expected	Improved Health Management	Improved Cost Containment for Health	Improved Drug Abuse Prevention
5320123.00	CROP DIVERSIFICATION IRRIGATION	9/93			
5320029.00	SPECIAL DEVELOPMENT ACTIVITIES	0/04			
5320135.00	PRIMARY EDUCATION ASSISTANCE II	7/93			
532-40-0120	JA. SHELTER SECTOR SUPPORT	9/93			
532-40-012C	JA. SHELTER SECTOR SUPPORT	9/93			
532-40-013	JA. SHELTER AND URBAN SERVICES	9/93			
5320082.00	AGRICULTURAL EDUCATION	9/94			
	FOOD AID MONITORING	3/93			
	SECTION 416 TYPHOID PROGRAM	9/92			
	JAFI	12/92			
5320162.00	CARIBBEAN JUSTICE	12/91			
5320175.00	SUSTAINABLE JUSTICE	6/96			
5320150.00	HARRISBURG RECONSTRUCTION	3/92			
5320000.00	DISASTER PREPAREDNESS	9/95			

TABLE 3: SUMMARY PROGRAM FUNDING TABLE
DOLLAR PROGRAM BY STRATEGIC OBJECTIVE

CATEGORY	FY '92 actual	FY '93 (prop.)	FY '94 (prop.)	FY '95 (prop.)	FY '96 (prop.)
Increased Foreign Exchange Earnings and Employment	21433	22952	21877	23593	23593
LAC Bureau Central Funds	200	200	200		
Improved Environmental Management and Protection	2230	3303	4085	3600	3600
Healthy, Smaller Families	5602	3713	3397	3307	3307
LAC Bureau Central Funds	2116	1141	835	520	520
Other	2435	1532	2141	1000	1000
Total DA and ESF	31700	31500	31500	31500	31500
Development Assistance	16700	16500	16500	16500	16500
Economic Support Funds	15000	15000	15000	15000	15000
PL 480 Food Aid					
PL 480 Section 416 Food Stamp Program	5000	0	0	0	0
PL 480 Title II JADF	1800	0	0	0	0
Total Food Aid	6800	0	0	0	0
LAC CENTRAL BUREAU TOTAL	2315	1341	1035	520	520
MISSION PROGRAM TOTAL	38500	31500	31500	31500	31500

FY 93 NEW PROJECT DESCRIPTION

EXPORT DEVELOPMENT AND INVESTMENT PROMOTION PROJECT AMENDMENT

LAC Bureau Objective: Support Achievement of Broadly-Based, Sustainable Economic Growth

LAC Sub-Objective: Encourage Economic Policies that Promote Investment, Productive Employment and Outward-Oriented Diversification; as well as a Vigorous Private Sector Response

Mission Objective: Increased Foreign Exchange Earnings and Employment

Title: Export Development & Investment Promotion Project

Number: 532-0135

Amendment: \$10.0 million

FY 93 Funding: \$1,524,800

Type of Funding: DA - ARDN/PSEE

LOP Funding: \$17.0 million

New PACD: September, 1997

A. RELATIONSHIP TO MISSION STRATEGY: This amendment supports the principal Mission goal for stable, sustainable and broad-based economic growth by increasing exports, trade and investments, and employment in the private sector. The emphasis on sustainability in all activities further strengthens this project's contribution.

B. HOST COUNTRY & OTHER DONORS: EDIP activities will be coordinated with those financed by the Microenterprise Development Project (MDP), loans under the PL-480 Section 108 Programs, and three PRE Bureau guarantee programs. Policy initiatives with the GOJ are planned in coordination with the World-Bank, IDB and the IMF which provide significant resources for trade and investment reforms. Finally, other donors such as Canadian CIDA, German GTZ and the EEC are adopting the EDIP project strategy of working with private sector organizations and focussing assistance on Jamaica rather than overseas.

C. RELATIONSHIP TO AID POLICY OBJECTIVES: This amendment responds to the Agency's objective of supporting free markets and broad-based economic growth. It directly promotes, privatization, financial sector integration, and sustainability.

D. PROJECT DESCRIPTION: USAID is adding resources to this project in response to the successful policy reform, privatization and private sector efforts accomplished to date, and the need to expand the effort in clearly defined areas.

1. The goal of the amended project is to achieve broad-based sustainable growth. The purpose is to increase trade and investment, leading to expanded sources of foreign exchange, diversification of ownership and products, deeper linkages between importers, exporters and local producers, and reduced government role in the economy.

An evaluation of the overall project strategy will be conducted in early FY 1993 to determine the most appropriate approach to meeting project and program objectives. However, the project is expected to continue to be guided by the themes of market driven demand, sustainability, cost sharing, and a private sector emphasis.

2. Addressing the Constraints - The GOJ initiated substantial macro-economic policy changes supporting free market growth, including liberalization of exchange rates, lowering of tariffs and duties, removal of subsidies, and reduced government role through privatization. This created tremendous opportunities for private investment. Implementation experience and interim program assessments to date confirm the Mission's original findings that constraints to increased trade and investment are interrelated and can not be resolved with a "single-purpose" approach.

Constraints at the government level still include cumbersome bureaucratic controls, poor fiscal and monetary policies, and public ownership of key industries, land and factory space. Financial sector constraints include high interest rates, scarcity of term and small business financing, and under-developed equity markets. At the firm level there is a lack of both skilled workers and middle management, and generally a low level of productivity. In the amendment, USAID will develop specific plans for addressing each major constraint and for assisting selected industries with particularly strong potential for export revenue and employment generation.

3. Expected Results - Principal outcomes of the project include:

- Increased foreign exchange earnings from selected sectors
- Creation or strengthening of sustainable business service organizations
- Increased private investment in divested public enterprises
- Improved fiscal and monetary policies
- Increased/diversified private sector financing instruments
- Increased competition and more diversified investment
- Increased sales/investment in assisted enterprises

4. Activities - The amendment will build on successful initiatives to date and benefit from implementation experience. For example, a market-driven approach led to significant initiatives in privatization, employee stock ownerships, and competition policies which were not anticipated at project design. Business organizations are adopting EDIP's concern about sustainability, and cost sharing and business plan preparation will continue as pre-requisites to project assistance.

Amendment activities are expected to concentrate on five broad areas; export, trade and investment promotion, financial sector development, policy dialogue & reforms, privatization, and small business promotion. Illustrative activities include:

Trade, Investment and Export Promotion

- a) In-plant technology improvements and training to improve the private sector's capability to compete in export markets in the garment, information processing, and other industries.
- b) Developing incentives and improving the business environment to attract investments, eg. financial sector development, employee stock ownership, improved competition laws, more effective government services.
- c) Improving the export and investment documentation process

d) A focus on tourism to support sustainable private business service organizations in tourism centers, and to preserve, protect and improve the physical condition of tourism areas.

Small Business Promotion

e) Improving the business infrastructure, especially for small and export businesses by fostering sustainable business service organizations such as the Small Business Association, National Consumers League, Private Sector Organization, Craft Merchants Association, and others.

f) Support for feeder-industry initiatives that strengthen linkages between large and small scale enterprises to establish technology transfer, financing and marketing relationships.

Policy Dialogue & Reforms

g) Improving dialogue between public and private sectors regarding investment constraints by supporting a secretariat through the PSOJ.

h) Fostering sustainable reforms in fiscal and monetary policies, and implementing pending legislation on pro-competition..

Financial Sector Development

i) Pending policy reforms in capital markets, upgrade stock market and establish the securities exchange commissions.

j) Support further integration of non-bank lending institutions into the formal financial sector.

Privatization

k) Reduce the role of government in the economy, increase competition and create private investment opportunities in infrastructure projects such as port facilities and airports. Streamline the divestiture program where government may have over 275 entities eligible for divestiture.

5. Project Financial Plan

<u>AID Financed Inputs</u>	<u>Previous</u> (US\$000)	<u>Amendment</u> (US\$000)	<u>Life-of-Project</u> (US\$000)
Trade, Investment & Export Promotion	3,440	5,000	8,440
Small/Micro Business	230	500	730
Privatization	2,025	2,000	4,025
Policy Dialogue & Reform	585	1,000	1,585
Financial Sector Development	125	1,000	1,125
Other Initiatives	300	250	550
Implementation & Evaluation	<u>295</u>	<u>250</u>	<u>545</u>
Total	7,000	10,000	17,000

E. IMPLEMENTATION ARRANGEMENTS/MISSION MANAGEMENT ROLE: The Project Amendment will be signed with the Ministry of Finance, and JAMPRO is likely to continue as the implementing agency. Implementation actions will however be shared by a number of public and private sector organizations. This is consistent with the current implementation arrangement that has worked successfully so far. It is anticipated that most contracting will be done by host country agencies, and managed by the Office of Private Enterprise.

F. ISSUES: There are issues related to the appropriate organization within the government to carry out the privatization effort and on the effectiveness of JAMPRO. Also, although a number of assessments have been conducted for the garment, furniture, information processing, privatization and capital markets areas, the project has not had an overall evaluation. USAID plans to evaluate EDIP later in early FY 93 prior to proceeding with this amendment.

FY 93 NEW PROJECT DESCRIPTION

MICROENTERPRISE DEVELOPMENT PROJECT AMENDMENT

<u>LAC Bureau Objective:</u>	Support Achievement of Broadly-Based, Sustainable Economic Growth
<u>LAC Sub-Objective:</u>	Increased Participation by the Historically Disadvantaged
<u>Mission Objective:</u>	Increased Foreign Exchange Earnings and Employment
<u>Project Title:</u>	Microenterprise Development
<u>Project Number:</u>	532-0156
<u>Amendment for:</u>	US\$3.0 million
<u>FY Funding:</u>	1993
<u>Type of Funding:</u>	ARDN/PSEE and Anti-Poverty Lending Matching Fund
<u>Life of Project Funding:</u>	\$5.0
<u>Initial Obligation:</u>	FY 1993
<u>Estimated Final Obligation:</u>	FY 1997
<u>Estimated PACD:</u>	September 1998

- A. RELATIONSHIP OF PROJECT TO A.I.D. COUNTRY STRATEGY: Support for this sector is consistent with Mission strategy to foster broad-based growth through increased investment and employment opportunities, and consistent with the poverty lending strategy articulated in STATE 092836. The project amendment will establish or strengthen lending institutions committed to sustainability and focussed on providing the microenterprise sector with a stable source of institutional financing. This is a prerequisite for the growth of small firms and consequent creation of new employment opportunities.
- B. RELATIONSHIP TO HOST COUNTRY, AID AND OTHER DONORS: The Government of Jamaica and other donors have made the small and micro business sector a priority sector for public and private investment. The project's unique cost-sharing and business-like approach has been adopted by several other donors. Mission resources will complement loan and grant programs being advanced by GOJ and donors such as Canada, West Germany, the Netherlands, the EEC, and UNIFEM. For example, the project established co-financing relationships with GOJ/Netherlands and EEC lending programs by strengthening them to enable borrowing under other programs for expansion. Together with PRE/GEMINI Project resources, the MDP is also collaborating on a two-year, US\$1.0 million research and training initiative by the Netherlands, UNIFEM, GOJ and other local organizations to foster policy reforms. This collaborative strategy will continue under the amendment, expanding to include additional institutions and paying particular attention to the demand for very small loans under US\$300.
- C. RELATIONSHIP TO AID POLICY OBJECTIVES: This project is consistent with USAID Policy objectives, and its relationship will not change substantially under the amendment, with the exception of an increased focus on borrowing for the smallest activities by the very poor. By expanding coverage among small traders and other borrowers of small amounts, the project amendment will more directly address poverty-lending objectives.

This project amendment supports USAID's goals of encouraging structural reforms leading to rapid and sustained growth and the wider sharing of the benefits of growth. Expanding the small and microenterprise business sector addresses USAID's strategic objective on employment generation, broadening the base of ownership and

increasing the number of people who have access to opportunities. With its focus on sustainability and establishing the capacity to source non-donor capital, the Project is also consistent with financial sector policies on interest rates and integration of financial organizations throughout the sector. The project amendment will increase its support for Women in Development considerations since very small loans are used primarily for trade purposes where women dominate in Jamaica.

D. PROJECT DESCRIPTION:

1. Goal & Purpose: The goal of the amended project is unchanged--to increase employment opportunities for the entrepreneurial poor in Jamaica. The purpose remains the same as well--to accelerate the development of microenterprises into more productive, sustainable businesses, primarily by increasing the availability of institutional sources of financing. The amendment builds on the pilot nature of the original concept, in which proposed lending organizations could become fully sustainable, and expands coverage of very small loans.

2. Development Problem Addressed: The fundamental problem addressed by this amendment is the high level of unemployment and underemployment facing Jamaica. Microenterprises play an important role because of the numbers of poor engaged in microenterprise activities and the sector's significant employment potential. Over 40 percent of the country's labor force is categorized as self-employed; a substantial portion of these people are engaged in microenterprise activities outside of the formal economy. The principal constraint to the expansion of this sector on sustainable terms is the lack of institutional sources of financing.

3. Results Expected: The amendment will build on the successes to date of the original project, and accelerate plans to expand its coverage. The project strategy of employing a high level of cost-sharing and using business plans as the prerequisite for grant awards has been confirmed in implementation to date. Two organizations have adopted sustainability as their primary objective and committed to raising substantial non-donor capital to expand. Several opportunities to employ this same strategy in non-credit activities have emerged, with sub-project planning currently underway. The amendment will increase the expected outputs of the original project and accelerate their implementation as shown below;

Major Outputs:

	<u>Previous</u>	<u>Current</u>	<u>LOP</u>
a. Microenterprises established/ assisted	1,500	2,500	4,000
b. Sustainable Programs established		1	2 3
c. Other microenterprise service organizations	3	5	8

The amendment will, thus, permit us to more than double the total number of new enterprises reached so far. By the end of the project, we will have rendered fully sustainable not only the one program already under way (the Enterprise Development Trust)O, but added two more to that list. Finally, we will also have strengthened an additional five other firms and organizations assisting micro-enterprises.

The beneficiaries of the project will continue to be the small entrepreneurs who receive credit and technical assistance to expand their operation as well as the workers they employ. Increased numbers of women will benefit as loan sizes decrease. The program will expand to include more rural based assistance outside of the Kingston Metropolitan Area.

4. Activities - The amended project will expand and replicate initiatives already begun, with an increased focus on very small loan demand. Working primarily with not-for-profit companies and credit unions, grant funds will co-finance the capitalization of loan or equity portfolios to enable small programs to become sustainable. Counterparts will prepare business plans, commit to raising non-donor funds on the local market, and preserve their capital against inflation. Grant funds will also defray some start-up costs and finance both domestic and international technical support where necessary. By financing business plan preparation, technical assistance and other inputs, the amended project will also assist organizations which develop sustainable means to provide production, marketing, management, and other services to microenterprises. Using APPLE funds, the project will finance larger numbers of very small borrowers, and seek out those programs responsive to this end of the market and willing to adopt the project strategy.

5. Project Financial Plan

AID Financed Inputs:	<u>Previous</u> (\$000s)	<u>Current</u> (\$000s)	<u>Life-of-Project</u> (\$000s)
Tech Assist/Proj Mgt	800	750	1,550
Training/Commodities	600	600	1,200
Prog Support & Credit	<u>600</u>	<u>1,650</u>	<u>2,250</u>
Total	<u>\$2,000</u>	<u>\$3,000</u>	<u>\$5,000</u>
Proposed Funding Sources:		ARDN	\$500
		PSEE	\$2,250
		APPLE Fund	<u>\$250</u>
		Total Amend.	\$3,000

E. IMPLEMENTATION/MISSION MANAGEMENT ARRANGEMENTS The Project Amendment will be signed with the Ministry of Finance, and continue with the management support of a PSC expert in microenterprise financing and community development. He will work primarily with not-for-profit companies and credit unions through HB 13 Grants. Small procurements will be handled by grant recipients, including technical support currently provided by Opportunity International and Mennonite Economic Development Associates (MEDA). It will continue to be managed in the Office of Private Enterprise.

F. SUSTAINABILITY Sustainability is assured by the project strategy of assessing programs on their business plans, building capacity to access sources of non-donor capital, and commitment to sustainability in the short run. In the long run, the project is sustainable because of the emphasis placed on making each lending organization able to cover its costs through fees and sound credit management practices. Sustainability will be a key criterion in each sub-project activity considered.

G. ISSUES There are no significant issues to be resolved to conclude this amendment.

FY 93 NEW PROJECT DESCRIPTION

TECHNICAL SUPPORT FOR SHELTER AND URBAN SERVICES AMENDMENT

<u>LAC Strategic Goal:</u>	Broad Based Sustainable Economic Growth
<u>LAC Sub-Goal:</u>	Preservation and Sustainable Use of Natural Resources
<u>Mission Objective:</u>	Improved Environmental Management and Protection, and Healthier Smaller Families
<u>Project Title:</u>	Technical Support for Shelter and Urban Services
<u>Project Number:</u>	532-0149
<u>New Project/Amt:</u>	Amendment
<u>FY Funding:</u>	FY93: \$500,000 (PSEE); FY94-6: \$1.5 million (Health)
<u>Funding Type:</u>	\$500,000 PSEE, \$1.5 million Health
<u>LOP Funding:</u>	\$4 million
<u>PACD:</u>	March 1996

A. Consistency of Project with Mission Strategy: This amendment would contribute directly to all three Mission strategic objectives: 1) increased foreign exchange earnings and employment by helping to preserve the tourism product in this key city; 2) improved environmental management and protection by developing solid waste management and maximizing private provision of solid waste and other essential urban services in some of Jamaica's most highly polluted areas; and 3) promoting healthy families by reducing water pollution and disease from solid waste and other urban problems.

B. Relationship to A.I.D. and Other Donor Activities: Other donors including the EEC (Negril Sewage Treatment) the IBRD and Japanese Cofinancing (North Coast Development Project) are making major infrastructure investments, but no one is addressing the overall solid waste management problem. This amendment would build upon the original project's policy reform efforts with the National Water Commission to expand the dialogue to the Western Parks and Markets (WPM) authority. This organization's jurisdiction includes solid waste management from Negril to Montego Bay. The amendment would permit USAID to work directly with WPM to improve private contractor solid waste collection, revise the fee structure and possibly privatize management of the solid waste dump, in the Montego Bay area. The amendment is particularly appropriate because other donors are not generally concerned with solid waste management and growing environmental and public health problems.

C. Relationship to Overall A.I.D. Policy Agenda: Urban pollution is one of the Agency's five top environmental priorities. Two of the three preferred approaches, strengthening institutional capacity as well as encouraging private sector participation and building public awareness are to be adopted in this amendment.

D. PROJECT DESCRIPTION:

1. Goal and Purpose: The goal of the project is to promote sustainable economic growth. The original project purpose was to produce a self-sustaining delivery system for shelter, water, sewerage and other urban services, using a sectoral lending approach to overcome policy, institutional and procedural constraints in the existing shelter delivery system. This amendment will help overcome one of the most important urban service delivery

constraints by producing self-sustaining private sector solid waste collection and disposal in the WPM area.

2. Major Development Problem: The essential development problem is the rapidly worsening environmental condition of Montego Bay, its consequent negative economic impact through a decline in tourism and loss of foreign exchange, as well as a growing public health risk.

The mayor of Montego Bay as well as local business leaders, in discussions with USAID staff, have identified solid waste collection and disposal as Montego Bay's most critical environmental and urban service delivery problem. Solid waste is building up in the major gullies that comprise the watershed drainage system. When it rains, the garbage is washed into coastal waters contaminating the bay as well as nearby streams. Moreover, the dump site, if not properly managed, poses a threat to underground water systems and public health.

The agency currently responsible for solid waste, Western Parks and Markets, (WPM), uses antiquated systems and technology to collect and manage solid waste. In addition, the population in Montego Bay is not adequately sensitized to the need for their involvement to properly collect and dispose of solid waste.

3. Results Expected from the Project: By its termination, the project will have achieved the following:

- Successfully functioning contractors collecting solid waste from commercial and industrial clients at clients' expense.
- The dump site managed efficiently by a private contractor (or possibly by a private owner), collecting fees and sorting solid waste to the extent profitable.
- Western Parks and Markets effectively collecting solid waste from all residential areas throughout greater Montego Bay, using private contractors wherever possible.
- Reduced human exposure to hazardous wastes and disease vectors caused by the dumps location.

Specific measures of environmental and public health improvement will be obtained from water quality data to be collected (to confirm trends in solid waste pollutants entering the Bay), public health statistics, as well as from project funded research on solid waste throughout the target area.

4. Activities: This project will provide technical assistance and training to Western Parks and Markets, and the Parish Councils to establish a self sustaining private sector system to improve significantly the capacity to collect garbage, to improve the management of dump sites and enhance the financial resources directed at both. Some examples of actions that could emerge from this activity are as follows: establishment of a modern solid waste site to sort, compost, and treat solid waste for fees and revenues from recycling; restructuring contracts to organize communities to collect refuse in burgeoning squatter areas; and development of new contracting and contract monitoring procedures to encourage use at dump sites and proper collection methods. Some examples of policies to be addressed include providing broader

powers to contract for solid waste collection and dump site management, expanded revenue generating activities to promote self-sustaining solid waste management and environmental standards to regulate the dump site. The project will work with the Greater Montego Bay Redevelopment Company (GMRC) to mount a public awareness and education campaign to reinforce the solid waste effort. GMRC would help develop the approach for raising non-government resources to contribute to improving Montego Bay and neighboring urban areas in the interest of preserving Jamaica's tourism product.

5. Project Financial Plan:

	Amendment
	(\$000)
A.I.D. Financed Inputs:	
Technical Assistance	1,000
Training	250
Equipment	750
TOTAL:	2,000
Proposed Funding Sources:	
	PSEE: 500
	HEALTH: 1,500
	Total: 2,000

B. IMPLEMENTATION ARRANGEMENTS: The purpose of this three-year amendment is to facilitate Western Parks and Markets' transition to a streamlined, more private sector oriented, method of collecting and disposing of Montego Bay's solid waste. Hence, the initial stages of the project will involve intense technical assistance to WPM as well as to local government authorities whose cooperation will be needed to make the project a success. Furthermore, the project will probably pursue policy and regulatory reforms with authorities in Kingston. After initial reforms are implemented, the project would also work with the contractors who would begin collecting and managing the waste.

F. SUSTAINABILITY: The primary objective of this amendment is to make solid waste collection and disposal affordable and sustainable. The means of achieving this goal are primarily to collect fees directly from commercial clients and use those to support disposal. It is possible that a limited amount of recycling might also be self-financing, once the capability to sort solid waste is in place. As for WPM's responsibility for residential solid waste collection, the project should result in a substantial increase in effectiveness of collection, at limited additional cost. This additional cost should be a small proportion of the savings to the GOJ from privatizing commercial and industrial collection services as well as the disposal process.

G. MISSION MANAGEMENT ROLE: A Personal Services Contractor in the Regional Housing and Urban Development Office (RHUDO) will devote 75 percent of his or her time to managing the project, supervised by the U.S. Direct Hire RHUDO Director.

H. ISSUES: GOJ willingness to entertain reforms of the solid waste collection and disposal system is the key issue.

FY 93 NEW PROJECT DESCRIPTION

NARCOTICS AWARENESS, EDUCATION AND COUNSELING PROJECT (NAEC)

<u>LAC Bureau Objective:</u>	Support Achievement of Broadly-Based, Sustainable Economic Growth
<u>LAC Sub-Objective:</u>	Encourage Increased Economic Opportunities for the Disadvantaged
<u>Mission Objective:</u>	Promote healthy, smaller families.
<u>Project Title:</u>	Narcotics Awareness, Education and Counseling Project (NAEC)
<u>Project Number:</u>	532-0200
<u>New Project/Amendment:</u>	New Project
<u>FY Funding:</u>	FY93 1,000
<u>Type of Funding:</u>	ED&HR 1,000
<u>LOP Funding:</u>	3.0 million
<u>New PACD:</u>	September 1998

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY: The Project is the focal point for the USAID Mission's involvement in the area of counter narcotics and the U.S. Mission's work in demand reduction. This initiative is consistent with the Agency's Narcotics Control Strategy and the LAC Bureau's strategic directives and directly contributes to the Mission's objective to promote healthy, smaller families.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The National Council on Drug Abuse (NCDA) serves as the coordinating body for all donor assistance in this area. The government's current five year plan calls for coordinated assistance efforts in drug abuse prevention and policy reform with the United Nations, PAHO, The EEC, and OAS in addition to bilateral programs with the United States Mission and four other bilateral donors (Italy, France, U.K. and Canada).

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: This project contributes to the Agency's overall concern for individuals and the development of their economic and social well-being. This project will become the principal US Government assistance tool for addressing the demand side of the drug problem, as State Department and other resources concentrate increasingly on supply issues. Addressing the growing drug abuse problem is an important element in USAID's broader effort to help the GOJ bring health costs and management under control.

D. PROJECT DESCRIPTION (INCLUDING ANTICIPATED RESULTS): The new Narcotics Awareness Education and Counseling Project will build on the lessons derived from the first three year pilot project on Drug Abuse Prevention. Work with the private sector, however, will be a major feature of this program. The Project will consist of two components: a comprehensive awareness and education program and a targeted prevention counseling and early treatment program.

The awareness and education component will enhance public understanding about the drug problem in Jamaica and create a broad base of support to initiate and maintain narcotics control efforts. To achieve this objective, the Project will provide funding for a variety of awareness and education efforts including:

- (1) Primary and Secondary school education programs;
- (2) Coordination and preparation of targeted informational materials, media messages and campaigns;
- (3) Provision of training and technical assistance to non-governmental organizations and private industry;
- (4) Information dissemination to a broad spectrum of opinion leaders, community groups, service providers and current or potential abusing target audiences; and
- (5) Evaluative research.

A second major component will be to develop and test effective prevention counseling approaches for different target populations. As part of this component the Project will include:

- (1) Short-term training in drug abuse identification, diagnosis, rehabilitation and counseling for medical personnel, psychiatrists and social workers from the public and private sectors;
- (2) Grants to outreach programs such as Addiction Alert, Richmond Fellowship and ACOSTRAD* to support peer counseling and early treatment programs in the community; and
- (3) A Narcotics Control Hotline.
- (4) Support and test alternative counselling and vocational training programs for urban out of school youths; and
- (5) Provide support to initiate employee assistance programs in private sector companies island-wide.

It is envisioned that Peace Corps volunteers will play an important role in school education, peer counseling and community outreach efforts.

1. **Project goal and purpose:** The purpose is to inform and educate the Jamaican public about the specific effects of drug abuse, and to prevent an increase in the incidence of crack use through the establishment of a viable public and private sector information, education, prevention counseling, and early treatment program.

*ACOSTRAD has been identified for its ongoing work with prostitutes and other high-risk groups for drug abuse.

2. **Major development problem:** The Project will address the increasing use of crack and cocaine. There are an estimated 20,000 hard drug users, yet relatively few prevention counselling programs. Evidence from ethnographic studies indicate that crack use is increasing among all socioeconomic groups and is affecting teens and young women. While general awareness about the drug abuse problem is increasing, specific understanding about the effects of drug abuse is still low.

3. **Results expected from project:** (1) A 25% reduction in the use of crack and cocaine; (2) Universal awareness about the effects of drug abuse; and (3) A network of institutional and peer counselors available for prevention counselling and early treatment.

4. **Description of anticipated activities:** (1) A comprehensive communications plan will be developed which outlines the target audiences and media to reach these audiences; (2) Trained public opinion leaders and service providers; (3) Primary and Secondary school programs will be established nationwide; (4) Peer Counselling and other prevention counselling and early treatment programs will be established islandwide; (5) Effective drug education and employment counseling programs will be developed for users and non-users; and (6) Employee assistance programs will be established in a broad spectrum of private companies.

5. **Project financial plan:** US\$3.0 million over 5 years

	<u>Life of Project (\$000)</u>
Technical Assistance	900
Training	600
Commodities	500
Local Costs	<u>1,000</u>
Total	3,000

E. **IMPLEMENTATION ARRANGEMENTS:** A Cooperative Agreement will be developed with a U.S. based P.V.O. who will provide sub-grants to local groups and coordinate the communications and education program.

F. **SELF-SUSTAINABILITY OF PROPOSED ACTIVITIES:** The Project will work to institutionalize the capability to design, launch and evaluate drug education, counselling and early treatment activities through existing local private and public sector groups.

G. **MISSION MANAGEMENT ROLE:** The Mission will appoint a Project Officer who in turn will recruit a U.S. based PVO.

H. **ISSUES:** The mission will require A.I.D./W assistance to identify and field a PID design team with expertise in demand reduction interventions to flesh out the components building on successful Jamaican or U.S. approaches.

An issue requiring A.I.D./W clarification is whether the mission can work in testing cost-effective treatment approaches for crack users in the early stages of addiction as part of a comprehensive demand reduction strategy.

FY 93 NEW PROJECT DESCRIPTION

PRIMARY EDUCATION ASSISTANCE PROJECT II AMENDMENT

LAC Strategic Goal:	Broad Based Sustainable Economic Growth
LAC Sub-Goal:	Increased Participation by the Historically Disadvantaged
Other Mission Concern:	Sustainable Improvements in the Relevancy, Effectiveness and Efficiency of the Education System for Meeting the Employment Needs of Society
Project Title:	Primary Education Assistance Project II
Project No.:	532-0155
New Project/Amt:	New Project
FY Funding:	FY93: \$600,000; FY94-5: \$1.0 million
Funding Type:	EHR
LOP Funding:	\$5.6 million
PACD:	September 1995

A. Consistency of Project with Mission Strategy: Mission strategy to support restructuring of the Jamaican economy is aimed at stimulating productivity to meet the demanding quality and efficiency standards of the international market-place. The current stock of human capital is not commensurate with the requirements for such productivity. A 1989 survey showed that Jamaican employers saw inadequate mathematics and English as the two most important shortcomings of school leavers. Mission strategic objectives will be difficult to achieve if primary education continues to perform at a sub-standard level. Failure to improve primary education will result in increasing need for remedial efforts at secondary and higher levels, and in the long run will constitute a significant drag on economic development. This amendment will enhance educational quality by improving the management and planning capacity of the Ministry of Education (MOE), and especially the generation and use of information essential to efficient allocation of scarce resources.

B. Relationship to Host Country, A.I.D. and other donor activities: Over the past decade, social services, including primary education, were cut back below the level of essential requirements. Real public sector outlays for public education declined steadily to a point below that of the early '80s. By 1989 this resulted in a teacher/pupil ratio of 1:43 and a drop in per pupil expenditure to the lowest in the region. Signs of recovery in 1988 were dashed when hurricane Gilbert wrought massive destruction, including major damage to hundreds of schools. As rapid technological advances brought new requirements for managing a modern education system, Jamaica's Ministry of Education fell further behind and rational planning was replaced by crisis management. Decision making was not informed by accurate information. Several limited attempts sponsored by other donors have been made to build information systems in the Ministry but none has taken a comprehensive view of requirements for broad planning and policy purposes.

The Administrative Reform Program, financed by a loan from the World Bank will provide the Ministry with enhanced capacity to manage personnel and budgetary aspects of the education system. The Bank intends to support broader system requirements through a new social sector loan that would begin to provide resources in late 1994. This amendment will fill the gap and provide key technical assistance for training and institutional development that will

allow the Ministry to make effective use of loan resources during the mid to late 90's.

C. Relationship of Project to overall A.I.D. policy objectives:

This project promotes the Agency goal of concern for individuals and their economic and social well-being. It also follows A.I.D.'s 1982 policy paper on Basic Education. Subsequent guidance encourages missions to focus on increasing the efficient use of education resources, the quantitative and qualitative outputs from educational investments and the effectiveness of the education system in supporting economic and social development objectives. This amendment's focus on enhanced policy and planning capability contributes to these objectives, as well as to spurring economic growth, a process that requires an educated and motivated labor force.

D. Project Description (including anticipated results):

- 1) **Project goal and purpose:** The goal remains: to achieve a primary education system that is consistent with the long term structural changes and economic targets of Jamaica. Likewise, the purpose remains: to improve the effectiveness and efficiency of the primary education system in Jamaica. By enhancing the ability of the MOE to better use resources and enhance programs, this amendment contributes directly to both aspects of project purpose.

- 2) **Development problem addressed:** Reduction in budgets and prolonged neglect of the system have resulted in a woefully ineffective and inefficient primary school system. It is ineffective because it does not graduate students in six years with acceptable literacy and numeracy skills, and it is inefficient in that financial resources are being wasted through drop outs, repetition and low performance. It is also inefficient in the way it sets priorities and allocates resources. Overall, the Ministry lacks the information and analytical capacity necessary to increase cost-effectiveness of the educational system. It can neither assess immediate outcomes nor identify opportunities for improvement. MOE policy-makers recognize these weaknesses and are determined to carry out long range and strategic planning that includes a sufficient analysis of opportunities and costs.

- 3) **Results Expected:** Without this amendment, the educational strengthening component focuses only on the technical aspects of improving mathematics. With the amendment, resources are provided to correct managerial and policy level inefficiencies that stifle technical/subject matter improvement efforts. A strong information base will, inter alia, provide the capability to assess progress in strengthening mathematics curriculum, teaching and testing. It also provides essential underpinning for the Ministry's policy of decentralization (also supported by this project) by making it possible to judiciously allocate resources without exercising direct control. The system will support and be used at the school, regional and central ministry levels. The immediate beneficiaries are educators at the school, regional and central levels. The ultimate beneficiaries are the 400,000 primary school students who will be better serviced by more efficient delivery of services and higher quality teaching. Recent A.I.D. experience suggests that information systems developed with the users can be powerful tools for educational planning and policy analysis. For example, in Jordan such a system was recently used to develop an

alternative plan for upgrading all schools in the country, resulting in substantial savings over plans proposed earlier. In Pakistan, the system was instrumental in rationalizing the location of schools and resulted in a more equitable distribution of scarce resources. In Egypt, a system produced composite indicators of general school conditions which were used to prioritize schools by need and target resources more efficiently.

5) Activities: The project will develop and institutionalize the capacity to maintain an integrated education data base, including a system for broad dissemination and access to education data. Technical assistance will focus on strengthening capacity to: do policy analysis, effectively use the results of that analysis and develop models that respond to the results of the analysis. During an initial year systems are developed and tested, and policy analysts are trained. The first full cycle for using the system is in year two, during which training continues. The first full data set is available for analysis in year three. Modifications are made and a second full cycle completed in year three. These activities constitute the minimum period from which reasonable success can be expected from this effort.

6) PROJECT FINANCIAL PLAN

<u>FINANCED INPUT</u>		<u>PREVIOUS</u>	<u>CURRENT</u>	<u>LOP</u>	<u>AID</u>
A.	Decentralization	1,300,000	100,000	1,400,000	
B.	Educational Program Strengthening				
	1. Mathematics				
	Education & Testing	2,100,000	-	2,100,000	
	2. Policy Planning & Management Systems	200,000	1,500,000	1,700,000	
C.	Evaluation and Audit	170,000	-	170,000	
D.	Contingency	230,000	-	230,000	
	TOTAL	4,000,000	1,600,000	5,600,000	

E. Implementation/Mission management arrangements: The policy and management activities will be implemented under the guidance of a senior policy group within the MOE. Some minimal restructuring to combine and elevate necessary functions has been agreed to in principle. Resident technical assistance is planned for the first three years of the effort. While management of this element and its technical assistance will expand the portfolio of the assigned project officer, it will not require additional staff in the OEHR.

F. Sustainability: Recognition of the crisis in primary education is widespread and fully accepted by Ministry policy-makers. Likewise, there is strong determination to take steps that will improve decisions that affect quality and that drive resource allocations. Given this, and the collaborative effort with other donors whose related programs will phase in at a later date, the increased program emphasis provided by this amendment and the project as a whole will receive adequate support to attain a self-sustaining level at the conclusion of donor support. This is reinforced by the expectation that increasing financial support will be forthcoming from communities as decentralization of system operation and maintenance becomes a reality.

G. Issues: There are no significant design issues to be resolved.

FY 94 NEW PROJECT DESCRIPTION

POLICY REFORM FOR TRADE AND INVESTMENT SUPPORT

LAC Bureau Objective: Support Achievement of Broadly-Based, Sustainable Economic Growth

LAC Sub-Objective: Encourage Economic Policies that Promote Investment, Productive Employment and Outward-Oriented Diversification

Mission Objective: Increased Foreign Exchange Earnings and Employment

Project Title: Policy Reform for Trade and Investment Support

Project Number: 532-0166

New Project/Amendment: New Program

FY 94 Funding: \$15 million

Type of Funding: ESP

LOP Funding: \$45 million

New PACD: September 1996

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY: Mission strategy foresees continuing support for the restructuring of the Jamaican economy aimed at stimulating exports and private investment. Sharper focus on investment and infrastructure bottlenecks to export expansion would be a logical extension of Mission strategy articulated in the 1991-93 ESP Policy Reform Program In Support of Private Investment.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: Through a series of loans, the Multi-lateral lenders supported by USAID ESP grants are prompting reforms in the trade, finance, investment, and credit sectors. The policy environment, investment, and infrastructure linkages from the export producer directly to the export market are only beginning to be addressed. Continued policy reform in this area would complement the EAI and MIF, and further A.I.D.'s objective of expanded trade.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: A key element of the proposed program would be the encouragement of a vigorous private sector response to a favorable policy environment. The program would support the Agency's goal of achieving broadly-based, sustainable economic growth through the adoption of and continued adherence to economic policies that promote investment, productive employment, and trade-led economic diversification.

D. PROJECT DESCRIPTION This activity will build on the current ESP program, but sharpen the policy focus to more directly support trade development and foreign exchange earnings.

1. The goal is to stimulate sustained export-led growth, thereby increasing employment and foreign exchange earnings. The purpose is to continue the reform and removal of policy environment, investment, and infrastructure constraints on attaining that goal.

2. EEC and other export quotas for traditional exports have consistently been underfilled. Non-traditional exports have grown unevenly, and in some cases fallen. Recent policy reforms have not yet had a significant impact on exports.

3. Export employment and earnings would increase through the removal of infrastructure and policy constraints and bottlenecks.

4. Foreign exchange will be used to finance imported private sector capital goods only, to be used only in the export sector. Local currency will be used for local costs of projects and institutional reform. Particular attention will be given to support for infrastructure activities that support trade and investment, as well as institutional, regulatory, and legislative reforms to facilitate export investment.

5. The financial plan is straight-forward -- two tranches each year for three years of \$7.5 million per tranche.

E. IMPLEMENTATION A policy dialogue with the Government would identify critical constraints, physical, institutional, and policy. A program matrix would be developed, and an action plan. The Ex-Im Bank of Jamaica would identify and verify import requirements valid under the program just as it does for the current ESF. The Planning Institute, along with JAMPRO, and appropriate private sector bodies, such as the Jamaica Exporters Association would over-see other aspects of program implementation.

F. SUSTAINABILITY Recognition that, even after extensive policy and institutional reforms, export employment and earnings have not grown as expected is widespread in both the public and private sectors. At the same time, the Government and its private sector counterparts are seeking ways to break what appears to be an impasse. The proposed program would follow on significant reforms in a number of crucial sectors, but the program would sharpen the focus and impact on the export sector. With increased earnings and employment

G. MISSION MANAGEMENT: USAID oversight and management will be primarily by the Private Enterprise office, with the assistance of the Mission Economist.

H. ISSUES: The specific reform agenda and even the structure of this program will depend on the progress which Jamaica achieves in the next two years. Depending on the pace at which the GOJ enacts the reforms, and the degree to which the private sector responds, the program would be designed to address sectoral policy and investment constraints which would complement macroeconomic reforms.

Table 5:

Country: JAMAICA

TITLE: POLICY REFORM FOR
TRADE AND INVESTMENT SUPPORT

Project/Program

Number: 532-0166

Activities	Project Outputs	Strategic Objectives
Policy dialogue to support trade development and foreign exchange earnings.	Removal of infrastructure and policy constraints and bottlenecks. Support for structural reform will contribute to better environment for trade and investments.	Increased foreign exchange earnings and employment.

NOTE: Relation of Projects to Program Outputs is in Table 2.

Table 5:

Country: JAMAICA

TITLE: PRIMARY EDUCATION
ASSISTANCE PROJECT II

Project/Program

Number: 532-0200

Activities	Project Outputs	Strategic Objectives
Develop and institutionalize an integrated education data base. Train policy analysts. Strengthen capacity to do policy analysis, effectively use that analysis, and develop models to respond to the results of the analysis.	Improved education monitoring capacity. Strong information base with which to assess progress in strengthening of Mathematics Curriculum, teaching and testing. Improvement in a number of administrative and management data sub systems.	Other concerns.

NOTE: Relation of Projects to Program Outputs is in Table 2.

Table 5:

Country: JAMAICA

TITLE: NARCOTICS AWARENESS
EDUCATION AND COUNSELING

Project/Program

Number: 532-0200

Activities	Project Outputs	Strategic Objectives
Develop comprehensive communication plan outlining target audiences and the media to reach these audiences.	25% reduction in the use of crack cocaine. Universal awareness of the effects of drug abuse.	Promote healthy and smaller families.
Train public opinion leaders and service providers.	A network of institutional and peer counselors.	
Establish primary and secondary school programs.		
Establish peer counselling and other prevention counselling.		
Effective drug education and employment counselling programs.		
Establish employee assistance programs.		

NOTE: Relation of Projects to Program Outputs is in Table 2.

Table 5:

Country: JAMAICA

TITLE: TECHNICAL SUPPORT FOR
SHELTER AND URBAN SERVICES
Number: 532-0149

Activities	Project Outputs	Strategic Objectives
Provide technical assistance in order to establish a self sustaining private sector system for the collection of garbage; improved management of dump sites and establish a public awareness and education campaign to reinforce solid waste management.	Collection of solid waste from commercial and industrial clients at clients expense. Efficient management of dump site by private contractor. Effective collection of solid waste from residential areas.	Improved Environmental Management.

NOTE: Relation of Projects to Program Outputs is in Table 2.

Table 5:

Country: JAMAICA
Project/Program

TITLE: MICROENTERPRISE
DEVELOPMENT TRADE PROMOTION
NUMBER: 532-0156

Activities	Project Outputs	Strategic Objectives
Assist organizations which develop sustainable means to provide production, marketing, management, and other services to microenterprises.	Microenterprises established/assisted. Sustainable programs established. Lenders/venture capital firms assisted/strengthened.	Increased Foreign Exchange Earnings and Employment.

NOTE: Relation of Projects to Program Outputs is in Table 2.

Table 5:

Country: JAMAICA

Project/Program

TITLE: EXPORT DEVELOPMENT
TRADE PROMOTION
NUMBER: 532-0135

Activities	Project Outputs	Strategic Objectives
Activities will concentrate on export, trade and investment promotions, financial sector development, policy dialogue and reforms, privatization, and small business promotions.	Increased foreign exchange earnings from selected sector. Creation or strengthening of sustainable business service organizations. Increased private investment in divested public enterprises. Improved fiscal and monetary policies. Increased/diversified private sector financing instruments. Increased competition and more diversified investments. Increased sales/investment in assisted enterprises.	Increased Foreign Exchange Earnings and Employment

NOTE: Relation of Projects to Program Outputs is in Table 2.

TABLE 6
 FY 93
 LOCAL CURRENCY UTILIZATION
 (\$000)

A. USES	ESF	PL-480 I	PL-480 II	SEC 416	OTHER	TOTAL
H6 BUDGET GEN						
H6 BUDGET SECTOR						
H6 CONTRIBUTION TO AID PROJECT	7,005					7,005
H6 CONTRIBUTION TO OTHER DONOR PROJECT. (JAPANESE CO-FINANCING)	6,261					6,261
H6 MANAGED L/C PROJ. GOVT. OR PRIVATE						
AID PROGRAM TRUST FUND						
AID OE TRUST FUND	1,734					1,734
SECTION 108						
OTHER (MONETIZED PL480 TITLE III)						

TOTAL CHANNEL						
B. FOR ASSISTANCE	15,000					15,000

PUBLIC SECTOR	15,000					15,000

PRIVATE SECTOR						

TOTAL	15,000					15,000

TABLE 6
 FY 94
 LOCAL CURRENCY UTILIZATION
 (\$000)

A. USES	ESF	PL-480 I	PL-480 II	SEC 416	OTHER	TOTAL
H6 BUDGET GEN						
H6 BUDGET SECTOR						
H6 CONTRIBUTION TO AID PROJECT	8,720					8,720
H6 CONTRIBUTION TO OTHER DONOR PROJECT. (JAPANESE CO-FINANCING)	4,500					4,500
H6 MANAGED L/C PROJ. GOVT. OR PRIVATE						
AID PROGRAM TRUST FUND						
AID OF TRUST FUND	1,780					1,780
SECTION 100						
OTHER (MONETIZED PL480 TITLE II)						

TOTAL CHANNEL						
B. FOR ASSISTANCE	15,000					15,000

PUBLIC SECTOR	15,000					15,000

PRIVATE SECTOR						

TOTAL	15,000					15,000

TABLE 6
 FY 95
 LOCAL CURRENCY UTILIZATION
 (\$000)

A. USES	ESF	PL-480 I	PL-480 II	SEC 416	OTHER	TOTAL
H6 BUDGET GEN						
H6 BUDGET SECTOR						
H6 CONTRIBUTION TO AID PROJECT	9,130					9,130
H6 CONTRIBUTION TO OTHER DONOR PROJECT. (JAPANESE CO-FINANCING)	4,000					4,000
H6 MANAGED L/C PROJ. GOVT. OR PRIVATE						
AID PROGRAM TRUST FUND						
AID OE TRUST FUND	1,870					1,870
SECTION 108						
OTHER (MONETIZED PL480 TITLE II)						

TOTAL CHANNEL						
B. FOR ASSISTANCE	15,000					15,000

PUBLIC SECTOR	15,000					15,000

PRIVATE SECTOR						

TOTAL	15,000					15,000

TABLE 7: SUMMARY PROGRAM FUNDING TABLE

		FY92	FY93	FY94	MISSION STRATEGIC OBJECTIVE: NO. 1
		OYB	OYB	OYB	INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT
LAC BUREAU SUB OBJECTIVE: ENCOURAGE POLICIES THAT PROMOTE INVESTMENT, PRODUCTION EMPLOYMENT AND OUTWARD-ORIENTED DIVERSIFICATION					
LAC BUREAU SUB OBJECTIVE: ENCOURAGE A VIGOROUS PRIVATE SECTOR RESPONSE					
532-0135	EDIP	1480	1525	2000	.
532-0156	Microenterprise	600	875	300	.
532-0165	Ag. Export Services	1083	1000	2032	.
532-0101	Hillside Agriculture (70%)	630	978	770	.
532-0128	Agricultural Research	800	748	380	.
532-0120	Inner Kingston Development	200	898	500	.
532-0168	Northcoast Development Support (70%)	400	187	350	.
532-0169	CLASP II	475	354	225	.
532-0129	UMI Management Education	300	1067		.
532-0221	IFESH				.
	PO&S	465	320	320	.
	Sub Total	6433	7952	6877	.
	As % of FY 92 OYB (\$16,700)	39%			.
	As % of FY 93 OYB (\$16,500)		48%		.
	As % of FY 94 OYB (\$16,500)			42%	.
LAC BUREAU SUB OBJECTIVE: ENCOURAGE PRESERVATION OF THE NATURAL RESOURCES BASE					MISSION STRATEGIC OBJECTIVE 2: IMPROVED ENVIRONMENTAL MANAGEMENT AND PROTECTION
532-0172	DEMO/PARC	1200	1841	2770	.
532-0101	Hillside Agriculture (30%)	270	419	330	.
532-0149	Technical Support for Shelter/Urban	275	750	700	.
532-0168	Northcoast Development Support (30%)	200	81	150	.
532-0169	CLASP II	285	212	135	.
	Sub Total	2230	3303	4085	.
	As % of FY 92 OYB (\$16,700)	13%			.
	As % of FY 93 OYB (\$16,500)		20%	25%	.
	As % of FY 94 OYB (\$16,500)				.
LAC BUREAU SUB OBJECTIVE: ENCOURAGE INCREASED ECONOMIC OPPORTUNITY FOR THE DISADVANTAGED					MISSION STRATEGIC OBJECTIVE 3: HEALTHY SMALLER FAMILIES
532-0152	Health Sector Initiatives	682	664	682	.
532-0163	Family Planning Initiatives	3315	1250	1300	.
532-0161	Drug Abuse Prevention and Control	0	100		.
532-0169	CLASP II	190	141	90	.
532-0200	Narcotics Awareness Education & Cont.		543	360	.
532-0153	AIDS/STD Prevention and Control	965	965	965	.
532-0157	Food Aid Monitoring	400			.
	PO&S	50	50		.
	Sub Total	5602	3713	3397	.
	As % of FY 92 OYB (\$16,700)	34%			.
	As % of FY 93 OYB (\$16,500)		23%		.
	As % of FY 94 OYB (\$16,000)			21%	.
OTHER CONCERNS					
532-0029	SOAF	100	100	100	.
532-0082	Agricultural Education	0	0	0	.
532-0123	Crop Diversification	0	0	0	.
532-0155	Primary Education	1902	400	1211	.
	Sustainable Justice	433	1032	830	.
	Sub Total	2435	1532	2141	.
	As % of FY 92 OYB (\$16,700)	15%			.
	As % of FY 93 OYB (\$16,500)		9%		.
	As % of FY 94 OYB (\$16,000)			13%	.
FOOD AID					
	Section 416 Food Stamp Pro	5000	0		.
	JRDF	1800	0		.
	Sub Total	6800			.
ECONOMIC SUPPORT FUND					
LAC BUREAU SUB OBJECTIVE: ENCOURAGE POLICIES THAT PROMOTE INVESTMENT, PRODUCTION EMPLOYMENT AND OUTWARD-ORIENTED DIVERSIFICATION					MISSION STRATEGIC OBJECTIVE 1: INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT
LAC BUREAU SUB OBJECTIVE: ENCOURAGE A VIGOROUS PRIVATE SECTOR RESPONSE					
532-0164	Policy in Support of Private Invest.	15000	15000	15000	.
	SUB TOTAL ESF	15000	15000	15000	.
	PROGRAM TOTAL	38500	31500	31500	.

ANNEX I

USAID JAMAICA'S STRATEGIC OBJECTIVES AND WORK PLAN

Strategic Objective I: INCREASED FOREIGN EXCHANGE EARNINGS AND EMPLOYMENT.

- Initiate renovation of the 500,000 square foot Rum Stores warehouse/factory complex that will provide space for over 4,000 workers.
(June 1992)
- College of Agriculture Foundation begins operations.
(June 1992)
- Pro Competition Act of 1992 passed.
(June 1992)
- Under the Jamaican Agricultural Research Project (JARP), complete plan for institutionalization of Jamaican agricultural research.
(July 1992)
- First annual Advanced Executive Management Development Program, for not fewer than 25 top private sector managers, completed by the Institute of Business (IOB), University of the West Indies.
(July 1992)
- Sign support agreement with ASSIST to provide increased level of micro-enterprise support services and credit.
(June 1992)
- Hold "Second Tier", Section 108 Auction of J\$10 million P1 480 funds to provide development finance to the small business sector at market rates of interest.
(August 1992)
- Hold fifth Section 108 Auction of J\$58 million for commercial and merchant banks to provide long term development finance to the private sector at market rates of interest.
(August 1992)
- Reconstruction begins on diversion dam under CD/I.
(August 1992)
- Agreement on plan for sustainable use of fumigation/storage/packing facilities at international airport, Kingston.
(August 1992)

- ESOP legislation enacted and regulations approved.
(August 1992)
- Foreign Exchange Act repealed to further eliminate exchange controls.
(August 1992)
- GOJ issues zoning order for western command area of Rio Cobre Irrigation System, to protect valuable agricultural land from urban encroachment.
(September 1992)
- Secretariat for the Joint Public/Private Sector Working Group staffed and operational.
(September 1992)
- Fair Trading Commission staffed and operational.
(September 1992)
- ESOP's conference held for high level government and private sector leaders.
(September 1992)
- Seven government owned entities transferred to private control.
(September 1992)
- Data entry marketing firm business plan completed and firm incorporated.
(September 1992)
- Hold sixth Section 108 Auction of J\$75 million for commercial and merchant banks to provide long term development finance to the private sector at market rates of interest.
(October 1992)
- Initiation of a Plant Tissue Culture sub-project under the Agricultural Export Services Project (AESP). The sub-project will develop a private sector capacity to propagate high yielding, disease resistant food and ornamental plants via tissue culture techniques.
(October 1992)
- Initiate new sub-projects under the HAP in the Wag Water and Yallahs watersheds.
(October 1992)

- Graduate training initiated for five economists under the new Arthur Lewis Economics Program that is focussed on enhancing capacity in fiscal policy, economic analysis and banking.
(October 1992)
- Agreement on plans to improve sustainability and services offered to membership with one business support organization.
(October 1992)
- Establish Fiscal Policy Management Unit in Ministry of Finance to upgrade the Ministry's fiscal analysis, policy formulation and management capacity.
(November 1992)
- Complete rehabilitation of Agricultural Marketing Corporation facilities funded under AESP.
(November 1992)
- Completion of all AID-financed buildings and facilities at the College of Agriculture and Knockalva resulting in increased enrollment.
(November 1992)
- Hold second "Second Tier", Section 108, Auction of J\$25 million Pl 480 funds to provide development finance to the small business sector at market rates of interest.
(December 1992)
- Hold seventh Section 108 Auction of J\$75 million for commercial and merchant banks to provide long term development finance to the private sector at market rates of interest.
(December 1992)
- Agreement reached to improve sustainability and provide increased level of service and credit with one micro-enterprise lending organization.
(December 1992)
- Initiate participation by three thousand new farmers in improved tree crop management systems for watershed protection under HAP.
(December 1992).
- Complete improvements to King Street, Inner Kingston, including improved drainage upgrade and installation of fountains.
(December 1992)

- Initiation of pilot housing project for Inner Kingston.
(December 1992)
- Completion of Master Plan for Inner Kingston that will guide downtown redevelopment and a means to encourage investment in downtown.
(January 1993)
- Initiation of Aquaculture sub-project under the AESP. The sub-project will strengthen the capacity of Jamaica's public and private sectors capability to produce export quality fish.
(January 1993)
- Initiation of a new sub-project under the AESP that will strengthen the agricultural marketing system.
(January 1993)
- Five tracts of agricultural land transferred to private control.
(January 1993)
- Seven government owned entities transferred to private control.
(February 1993)
- Degree training initiated in the U.S. for 15 participants in areas directly related to increased foreign exchange earnings and employment.
(February 1993)
- Complete renovation of Gold Street Police Station, Inner Kingston.
(February 1993)
- Initiate EDIP sub-project to automate Stock Exchange.
(March 1993)
- Two ESOP plans approved by Ministry of Finance.
(March 1993)
- Hold eighth Section 108 Auction of J\$75 million for commercial and merchant banks to provide long term development finance to the private sector at market rates of interest.
(March 1993)

- National survey of micro enterprise sector completed.
Monitoring system operational.
(March 1993)
- Agreement on plans to improve sustainability and services offered to membership with one business support organization.
(March 1993)
- Data entry marketing effort initiated.
(March 1993)
- Initiate marketing and production improvement efforts by the National Craft Merchants Organization.
(March 1993)
- Return of trained faculty to reduce dependence on expatriate faculty for the Executive MBA at the IOB, University of the West Indies from 50% to 30% of program contact hours.
(March 1993)
- Automated local currency tracking system operational under Food Aid Monitoring and Support Project.
(March 1993)

Strategic Objective II: IMPROVED ENVIRONMENTAL MANAGEMENT AND PROTECTION

- Passage of legislation delineating park boundaries for Mo-Bay Marine Park and Blue Mountain Park.
(June 1992)
- Approve Articles of Association for Environmental Foundation of Jamaica under the Enterprise for the Americas Initiative (EAI)
(June 1992)
- National Parks Trust Fund operational and generating income for support of National Parks System through private sources.
(June 1992)
- Appoint Secretariat for Environmental Fund of Jamaica under the Enterprise for the Americas Initiative (EAI)
(July 1992)
- Complete and disseminate National Park System Plan (PARC I)
(August 1992)
- Complete NEST organization development strategy and action plan to meet NGO training and technical assistance implementation requirements of Environmental Foundation of Jamaica grant program and SITE activities.
(September 1992)
- Initiate environmental monitoring program under HAP.
(October 1992)
- Complete baseline environmental studies in Negril and Montego Bay against which progress in environmental management can be measured.
(October 1992)
- Complete analyses for NRCA of environmental policy issues through year 2000 with prioritization of key issues and action plan for implementation.
(November 1992)
- Establish "Local Environmental Management Councils" and environmental management action plans in Negril and Montego Bay.
(December 1992)

- Montego Bay environmental monitoring system (NCDP) operational.
(December 1992)
- Initiation of activities including designation of boundaries and staff as well as development of an operational plan for two new national parks under PARC.
(March 1993)

Strategic Objective III: HEALTHY, SMALLER FAMILIES

- Complete divestment studies for five hospital support services and divest services to private contractors.
(August 1992)
- Privatize the contraceptive social marketing program
(September 1992)
- Restructure and advise the National Family Planning Board to focus on Family Planning Advocacy and Promotion
(October 1992)
- Complete a strategic plan which maximizes the role of the private sector in the National AIDs Program
(September 1992)
- Restructure Ministry of Health headquarters including redeployment of staff to decentralized western regional headquarters.
(October 1992)
- Design new narcotics awareness and counselling program which is national in scope and based in the private sector.
(October 1992)
- Expand distribution of subsidized condoms to high risk groups as part of AIDS/STD program..
(November 1992)
- Complete ethnographic studies which define magnitude of the drug abuse problem.
(November 1992)
- Policy decision by health insurance industry to accept contraception services, including surgical contraception, as allowable benefits under insurance plans.
(December 1992)
- Under Typhoid Eradication Program, a fully equipped laboratory for testing carrier status of selected populations becomes operational.
(January 1993)
- Potable water supply on line in Westmoreland with acceptable coliform count and chlorination levels.
(January 1993)

- Completion of installation of 1000 pit latrines in Savanna la Mar, and repairs of sewage treatment at Shrewsbury, Llandillo, and Savanna la Mar Hospital also completed.
(January 1993)
- Increase hospital fees up to 20% of facility costs
(February 1993)
- Expand fee collection systems to primary care facilities. Assure that a price index for fees is adopted based on actual costs.
(February 1993)
- Launch private sector family planning program financed by health insurance industry in the in-bond sector.
(February 93)
- Further rationalization of MOH facilities by closing or leasing to the private sector three hospitals and five health centers.
(March 1993)
- Improved typhoid surveillance system, including implementation of a typhoid register, in place in Westmoreland.
(March 1993)

IV. AREAS OF CONCERN

1. Objective: Increase the affordable provision of land, shelter, and infrastructure to individuals and families at or below the median income level while strengthening the sustainable role of private sector institutions within the sector.
- Establishment of a Shelter Sector Monitoring System at the Planning Institute of Jamaica which will create and maintain a database of key sectoral indicators to support and direct policy development and implementation.
(June 1992)
 - GOJ signs Mortgage Servicing Agreement with the Building Societies in order improve collections on new GOJ serviced site and squatter upgrading developments.
(July 1992)
 - Ministry of Construction signs contracts and commences construction of up to 4,000 upgraded squatter lots and serviced sites in the Norwood/Rosemont area near Montego Bay.
(July 1992)
 - National Water Commission procures materials and commences construction of off-site infrastructure to support Norwood development.
(July 1992)
 - Complete feasibility discussions with the GOJ and CHFC in order to determine the desirability of a local currency refinancing of the HG-014 loan note.
(October 92)
 - Annual Review of Shelter and Urban Services sectoral program and the establishment of new policy objective benchmarks.
(September 1992)
 - Commencement of construction by the private sector of a low income shelter development financed under the HG-012 Private Sector Program.
(September 1992)
 - Commence full implementation of CHFC's MIS and sub-accounting system in order to strengthen CHFC's financial management of the project and streamline the project management process.
(December 1992)