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**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523**

JAMAICA

PROJECT PAPER

**EXPORT DEVELOPMENT AND INVESTMENT PROMOTION
AMENDMENT NUMBER 1**

**AID/LAC/P-844
CR-596**

PROJECT NUMBER: 532-0135

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>1</u>	DOCUMENT CODE <u>3</u>
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2. COUNTRY/ENTITY USAID/Jamaica	3. PROJECT NUMBER <u>532-0135</u>
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4. BUREAU/OFFICE LAC <u>05</u>	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Export Development & Investment Promotion
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY <u>03</u> <u>15</u> <u>97</u>	7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY <u>90</u> B. Quarter <u>2</u> C. Final FY <u>96</u>
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	1,900	400	2,300	11,475	1,525	13,000
(Grant)	1,900	400	2,300			
(Loan)						
Other U.S.						
1.						
2.						
Host Country & Private Sector		339	339	- 0 -	5,592	5,592
Other Donor(s)						
TOTALS	1,900	739	2,639	11,475	7,117	18,592

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DAF				6,955	- 0 -	5,000	- 0 -	12,000	- 0 -
(2) ESF						1,000	- 0 -	1,000	- 0 -
(3)									
(4)									
TOTALS				6,955	- 0 -	6,000	- 0 -	13,000	- 0 -

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY PURPOSE CODES
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12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code B. Amount

13. PROJECT PURPOSE (maximum 480 characters) <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> To increase exports and diversify investment </div>
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14. SCHEDULED EVALUATIONS Interim MM YY <u>05</u> <u>03</u> Final MM YY <u>97</u>	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)
 This Amendment increases the LOP authorized amount by US\$6.0 million for a new total of \$US13.0 million. This increase of funds supports a series of inter-related activities grouped around the following four (4) pillars: (i) Policy Implementation; (ii) Privatization (iii) Financial Market Strengthening; (iv) Export Development.

17. APPROVED BY EXO: <u>Raymond Dunbar</u> Signature: <u>Robert S. Queener</u> Title: Director, USAID/Jamaica	Date Signed MM DD YY <u>09</u> <u>17</u> <u>93</u>	Signature: <u>Marjorie Lewis</u> Title: <u>Controlle</u> 18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DISTRIBUTION, DATE OF DISTRIBUTION MM DD YY <u>09</u> <u>17</u> <u>93</u>
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Project Authorization

Amendment No. 1

Country: Jamaica
Project Title: Export Development and Investment Promotion
Project Number: 532-0135

1. Pursuant to Sections 103 and 106 of the Foreign Assistance Act of 1991, as amended, the Export Development and Investment Promotion Project for Jamaica was authorized on March 15, 1990 for planned obligations not to exceed Seven Million United States Dollars (US\$7,000,000) in grant funds over a four year period from the date of authorization. That authorization is amended as follows:

- A. **Section 1 is amended to read as follows:**
Pursuant to Part I, Chapter 1, and Part II, Chapter 4, of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Export Development & Investment Promotion Project for Jamaica, involving planned obligations of not to exceed Thirteen Million United States Dollars (U.S.\$13,000,000) in grant funds (the "grant"), over a seven year period from date of authorization, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned Project Assistance Completion Date is March 15, 1997.
- B. **Section 2 is amended by adding the following sentence at the end of the paragraph:** The Project will support a series of inter-related activities grouped around four pillars: Policy Implementation; Privatization; Financial Markets; and Export Development.
- C. **The following conditions and covenants are added:** The Project Agreement will contain, in substance, the following conditions and covenants except as A.I.D. may agree otherwise in writing.

(1) Conditions Precedent:**(a) Additional Disbursement:**

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance any Customs Services reform elements, except for any assistance necessary to develop an action plan, the Grantee agrees to complete a Memorandum of Understanding with A.I.D. which incorporates a mutually acceptable action plan for sustainable customs reform.

(2) Covenants:

- (a)** The parties agree to consult on and develop a plan to put the privatization program on a self-sustaining basis upon completion of project activities. As part of the plan, the parties will consider the set aside of portions of revenue earned on privatizations for the purpose of providing a fund for the continued support of the privatization program upon completion of the project. The plan will be completed within one year of the signing of this agreement.
 - (b)** The Grantee agrees that it will provide for recurring costs of operation of the Fair Trading Commission in its Annual Operating budgets.
 - (c)** The Grantee agrees that it will provide for the recurring costs of operation of the Securities and Exchange Commission in its annual operating budgets.
 - (d)** The parties agree, within six months of the signing of the amendment, to consult and develop a plan for a revised cost-sharing/service fee system for consultant services provided to the private sector under the Project Agreement. In the development of the plan, consideration will be given to a progressive increase in service fees according to market prices. Consideration may also be given methods of using and managing the funds, including the establishment of a trust fund to support the program upon completion of the project.
- C

2. The authorization cited above remains in force except as amended herein.

Date: 9/17/93

Robert S. Queener
Robert S. Queener

Clearances:

OPPD:JTennant [Signature]
CONT:MLewis ant. [Signature]
RLA: EDragon EAD
OPE: WCraddock [Signature]
DDIR:MZak [Signature]

Drafted: OPPD:JTennant; pa; oppdpub\docsgeneral

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**Export Development and Investment Promotion
Project Paper Supplement
September 1993**

TABLE OF CONTENTS

GLOSSARY	i
I. SUMMARY	1
II. BACKGROUND	3
A. Economic Setting	3
B. Key Issues	4
1. Policy Implementation	5
2. Financial Markets	5
3. Privatization	7
4. Export Development	8
C. Conformity with AID Policy and Mission Strategy	8
D. Other Donor Activities	9
E. EDIP Project Accomplishments	10
III. PROJECT AMENDMENT DESCRIPTION	12
A. Goal and Purpose	12
B. Project Amendment Rationale	12
C. Project Description	13
1. Overview	13
2. Project Components	14
Pillar I - Policy Implementation	14
a. Fiscal Policy Management Unit	14
b. Fair Trading Commission	17
c. National Action Plan	19
d. Customs Service Reform	20
Pillar II - Privatization	23
a. Divestment Support Services	23
Pillar III - Financial Market Strengthening	25
a. Securities Commission	25
b. Supervisory Bodies	26
c. Collaborative Efforts	30
Pillar IV - Export Development	30
a. JAMPRO	32
b. IESC Volunteer Executives	34
c. Targeted Industry Support	35
IV. PROJECT INPUTS AND FINANCIAL ANALYSIS	37
A. Overview	37

li

B.	Costing of Project Inputs	37
C.	Projected Expenditures by Fiscal Year	38
D.	Methods of Implementation and Financing	38
V.	IMPLEMENTATION AND MONITORING PLAN	44
A.	Overview	44
B.	Project Implementing Arrangements	46
2.	Arrangements with the MITC, Trade Board (JFTC), JAMPRO	46
3.	Arrangements with the PSOJ	47
4.	Arrangements with the IESC	47
5.	Arrangements with the NIBJ	48
6.	Arrangements with Institutional Contractors	48
C.	Project Management and Coordination	48
D.	Project Monitoring and Evaluation Plan	50
1.	Project Monitoring Plan	50
2.	Evaluations and Audits	50
3.	Conditions and Covenants	51
a.	Customs Support	51
b.	Privatization	51
c.	Fair Trade Commission	51
d.	Securities and Exchange Commission	51
e.	JAMPRO	51
4.	Environmental Determination	52
VI.	SOCIAL AND EQUITY CONSIDERATIONS	52
VII.	LOGICAL FRAMEWORK	54
	ANNEX 1 HOST GOVERNMENT REQUEST FOR GRANT EXTENSION	62

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GLOSSARY

AID	Agency for International Development
BOJ	Bank of Jamaica
CMT	Cut,make and trim
DOJ	US Department of Justice
EDIP	Export Development and Investment Promotion
EC	European Community
EFF	Extended Funds Facility
EOPS	End of project status
ESOP	Employee Stock Ownership Plan
FPMU	Fiscal Policy Management Unit
FTC	Fair Trading Commission
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
GCT	General Consumption Tax
GDP	Gross Domestic Product
GIS	Geographic Information Systems
GOJ	Government of Jamaica
IC	Institutional Contractor
IDB	Interamerican Development Bank
IESC	International Executive Service Corps
IMF	International Monetary Fund
IPG	Information Processing Group
IQC	Indefinite Quantity Contract
JAMPRO	Jamaica Promotions Ltd.
JEA	Jamaica Exporters Association
JFTC	Jamaica Fair Trading Commission
JMA	Jamaica Manufacturers Association
JSE	Jamaica Stock Exchange
KPMG	Klynveld, Peat, Marwick and Goerdler and Partners
MIF	Multilateral Investment Fund
MITC	Ministry of Industry, Tourism and Commerce
MOF	Ministry of Finance
NDF	National Development Foundation
NIBJ	National Investment Bank of Jamaica
OPE	Office of Private Enterprise
OPM	Office of Prime Minister
PACD	Project Assistance Completion Date
PASA	Participating Agency Service Agreement
PETROJAM	Petroleum Jamaica Refinery Ltd.
PIL	Project Implementation Letter
PROAG	Project Agreement

PSOJ	Private Sector Organization of Jamaica
RFP	Request for Proposal
SOE	State Owned Enterprise
UNDP	United Nations Development Program
USAID	US Agency for International Development
USFTC	US Fair Trade Commission
VE	Volunteer Executive

LIST OF TABLES & DIAGRAMS

		Page
Table 1	EDIP Summary Cost Estimate and Financial Plan	39
Table 2	Project Amendment Costs by Inputs	40
Table 3	Projected Expenditures by Fiscal Year	41
Table 4	Methods of Implementation and Financing	42
Table 5	EDIP Budget by Elements	43

Diagram 1	EDIP Project Amendment Diagram	15
Diagram 2	EDIP Implementation Framework	45

I. SUMMARY

The Government of Jamaica (GOJ) has completed many of the macroeconomic reforms required to put Jamaica on a sustainable economic growth path. The GOJ's economic reform program, which is designed to foster greater reliance on market mechanisms and encourage private sector investment in export production, is aimed at solving Jamaica's two most pressing development needs: foreign exchange to service high debt obligations and pay for essential imports, and job creation for the under and unemployed workforce. The GOJ's economic reform program, supported by the international donor community and buttressed by a 3 year Extended Fund Facility signed with the IMF in January 1993, has resulted in: the liberalization of credit and foreign exchange markets; the freeing of prices and the reduction of government subsidies; the implementation of a comprehensive and successful privatization program; reform of taxation, the Customs Service, and fiscal policy generally; and the enactment of several new laws (e.g., securities market, banking law, anti-trust and consumer protection legislation, etc.) which will have a far-reaching impact on the economy as they are implemented.

The primary development challenge facing Jamaica is to sustain the economic adjustment process and to make a relatively smooth transition to a market-driven economy. In order to achieve this, the GOJ must implement and follow through on the new policy and regulatory framework, and the private sector must invest in export oriented production. However, constraints related to lack of experience in policy and regulatory reform implementation, lack of trained government personnel, a continued large presence of inefficient State-owned Enterprises in the economy, and inadequate and poorly supervised financial markets impede GOJ progress. Similarly, the Jamaican private sector's response to emerging investment opportunities opened up by the GOJ's economic program are constrained by: low productivity in the workforce, inadequate production processes, and poor product quality; a lack of middle managers and skilled workers; a lack of equity financing; and limited access to credit at reasonable rates. Thus, further steps must be taken to assist the GOJ to implement economic reform, while simultaneously encouraging the private sector to invest in export-oriented production.

This project amendment will reduce obstacles to effective policy implementation by the GOJ and ease constraints to private sector investment. The original EDIP project goal will continue: to stimulate broad based economic growth in Jamaica, resulting in increased levels of employment and higher real incomes. Similarly, the original project purpose remains valid: to increase exports and diversify investment, leading to expanded sources of foreign exchange, diversification of ownership and products.

This project amendment design flows from AID/Jamaica's experience in implementing EDIP, a Mid-Term Evaluation conducted in March, 1993, and an intensive period of analysis focusing on financial markets, the Jamaican Customs Service, the Fair Competition Act and pending ESOP legislation. In designing the amendment, the Mission wanted not only to take advantage of the evolution of the Jamaican economy toward greater reliance on market mechanisms, but also to move toward a more focused, manageable set of activities with

verifiable performance indicators. In addition, the Mission was cognizant of the need to leverage AID resources to the maximum extent possible, to coordinate its activities with those of other donors/lenders, and to select activities with a high probability of sustainability beyond AID's defined support. Finally, the Mission was mindful of the requirement that its trade and investment support activities must fit fully within Section 599 legislation.

The EDIP project amendment will support a series of inter-related activities grouped around four pillars: Policy Implementation; Privatization; Financial Markets; and Export Development. The expected outputs of the project are: implementation of policy and regulatory reforms agreed to with international donors/lenders, including effective regulation of securities markets, trade facilitation through customs reform, and the easing of restrictive business practices; the divestiture of 15 to 20 State-Owned Enterprises (SOEs) with a value of \$75 million; a 10% annual increase in export earnings by firms receiving technical assistance and training; and increases in employment in assisted firms and sectors. Verifiable indicators have been developed to measure progress, and a monitoring program has been defined.

This project amendment will extend the PACD of EDIP to March 1997 and provide an additional \$8 million in grant funding, bringing the total to \$15 million. Long and short term technical assistance accounts for about 80% of the total new funding (approximately \$6.3 million) with training, commodities, administration, and audit/evaluation totalling \$1.275 million. Contingency/inflation is estimated at approximately 5%, or \$420,000.

The Mission proposes to sign a Project Agreement with the Ministry of Finance (MOF) of the Government of Jamaica as the key implementing agency for the project. The rationale for this is the key role the MOF occupies in implementing economic policy, the emphasis in this project amendment on policy implementation and financial markets, and the demonstrated willingness of the MOF to reach out to the private sector and solicit business input into regulatory decision making. The MOF will have overall project management responsibility and will be directly responsible for implementing the activities of the Fiscal Policy Monitoring Unit (FPMU), securities market development, and customs service reform. The Mission will also utilize several other qualified Jamaican entities as implementing agencies, including: two quasi-independent agencies of the Ministry of Industry, Tourism and Commerce (JAMPRO, the GOJ's economic development agency, and the newly created Jamaican Fair Trade Commission which operates under the auspices of the Jamaica Trade Board), the National Investment Bank of Jamaica (NIBJ) for privatization and the Private Sector Organization of Jamaica (PSOJ). The Mission also proposes to continue support to the IESC for technical services to improve the competitiveness of Jamaican firms.

The Mission intends to issue two competitive RFPs to select institutional contractors for the financial markets and export development pillars. The IC for financial markets will provide technical assistance, training and commodities to the Securities Commission and selected securities market supervisory bodies. The IC for export development will be contracted on a "design and implement" basis, and be expected to develop the export potential of selected export sectors. The ICs will work with Jamaican counterpart organizations, and will also report to

IMD/Jamaica on progress toward mutually agreed upon performance indicators. The estimated amount of the two institutional contracts is approximately \$2.75 million.

This project amendment will be managed by the Office of Private Enterprise (OPE) of the Mission. Policy and management guidance for the FPMU will be the responsibility of the Mission Economist, with administrative support from OPE.

II. BACKGROUND

A. Economic Setting

Following five years of real GDP increases of over 3% in the 1986-1990 period, the Jamaican economy turned downward in 1991. Real GDP growth was a sluggish 0.3% in 1991, followed by just 1.2% in 1992. Real GDP growth is projected to be 2.8% in 1993. In 1991, inflation surged dramatically in concert with a major devaluation to 80%, before dropping to an estimated 14% in 1992-1993. Interest rates also went to historically unprecedented rates in 1991, and remain at high rates of 40% for commercial loans in 1993. The overall public sector deficit rose from about 3.5% in 1990/91 to an estimated 7% in 1992. Open unemployment in 1993 is an estimated 17%.

Jamaican economic performance is highly correlated with growth in exports of goods and services. Years of good growth in the Jamaican economy are characteristically marked by substantial improvements in its terms of trade, especially significant increases in tourism receipts, bauxite/alumina prices, and large increases in non-traditional exports, especially garments which account for one-third. A small and open economy, Jamaica's external trade is highly dependent on a wide range of imported goods to meet production and consumption needs, and highly reliant on tourism and a few commodities (e.g., bauxite/alumina, sugar) to earn needed foreign exchange. The importance of tourism and bauxite/alumina to Jamaica's trade balance (approximately 75% of exports in 1992), and their vulnerability to fluctuations highlights the need for greater diversity in Jamaican exports. Between 1991-92 Jamaica's trade balance recorded a deficit of \$659.4 million, and is projected by the IMF to worsen slightly in 1992-93 to a deficit of \$678 million, with exports estimated at \$1.14 billion and imports at \$1.82 billion.

Export earnings, as a source of capital inflows, is particularly important because of Jamaica's large external debt. At the end of 1992, Jamaica's medium and long-term debt outstanding was about \$4.3 billion, of which approximately \$3 billion was owed to official creditors. As a percent of GDP, medium and long-term debt is an estimated 179% in 1992-93. Debt service payments (after rescheduling) as a percent of exports are an estimated very high 27%. Clearly, Jamaican economic policy has to address the constraints imposed by the shortage of foreign exchange, particularly because the high amount of multilateral debt constrains the opportunities for debt relief or rescheduling.

Over the past two years, the GOJ has taken impressive steps to deal with its fiscal and monetary imbalances and heavy debt service obligation. The GOJ has adopted a series of structural adjustment measures designed to foster greater reliance on free market mechanisms and to encourage private sector led, export oriented growth. Macroeconomic reform has taken hold in Jamaica, with the removal of many of the most serious constraints to liberalized trade and investment. Credit and foreign exchange markets have been liberalized. Most prices have been freed, and government subsidies reduced. The Government is actively implementing a privatization program to reduce the role of the public sector in the economy and sell off unprofitable state enterprises. The GOJ has also passed new legislation to open the economy including a Fair Competition Act, a Securities Market Law, and a Banking Law; a new law providing incentives for the democratization of capital through an Employee Stock Ownership Plan (ESOP) is awaiting passage. In 1991, a General Tax on Consumption (GCT, or value added tax) was approved and implemented, and a General Revenue Board was established within the Customs Service to assist in customs reform. Finally, after an "on again, off again" relationship with the IMF in 1991-92, in January 1993 the GOJ signed a three-year Extended Fund Facility with the IMF, with which it has remained in compliance.

The GOJ's macroeconomic reform program, aimed at stimulating investment in export-oriented production to generate increases in foreign exchange and employment, has set the stage for sustainable long-term economic growth. Already there are signs that economic policy changes are beginning to have an impact. The exchange rate has stabilized, and government policies have reined in the inflation rate. Interest rates on Government debt instruments have come down dramatically, although commercial lending rates remain high in the 40-45% range. The balance of payments are strengthening.

The GOJ has completed many of the macroeconomic reforms required to put Jamaica on a growth path and establish an environment conducive to private investment in export-oriented production. The two key elements missing to ensure significant increases in export earnings and employment are: implementation and follow through on the economic regulations; and assistance to stimulate private sector investment.

B. Key Issues

The commitment of the GOJ and the resilience of the Jamaican political system have enabled the country to go beyond economic stabilization to embark on a full-fledged economic adjustment program. The challenges now are to implement and follow through on the economic regulations, to fine tune the management of the economy, and to encourage the private sector to invest in export activities. This is a daunting task.

In order to make a relatively smooth transition to a market driven economy, and to improve overall economic performance leading to increases in foreign exchange and employment, Jamaica will require substantial international donor assistance. Four key areas

have been identified which are critical to the success of economic adjustment, are likely to result in significant improvement in economic performance, and build upon AID/Jamaica's successful EDIP Project. These four areas are: Policy Implementation, Financial Markets Strengthening, Privatization, and Export Development.

1. Policy Implementation

Jamaica has been participating in IMF, World Bank, and USAID supported economic stabilization programs for fifteen years. Now that the major pieces of reform legislation are in place, the focus must shift to drafting, implementing and following up the policy regulations. In common with many developing countries, Jamaica possesses a high caliber cadre of economic professionals at the most senior levels of government, but lacks the breadth and depth of expertise at mid and lower levels required to manage and carry out decisions. Most GOJ agencies involved with economic, monetary and trade and investment policy exhibit institutional deficiencies in the areas of policy analysis, formulation, implementation and monitoring. For example, the Ministry of Finance has organizational and personnel constraints which limit its ability to implement and manage fiscal policy, including coordination of policy and regulations in tax administration, revenue collection, expenditures, and procurement. In addition, the Finance Ministry lacks a data base and management information system to support improved analysis, policy options, and fiscal management. Similarly, the Customs Service has undertaken a comprehensive program to improve the administration of customs to facilitate trade and generate additional revenue, but lacks the institutional capacity and personnel to implement modernization, including drafting and enacting a Code of Conduct, preparation of a new procedures manual, and establishing training courses for customs officials. The Bank of Jamaica also has problems in implementing monetary policy, and needs to be strengthened in the area of bank supervision. In addition, in March 1993 Jamaica's Parliament enacted a Fair Competition Act designed to enhance the competitive environment by restricting oligopolistic behavior, prevent restrictive business practices, and protect consumer interests, but the GOJ is inexperienced in this policy arena and must proceed very carefully if it is to regulate effectively without poisoning the business climate.

The Jamaican private sector is also relatively inexperienced in the area of legal and regulatory policy implementation. The private sector, which has experienced the roller coaster ride of the Jamaican economy over the last decade, is having difficulty in digesting the new legislation and is apprehensive about whether, how, and with what degree of impartiality the new regulations will be implemented. While the PSOJ has taken the initiative by proposing a forum for discussing regulations, this is new and unexplored territory. If the private sector is to indeed become the engine of export-oriented growth, then a smooth phase of policy implementation is critical to the success of the economic adjustment program.

2. Financial Markets

Efficient financial markets are essential to mobilize savings and allocate investment to generate economic growth, employment and export earnings. Jamaica's financial sector consists

of a central bank (Bank of Jamaica), over 25 commercial banks and a variety of other financial institutions (building societies, merchant banks, trust companies, and credit unions), an active insurance industry, unit trusts, a venture capital fund, and the Jamaica Stock Exchange. The GOJ has made financial sector reform a priority issue, and has enacted basic legislation to correct deficiencies in the banking system, to regulate the securities market, to provide for more competition, and to provide stable and responsive financial markets. In 1992 a Banking Act and a Financial Institutions Act were passed, and the Bank of Jamaica Act was amended to strengthen its supervisory functions. The purposes of these legislative acts were: to reduce financial system risk due to high debt/equity ratios and "off balance sheet" financial transactions; to introduce sound regulatory practices and effective monitoring measures; to protect depositors and instill integrity in the banking system; to provide for regular supervision and examination by the Bank of Jamaica; and to permit growth in the banking sector within a stable regulatory framework. In 1993, the Securities Market Act, which provides for a Securities Commission to bring the self-regulated Jamaican Stock Exchange into a regulatory framework and to facilitate the development of the capital markets by broadening the investor base, was enacted.

Although the basic legislation is in place, much remains to be done to translate legislative intent into effective action. Key institutions will have to be established or strengthened to enable them to provide a fair and flexible regulatory setting, supervise and monitor the financial system, and instill confidence in the financial system essential to generate savings, investment, and economic growth.

It is especially important that reform of the securities market, including the establishment of the Commission and its supervisory functions, be carried out successfully. The Jamaican Stock Exchange is a vibrant organization (albeit in need of significant modernization), with 49 companies listed, 9 brokerage houses and 43 registered brokers, and over \$213 million traded. Moreover, the JSE has played a key role in encouraging the shift from debt to equity financing by Jamaican companies. It has also had an important part in the GOJ's privatization program by facilitating a broadened ownership base of former state-owned enterprises, and, if properly managed, can contribute to the implementation of monetary policy.

As the Securities Commission begins to function and issue regulations, it is essential to improve the rudimentary analysis, trading, and settlement operations of the JSE. The JSE has contracted an international consulting firm with its own resources to assist it in its modernization effort. The IDB is also considering additional support to the JSE through its Multilateral Investment Fund. The Mission feels that these two sources of funds should be sufficient to finance the needed improvements in JSE operations and procedures and is therefore not allocating any funds under the project for this activity. The Mission will follow developments closely because a modern, well-functioning securities market is critical to productive investment and can carry out functions which support the generation of increased export earnings and employment such as attracting foreign investment and democratizing capital and ownership. Substantial coordination will be required between AID and other donor financed parties involved with the strengthening of Jamaica's financial markets.

3. Privatization

Privatization has been ongoing in Jamaica since 1981, with over 180 state-owned-enterprises (SOEs) across a wide spectrum of sectors having been divested through asset sales, public offerings and leases. An additional 70 SOEs are scheduled for divestiture by the National Investment Bank of Jamaica (NIBJ), the GOJ's agency for executing privatization activities. An estimated \$222 million was generated for the GOJ through privatization (about \$75 million of which is directly attributable to AID/Jamaica assistance under the EDIP project in the last three years), and evaluation studies indicate that the process has resulted in marked improvements in efficiency, increased investment, and increased export earnings. Employment has also increased at several of the former SOEs; for example, employment increased at Telecommunications of Jamaica from 2,199 in 1986 to 3,736 in 1991. The GOJ has also attempted to diversify the ownership base of Jamaican companies through privatization, offering selected company shares via the stock exchange and reserving a percentage of shares for workers through Employee Stock Ownership Plans (ESOPs).

Continued privatization a key element of Jamaica's economic reform process, and is included as a conditionality in most loan agreements with international lending agencies. However, it is important to note that the privatization process is moving into a more difficult phase. First, the financial condition and future prospects of several of the SOEs scheduled for privatization are not especially promising (e.g., sugar estates, banana plantations, railways), and may encounter difficulties regarding market valuation and potential buyers. Moreover, some of these transactions will probably result in significant staff reductions at the point of sale. Second, some of the remaining transactions will be complex (e.g., Air Jamaica, the National Water Commission, sugar estates and the PETROJAM refinery) requiring external technical assistance in valuation and strategy development. Third, some questions have been raised about the transparency of certain transactions, undermining public confidence in the fairness of the process. Finally, compared to some countries, in Jamaica employees have been given small ownership positions in the privatized companies, and this will become more of an issue, especially with the passage of ESOP legislation.

With substantial USAID assistance under EDIP, NIBJ supported and promoted the adoption of legislation to establish employee share ownership trusts, which provide tax incentives for employers and create share ownership opportunities for employees. The ESOP legislation, which is pending in the Parliament, should create new opportunities for investment, diversify and broaden the base of ownership in Jamaica, and facilitate the participation of workers in the privatization of SOEs. AID/Jamaica supported the drafting of ESOP legislation, and also funded a series of workshops to promote the concept among owners, workers, and professionals. ESOPs are still a relatively new concept in Jamaica, and successful implementation will therefore require additional promotion, as well as support for feasibility studies, and technical assistance in reviewing and approving the plans. Since the IDB, through its Multilateral Investment Fund facility, intends to finance all future activities related to the establishment and promulgation of ESOPs in Jamaica, the Mission does not plan to budget funds for additional ESOP support under the amended project.

4. Export Development

Jamaica has made substantial progress in improving its productivity and product competitiveness for export in selected sectors. This is especially true in the case of firms which have been able to absorb the technical assistance provided by external consultants (e.g., apparel, data processing) to improve production processes, institute quality control, and train the workforce. Nevertheless, Jamaican industry is still constrained by unreliable raw material inputs, the lack of quality control procedures, low productivity as a result of a lack of middle managers and skilled workers, and the inability in certain sectors to produce sufficient quantities for export markets. Even in those cases where substantial progress has been achieved through EDIP support, additional technical assistance is required to help companies move up the learning curve to produce higher-end, value-added products for the demanding export market. Given the positive business climate which has emerged, an incremental increase in funding to support the development of targeted sectors (apparel, data processing, agribusiness and tourism) could produce annual increases in export earnings of 10% in AID-assisted firms.

A related issue is the degree of competition which exists within certain Jamaican industries, specifically the distortions which result from monopolistic or oligopolistic practices and the attendant price distortions. In March 1993, Jamaica passed a Fair Competition Act designed to restrict non-competitive business practices and protect consumer interests. This Act could have a salutary impact on existing restrictive pricing practices and enhance both business efficiency and product quality, if the newly formed Commission develops and applies fair, reasonable, and transparent regulations. The success or failure of this Act will have a significant impact on domestic investment and the overall business climate.

C. Conformity with AID Policy and Mission Strategy

EDIP continues to serve major aims of AID policy and Mission strategy. Specifically, it furthers the objectives of AID Policy Determination No. 14 of June, 1986, "Implementing AID Privatization Objectives", the August, 1988 "Financial Markets Development Policy Paper", the July, 1986 "Trade Development Policy Paper", the March, 1985 "Private Enterprise Development Policy Paper" and the December, 1982 "Approaches to Policy Dialogue Paper".

AID/Jamaica believes that Jamaica's principal development needs are increased foreign exchange earnings and employment, and these inter-related objectives continue to be the Mission's highest priority. It is the Mission's view that in the course of the past year, Jamaica has crossed a critical threshold to bring about sustainable, export-led growth through a dramatic shift in economic policies toward a liberalized free market economy. The main challenges are now to assist the government implement and manage the new policy framework and to stimulate the private sector to take advantage of emerging opportunities for investment in export-oriented production.

The Mission is also giving priority attention to the design of measurable indicators of

performance of its programmatic activities in support of its primary strategic objective of increased foreign exchange earnings and employment. In its FY 1994-95 Action Plan, the Mission has consolidated its program efforts under five outputs: improved policy and regulatory environment for trade and investment; better technology for export industries; increased private investment; improved tourism product; and human resource development for the private sector. In designing programmatic interventions under this amendment to the EDIP Project, special attention has been devoted to defining indicators which are measurable, valid, and based on available data. Interim benchmarks have been developed to enable the Mission to monitor progress toward objectives in all the activities undertaken within the EDIP Project. It should also be noted that the Mission has taken care to ensure that its activities under EDIP are in compliance with FAA Section 599 guidelines and proscriptions.

The Mission is concerned not only with sustainable economic growth, but in contributing to broad-based growth with equity. A key concern of the project amendment is to design activities which will extend the benefits of development to the general population. Planned activities in policy implementation, privatization and financial markets are aimed at broadening the ownership base, while activities in support of export development aim to increase employment and real incomes.

D. Other Donor Activities

International donor and lender agencies have been and are actively supporting the transformation of the Jamaican economy. As noted above, the IMF has a three-year Extended Fund Facility with Jamaica to improve fiscal and monetary policy and strengthen the balance of payments. The World Bank and The Inter-American Development Bank have complementary programs for economic restructuring and improving the trade and investment environment (respectively, the Private Sector Development Adjustment Loan and the Trade, Finance and Investment Sector Loan). The UNDP, the EC, Japan and Canada are providing funds to JAMPRO to support activities in investment promotion and export development.

AID/Jamaica has developed working relationships with its counterpart donor and lender organizations to exchange information, better coordinate activities, and avoid duplication of effort. For example, the Mission has foregone previously planned additional support for ESOP activities due to the IDB's strong support of future ESOP programs under its Multilateral Investment Fund. It has also collaborated with the UNDP in designing a program to strengthen the fiscal policy implementation and monitoring capacity of the Ministry of Finance. In designing the EDIP Project supplement, the Mission has consulted broadly with its counterpart organizations to ensure that its proposed activities complement those of the other agencies. The World Bank is preparing a \$35 million Private Investment and Export Development loan project to accelerate the investment and export response of the private sector to the GOJ's economic reform program. The bulk of the funds (\$28 million) will go to a long-term credit facility, with the remainder as loans to support improvements in the Export Processing Zones, marketing and technical assistance to exporters, and labor adjustment assistance.

The World Bank has noted the potential of the securities market as a source of long-term funding for private sector investment, and encouraged AID/Jamaica to go forward with its activities to support the establishment of the institutional framework of the Securities Commission. The Mission has also held discussions with the IDB, which has urged AID/Jamaica to take the lead in implementing the customs policy reforms which have been designed as part of the conditionality of its structural adjustment loan. Conversely, with regard to financial markets strengthening, the IDB will consider financing portions of the modernization program for the Jamaica Stock Exchange while AID/Jamaica's support will be in the area of strengthening the regulatory agencies.

In its discussions with other bilateral and multilateral organizations, the Mission has found remarkable consensus that Jamaica needs support in the areas of effective policy and regulatory implementation and of accelerating the response of the private sector to the new policy framework. There has also been a marked desire to coordinate activities to make sure that programs are cost-effective, are targeted at increasing export earnings and employment, and maximize resource utilization to help alleviate Jamaica's debt burden to official creditors.

E. EDIP Project Accomplishments

The Export Development and Investment Promotion (EDIP) project was signed in March, 1990 with a four year life of project with a funding level of \$7 million, of which \$6.9 million has been obligated and \$6.1 million earmarked. The goal of the project is to stimulate broad-based economic growth in Jamaica, resulting in foreign exchange earnings, increased levels of employment and higher real incomes. The project purpose is to increase exports and diversify investment. EDIP consists of a series of interrelated activities to address constraints to exports and investment, including the policy framework, privatization of state-owned enterprises, financial markets, and problems of productivity and product quality at the firm level. JAMPRO, the GOJ's investment promotion and export development arm, was the main implementing organization, although other organizations played significant roles, including the NIBJ (privatization), the PSOJ and the Ministry of Finance (policy reform), and the IESC (firm level technical assistance). The original project design permitted considerable flexibility to respond to a rapidly changing economic environment.

A comprehensive evaluation of the EDIP project was carried out in March-April 1993. The evaluation team concluded that the EDIP project had contributed to AID/Jamaica's strategic objective of increases in export earnings and employment, and was particularly successful in the areas of policy reform, privatization and firm-level technical assistance. The main conclusions of the report are:

- i) The project has created some potentially very positive results in the policy reform area, through the provision of technical services to prepare draft legislation for the Fair Trade Competition Act of 1993, and the Employee Share Ownership Act. EDIP support of the National Action Plan, which is designed to form

government-private sector consensus on policy implementation issues affecting trade and investment also holds promise;

- ii) EDIP has produced excellent results when it has provided technical assistance directly to private sector enterprises that could absorb the professional advice in terms of productivity improvement, production processes, and quality control. This was particularly true of JAMPRO's assistance to garment manufacturers and the IESC's volunteer program;**
- iii) EDIP has also shown very positive results through the provision of local technical assistance to identify and create investment opportunities, specifically the utilization by the NIBJ of local consulting services to prepare companies for privatization;**
- iv) The monitoring and evaluation system for EDIP should be refocused to concentrate on measurable results based on easy-to-gather information;**
- v) The Mission has taken appropriate steps to bring its portfolio into full compliance with section 599 of the FAA.**

The evaluation report recommended that the EDIP project should be continued, taking into account the new realities of the Jamaican economy, the experience with project implementation to-date, and the ability to leverage AID/Jamaica's limited financial and staff resources. Specific recommendations included:

- i) Given the new economic policy framework of Jamaica, the Mission should focus on policy implementation, privatization and ESOPs, financial market reform, particularly securities market regulation/stock exchange modernization, and technical assistance in productivity and competitiveness in targeted export sectors;**
- ii) Export development activities should be pursued within the framework of Section 599 of the FAA, be directed at firms capable of absorbing professional assistance, and be directly linked to activities which will have a measurable impact on investment, exports, and employment;**
- iii) At the appropriate time AID/Jamaica should scale down discrete activities which appear to be marginal to achieving project goals;**
- iv) At an appropriate time, the Mission should consider designating the Ministry of Finance as its counterpart organization, while continuing to fund JAMPRO activities which continue to meet project goals.**

As further discussed in the Project Description and Implementation Plan sections below,

the Mission has taken these recommendations into account in designing this project supplement.

III. PROJECT AMENDMENT DESCRIPTION

A. Goal and Purpose

The EDIP project amendment will contribute fully to AID/Jamaica's strategic objective of increased export earnings and employment. The original EDIP project goal will continue, namely to "stimulate broad based economic growth in Jamaica, resulting in increased levels of employment and higher real incomes." Likewise, the original project purpose remains valid: "to increase exports and diversify investment, leading to expanded sources of foreign exchange, diversification of ownership and products."

B. Project Amendment Rationale

The purpose of this amendment is to extend the project by three years and provide additional funding of \$8 million. Selected project activities will be extended, and new elements will be added to build upon project successes and to take account of the improved macroeconomic policy environment.

Although the goal and purpose of the project remain unchanged, several of the constraints identified in 1989 to increased private investment in export-oriented production have been eased substantially, while others remain relevant. For example, as a result of policy dialogue efforts and the demonstrated commitment of the GOJ to a free-market, export-oriented economic model, the macroeconomic framework for trade and investment is now excellent. Foreign exchange controls have been eliminated, direct government participation in the economy has been sharply reduced via privatization, trade and investment regulations have been streamlined, financial sector deficiencies have been identified and legislation enacted to provide remedial actions, and the GOJ is beginning to rein in fiscal spending. The challenge now facing the GOJ is to implement a series of adjustment measures which have been enacted recently, including securities market reform, fiscal policy management and customs reform, anti-competition legislation, and ESOPS along with continued privatization.

The private sector has been slow to react positively to this new, more attractive business climate. Investment in export-oriented production is currently constrained by high real interest rates and uncertainty about GOJ intentions regarding the regulation and enforcement of new legislation. Moreover, many of the obstacles to export growth apparent in 1989 remain: low productivity, inadequate production processes, poor product quality; lack of market information and knowledge; a lack of middle managers and skilled workers; a lack of equity financing; and limited access to longer-term credit. The need now is to continue to work to ease these constraints, and help to accelerate the private investment essential to provide economic growth,

foreign exchange, and employment.

The Mission believes that the amended project should: (1) reflect the evolution and maturation of the Jamaican economy over the last three years; and (2) build upon the experience and success of the original project. Jamaica is on the threshold of improvement in its economic performance, but requires assistance in economic policy management to sustain the adjustment process and in policy implementation and export technology to encourage a positive private sector response. EDIP project support has been instrumental in bringing about meaningful policy reform (e.g., the Fair Competition Act and ESOP legislation), privatization, and substantial increases in non-traditional exports. The Mission proposes to extend the project to provide focused technical assistance and training to support the GOJ to implement a fair, flexible, and effective regulatory system, and to help the private sector to take advantage of emerging investment opportunities in export sectors with significant growth potential.

C. Project Description

1. Overview

After careful review of the Mid-Term Evaluation Report of EDIP, and an intensive period of project design and analysis, the Mission proposes to move from a broad program aimed at reducing constraints to exports and investment to a more focused set of activities. Some project elements will be phased out to permit new, high priority activities. The objective is to implement a carefully structured program to support implementation of economic adjustment measures and the reactivation of the private sector. Given the limited resources available to AID/Jamaica, the program activities have been selected based on their high potential impact on trade and investment, demonstrated prospects for success based on EDIP experience, and the ability to leverage AID funds through coordination with other international donors and multilateral lenders. Emphasis will also be given to implementation of an effective project monitoring and evaluation system based on measurable indicators to enable the Mission to track results and make project adjustments.

The EDIP project amendment will carry out a series of interrelated activities grouped around four pillars that address the previously mentioned key areas required for successful economic adjustment. The four pillars and their respective program activities are:

i) Policy Implementation

- Fiscal Policy Management Unit, Ministry of Finance
- Fair Trading Commission Support, Trade Board
- National Action Plan, PSOJ
- Customs Service Reform, Ministry of Finance

ii) Privatization

- Divestment Support Services, NIBJ

iii) Financial Market Strengthening

- Securities Commission, SEC
- Supervisory Bodies, BOJ

iv) Export Development

- Technical Assistance to the Garment Industry, JAMPRO
- Data Processing Training Program, JAMPRO
- IESC Volunteer Executive Program, IESC
- Targeted Industry Support

Diagram 1 presents a graphic illustration of the four pillars of the project, their inter-relationships and expected outputs. The main project components are described below in terms of rationale, objectives, activities, and inputs and outputs. Additional details on budgeting, implementation arrangements, outputs and measurable indicators, and monitoring and evaluation plans are presented in sections IV and V.

2. Project Components

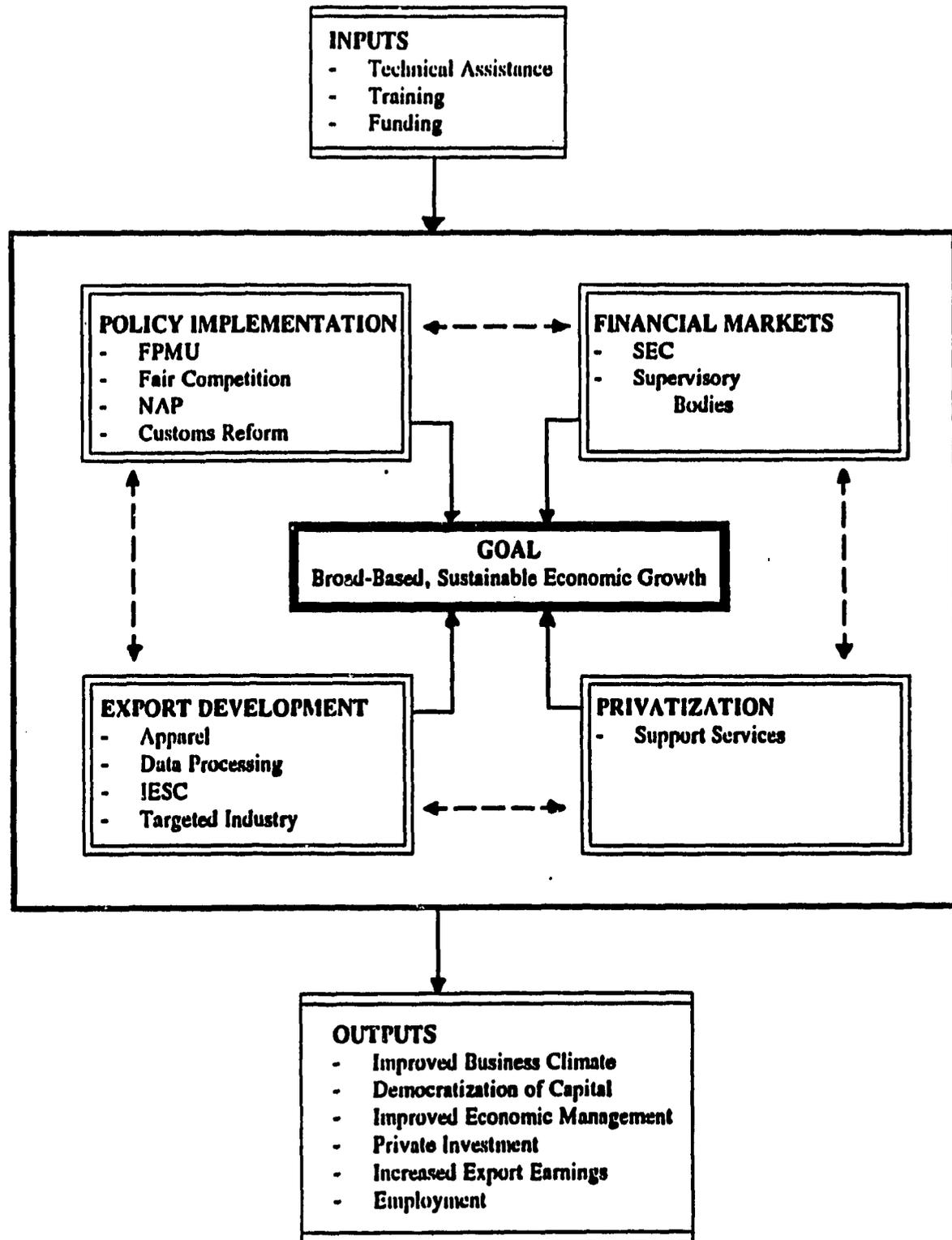
Pillar I - Policy Implementation

Effective implementation and management of adjustment measures is critical to the success of economic liberalization and the transition to an economy based on private enterprise. While additional policy reforms are necessary, the most urgent need is to strengthen the institutional framework for liberalized trade and investment. The objective of this pillar of the EDIP project is to assist Jamaica to complete the reform process by implementing economic measures in a manner which will establish a regulatory environment conducive to private investment. The main output will be an increased institutional capability for the execution of policy reforms agreed to with international lender and donor agencies, as measured by the GOJ's compliance with the conditionalities of its international agreements.

a. Fiscal Policy Management Unit

This element of the project is already underway under the original EDIP. In January, 1993, a Memorandum of Understanding was signed between the Government of Jamaica and

EDIP Project Amendment Diagram



USAID and the UNDP to create a Fiscal Policy Management Unit (FPMU) within the Ministry of Finance and Planning. The FPMU will play a major role in strengthening the institutional capacity of the Ministry in terms of the analysis, formulation, implementation and monitoring of fiscal policy. The Unit will operate as part of the Economic Management Division of the Ministry, and will report to the Financial Secretary and the Minister of Finance. The overall objective of the FPMU is to strengthen fiscal policy analysis and management in Jamaica and, in particular, to enhance the capacity of the Ministry of Finance to play a leading role in economic management. Two sets of supporting activities will also be carried out by the Unit. The FPMU will advise the Minister and the Financial Secretary on the technical and training needs required to re-orient the staff of the Ministry to operate effectively in a more market-oriented economy. The Unit will also advise the Minister on ways to strengthen the Ministry's role in coordinating and managing economic policy and especially fiscal policy formulation and implementation.

The FPMU will be staffed by a four-person, donor-financed core technical team of fiscal policy professionals. This technical team will consist of: a team leader with substantial international experience in ministries of finance dealing with fiscal policy; a fiscal economist with graduate level training in economics and/or public finance; a management specialist with advanced training in strategic planning and organizational behavior; and a data management specialist with graduate level training in statistical methods and computer software design. The team leader will direct the FPMU and report to the Financial Secretary and the Finance Minister. A key early task of the team leader will be the establishment of a structured agenda and a focused workplan. The fiscal economist will work with the Tax Administration Unit on revenue issues and with the Resource Management Unit on expenditure and financial management issues. The management specialist will work with the Administration Unit responsible for personnel, and the data specialist will work with the Economic Management Unit on developing a data base to support improved analysis, policy options and fiscal management. The core donor-financed technical team will work with four permanent civil servants who will be drawn from the Ministry's professional roster. The FPMU, through donor support, will also have access to short-term technical assistance, both Jamaican and international, to work on specific aspects of fiscal policy formulation and management. From the outset of the project, the FPMU will be fully integrated into the operations and organizational and decision-making structure of the Ministry of Finance.

It is the intention of USAID and the UNDP to provide funding for the FPMU for two years, but with the objective that it become a permanent part of the Ministry's analytical and decision-making processes. The GOJ agrees with this explicit objective, and further agrees to provide the resources necessary to make it a permanent and active part of the Finance Ministry's policy making structure. Funding from AID/Jamaica will cover salaries, short-term technical assistance, training, and limited commodities.

The anticipated outputs of this element are:

- * Fiscal policy management will be improved;

- * An enhanced capacity for budgeting as an input to decision-making on the sources and uses of public funds;
- * The institutionalization of the FPMU as an integral, sustainable part of the MOF's decision-making structure.

The measurable indicators of progress for this element will include: compliance with the fiscal targets of the IMF's EFF loan; the development and adherence to a planning and budgeting cycle; and the continuation of a highly trained fiscal policy unit, supported by GOJ resources. AID/Jamaica's financial contribution is estimated at \$1 million, the major portion of which is already earmarked or committed under EDIP; \$100,000 in new funding is anticipated.

b. Fair Trading Commission

This is an ongoing element of the EDIP project which will be expanded to assist the GOJ in the implementation of recently enacted legislation. AID/Jamaica has supported the drafting of The Fair Competition Act of 1993, a public information campaign to educate the public about the Act, and consultations between the Jamaican Fair Trading Commission ("JFTC") and representatives of the U.S. Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission. The objective of the Fair Competition legislation is twofold: to improve the business climate by eliminating monopolistic practices which lead to higher internal prices and unfair trade practices, and to protect the consumer from restrictive business practices as the economy is deregulated. The Act provides for a Five Member Commission, and an Executive Director supported by a small professional staff, to administer the law.

Fair, reasonable, and effective implementation of the provisions of this legislation is important to the business climate and to public confidence in the GOJ's economic liberalization program. For example, the private sector is concerned with the Act's statute according a private right of action to individuals, fearing that many Jamaicans will bring nuisance suits against companies, particularly in the consumer protection area. There is also an almost uniform sentiment across all business sectors that the Act may be enforced selectively for political rather than economic ends. Finally, there is some concern that the Act does not provide adequately for the protection of confidential information disclosed to the Commission, with possible leakage to a company's competitors.

The objective of this project element is to assist in the fair, reasonable, and prudent application of the new Fair Competition Act, leading to a more positive and competitive business environment. Based on a June 3, 1993 report from the Federal Trade Commission following their May 17-21, 1993 visit to Jamaica, the Trade Board's May 31, 1993 submission of Establishment Costs/Capital Budget, and information developed during project design, the Mission will provide approximately \$350,000 over a two year period to assist the JFTC in defining its responsibilities and carrying out its mandate.

The following activities will be supported:

- * **Short-term consultant services to draft job descriptions, finalize contracts and complete work on a code of conduct and ethics;**
- * **Funding for a two year public information campaign to educate companies on compliance with the Act and enforcement of its provisions, with funding in the second year on a matching basis;**
- * **Short-term legal and/or economic consultant services to assist the JFTC in drafting implementing regulations;**
- * **Technical assistance to the JFTC, possibly via PASAs with the U.S. Federal Trade Commission and the Department of Justice if it is determined that this proposal meets the requirements of Handbook 12;**
- * **Funding of the procurement of library materials and computers to permit proper legal and economic analysis and permit effective case management and tracking.**

The JFTC is a newly created quasi-independent agency under the Trade Board which reports to the Ministry of Industry, Tourism and Commerce (MITC), and the Trade Board has begun the process of selecting and appointing Commissioners. The Mission has received a formal request for technical assistance, training and commodities from the Trade Board to assist in establishing the JFTC and is in the process of analyzing the request, including the use of the USFTC and the US Justice Department as implementors. The Mission proposes to sign a Memorandum of Understanding with the Trade Board, countersigned by the MITC, which will detail the terms and conditions of AID/Jamaica's support. Annual implementation plans will be required, as will quarterly progress and financial reports.

The anticipated outputs of this element are:

- * **An increase in competitive practices among Jamaican businesses;**
- * **A fully functioning JFTC.**

The verifiable indicators will include the issuance of, and compliance with, JFTC regulations, training of JFTC staff, and the number and quality of seminars, workshops, and public relation events carried out to inform the public about the consumer protection and fair business practices functions of the JFTC. AID/ Jamaica's support will be for two years, after which the GOJ is expected to provide budgetary support. An estimated \$350,000 in new funding is required.

c. National Action Plan

This is an ongoing element of the EDIP project. In August, 1992, a Cooperative Agreement was signed with the Private Sector Organization of Jamaica (PSOJ) to establish a technical secretariat to define and recommend specific actions which need to be undertaken jointly by the private sector and the GOJ to improve the climate for domestic and foreign private investment. The objective is to sustain a dialogue between the government and the private sector on the implementation and regulation of policy reforms, and to improve communications between the government and the private sector at a critical transition phase in the economy.

The NAP's organization consists of a Steering Committee and a small technical secretariat, based in the PSOJ. The Steering Committee Members include the Minister of Finance, the Minister of Industry, Tourism and Commerce, the AID/Jamaica Mission Director, the current and past Presidents of the PSOJ, and the Director of the Secretariat. The Secretariat has a Director (drawn from a private company), an Economist (hired with AID funds), and a professional from the Ministry of Finance. The NAP produced a working paper outlining the tasks which would have to be accomplished in order to improve significantly the investment climate, and subsequently selected a prioritized listing of issues to be addressed in the short-to medium-term. These include improved revenue collection, strengthened tax administration, establishing a 24 hour investment approval process, enacting laws to guarantee intellectual property rights, and enhancing the regulatory environment for private sector participation in infrastructural development. It is anticipated that task forces will soon begin work to address the issues constraining investment at the operational level (e.g., export and import procedures, business registration).

The NAP will submit annual workplans and quarterly progress and financial reports to the Mission. AID/Jamaica will support the NAP on a cost-sharing basis with the PSOJ and the GOJ. Funds will be used for staff support, outside technical assistance on specific issues, and training, education and awareness building activities. An estimated \$230,000 in new funds will be required for this project element, primarily for technical assistance.

The anticipated output of this project element is the implementation of specific NAP-supported recommendations to facilitate trade and investment. The verifiable indicators will include the enactment of a recommended task force process to streamline Jamaica's birth registration and death certification system; strengthen tax administration and collection; and enhance private sector participation in infrastructural development.

AID/Jamaica's continued support for this activity will be conditioned upon measurable progress in implementing the recommendations of the NAP.

d. Customs Service Reform

This is a new element of the EDIP project which will be implemented through a Memorandum of Understanding with the MOF/Revenue Protection Division of Jamaica. Improvement in the regulatory framework governing trade is an important objective of the EDIP amendment. The Revenue Protection Division of Jamaica occupies a key position in the GOJ's effort to liberalize the economy, both in terms of its assessment and collection of revenues and its role in the overall reform of Customs operations. With the support of international donors, the GOJ has embarked on an ambitious reform program to facilitate trade, improve revenue collection, and establish the integrity of the customs service. In May 1993, the GOJ was in full compliance with IDB conditionalities in terms of general customs policy reform on its Trade, Investment and Finance structural adjustment loan. Also in May, the GOJ agreed with the World Bank to a Private Sector Development Adjustment Loan (PSDAL) which includes, inter alia, a Customs Reform component. This Component includes a comprehensive action plan for trade facilitation and efficient collection of taxes and duties arising from trade activities, with specific targets for implementation. The objective of this element is to assist the GOJ to translate the new customs policies and action into effective regulations and procedures, thereby reducing barriers to trade and simultaneously enhancing government revenues.

The design team conducted an intensive evaluation of the Jamaican Customs and Excise Department focusing on institutional constraints to modernization of customs. Based on a careful review of IDB and World Bank consultant reports and extensive interviews with high-ranking customs officials, the following problem areas were identified as critical to reform and susceptible to remedy through a carefully structured program of technical assistance and training:

i) Simplification and codification of customs procedures

Customs procedures should be transparent, clear to all parties involved, as simple as possible, and applied universally and with equity. In Jamaica, however, procedures are obscure, based on an obsolete procedures manual which dates from colonial times, and often applied arbitrarily. This results in significant delays and invites official malfeasance, both of which are incompatible with the requirements of modern trade. Moreover, although there is a move toward customs control through audit of traders' accounts in Jamaica rather than physical control of goods, most customs agents lack the basic audit and accountancy skills to administer this type of system. Valuation of goods is based on the outmoded Brussels Definition of Value system rather than the GATT Valuation System designed to expedite trade, and this results in significant opportunities for fraud and corruption in addition to causing delays in trade transactions. Jamaica, with the insistence of the World Bank, recognizes the necessity of implementing the GATT system, but is reluctant to move forward without the development of a comprehensive data base and adequate staff training in its use and updating. Jamaica is currently operating an ineffective Duty Drawback scheme (only 5% of exporters utilize this mechanism for the refunding of duties on imported goods

intended for re-export), and needs to move to a Duty Suspension system, but the customs service lacks trained staff for its administration.

ii) Staffing and Training

Recently the concept of the general revenue agent has been introduced in Jamaica, and this is an important step forward in upgrading the skills of the customs service. General revenue agents receive broad training in auditing, accounting, valuation, and technical customs work, and are able to operate effectively in several aspects of customs and revenue work; thereby modernizing the workforce and introducing flexibility to move staff among departments as the workload requires. To the extent possible, background investigations of potential recruits are conducted by the Revenue Protection Division. However, none of these agents have been assigned to general customs work, although there are seventeen at the Revenue Protection Division. An intensive recruitment and training program is required if the customs service is to implement the procedural reforms it acknowledges are required for modernization.

iii) Enhanced Integrity of the Customs Service

Jamaica is currently losing an estimated US\$135 million a year due to fraud, corruption, and inefficiency. While the Revenue Protection Division has been successful in uncovering fraudulence, the Customs and Excise Department operates without a Code of Conduct which specifies the norms of the service and establishes procedures and penalties for infractions. This makes policing customs officials very difficult, and even in cases of serious corruption disciplinary procedures are cumbersome and lengthy and usually result in transfer of the alleged offender rather than dismissal. The lack of a Code of Conduct, along with Customs officials' civil service status inhibits management from taking prompt disciplinary action, and fosters an environment conducive to official malfeasance.

Mission personnel have reviewed the proposed assistance to the Customs Service in the light of Section 660 of the Foreign Assistance Act of 1961, as amended (prohibition on assistance to police or law enforcement organizations) and have determined that the assistance to the Customs Service will not contravene the Section 660 prohibitions.

One of the means by which support could be provided and which the Mission will consider carefully is the possibility of a PASA Agreement with the U.S. Customs Service to provide technical assistance and training support to the Jamaican Customs and Excise Department, provided Handbook 12 requirements can be met. The nature of the support will be based to a great degree on the form of the action plan. Thus, possible private sector support will also be explored.

The Mission is aware that professionalization of the Jamaican customs service will be as difficult as it is important to trade facilitation and investor confidence in the seriousness of the GOJ's economic adjustment program. Consequently, AID/Jamaica intends to support a carefully structured, two-year program of technical assistance and training. This project element will be evaluated by an external technical consultant after one year to assess progress and identify obstacles to implementation.

The main thrust of this element will be the provision of TA to assist the GOJ in undertaking the necessary reforms. For example, the team leader would be a senior customs advisor who would take primary responsibility for reviewing the feasibility of developing and enforcing a Code of Conduct and supervise the provision of technical assistance and training in the areas of procedures manual preparation, training, and systems development. The customs procedure specialist would write the new procedures manual, supervise the streamlining of customs procedures, and assist in training. He/she should have expertise in customs procedures and commercial operations and prior experience in drafting a procedures manual. The personnel and training professional would design and implement training courses in increased efficiency, the procedures manual, GATT Valuation, duty suspension, and accounting and auditing.

Both long-term advisers should have good communications and writing skills and a demonstrated sensitivity to cross-cultural differences. This core technical team would be supported by short-term technical assistance to carry out specific tasks, including computer software and data base development and auditing, accounting and valuation. The core technical team would work in the Customs and Excise Department and Revenue Protection Division and report to the Commissioner, and would establish working relationships with the Revenue Board. Two possible implementation modes have been identified: Hiring a long term institutional contractor or (subject to adherence to OMB circular 76 regarding the hiring of other USG agencies) a PASA with the U.S. Customs service.

The anticipated outputs of this element are:

- * Facilitation of trade, including the reduction of time required to process exports;
- * A significant increase in government revenue from customs;
- * Professionalization of the Jamaican Customs and Excise Department in terms of integrity, quality and effectiveness.

The verifiable indicators include: the preparation of, and adherence to, a Code of Conduct; a new Procedures Manual; implementation of new GATT Valuation and Duty Suspension Systems; development and implementation of training courses for Customs officials; and a 10-15 % increase in taxes and duties from trade activities. The estimated cost of technical assistance, training and commodities is \$800,000.

Pillar II - Privatization

Privatization of State-Owned Enterprises (SOEs) has been ongoing in Jamaica since 1981 and has been a remarkable success story with the privatization of more than 180 properties, including several large properties. The GOJ's privatization holding company, the National Investment Bank of Jamaica (NIBJ), has a staff of 12 professionals and 15 support personnel who are assigned to work with individual enterprises or government entities slated for privatization. The mid-term evaluation of EDIP noted that the NIBJ is functioning responsibly and quite competently in the area of technical inputs to privatization.

AID/Jamaica has been working with the NIBJ under the terms outlined in a Project Implementation Letter (PIL) designed to amend the original EDIP Project Agreement, and now proposes to structure this productive relationship through a Memorandum of Understanding. Continued progress on privatization is a key component of the GOJ's economic reform program, and is included as a conditionality of the IMF, World Bank, and IDB loan programs. However, only AID/Jamaica is making available grant support for technical assistance to carry out divestitures. The objective of this EDIP project component is to stimulate private investment in divested SOEs, increase efficiency in the economy, and promote a broadened share ownership by workers in privatized SOEs.

a. Divestment Support Services

AID/Jamaica has supported a series of activities undertaken by the NIBJ to carry out privatization of SOEs. Funding has been provided for professional services (divestiture strategy, auditing and accounting, valuations, legal advice, etc.), privatization training, assessments of the impact of privatization, and an evaluation of NIBJ's administrative systems and procedures. The Mission is the key international donor organization funding the NIBJ in the area of technical assistance to prepare SOEs for privatization, and its support under EDIP has resulted in 12 privatization transactions with proceeds totalling \$75 million. The impact on increased foreign exchange earnings, additional investment, and employment have also been positive. An additional 25 transactions are in process, supported by AID funds. Under this element, AID/Jamaica has also provided support to bring the ESOP concept to fruition, with legislative action pending.

AID/Jamaica proposes to continue and expand its support for privatization, particularly in the provision of professional services. The NIBJ has established a system of "panel contracts" (similar to an IQC) for professional services in the areas of valuation, strategy, legal advice, accounting and documentation. Five such contracts were awarded to local firms on a competitive basis, and they have been executing "task orders" successfully over the past year. Based on the recommendation of an evaluation team, the Mission proposes to expand the number of panel contracts by technical service area, allowing for greater competition on a task basis, similar to USAID procedures to procure services under IQC arrangements worldwide. This will allow the NIBJ greater choice in selecting a contractor, result in faster turn-around time through the use of more firms, and provide the Mission with greater documentation on the work

performed and the reasons for selecting a particular contractor. AID/Jamaica will also finance management support to NIBJ to expedite divestitures through the hiring of a local, part-time consultant to "trouble shoot" the process and monitor professional service contracting. Finally, additional training and seminars for selected staff (e.g., the new President of the NIBJ) will be provided.

Jamaica's privatization progress to date is on par with other developing countries. The EDIP mid-term evaluation noted that Jamaica would need at least three to four more years to complete the program. As stated previously, the privatization process is moving into a more difficult phase. The financial condition and future prospects of several of the SOEs scheduled for privatization are not especially promising (e.g., sugar estates, banana plantations, railways), and may encounter difficulties regarding market valuation and potential buyers. Moreover, some of the remaining transactions will be complex (e.g., Air Jamaica, the National Water Commission, sugar estates and the PETROJAM refinery) requiring external technical assistance in valuation and strategy development. For these reasons, this activity will be carried out over a 3 year period directly with the NIBJ through a Memorandum of Understanding detailing the terms and conditions of Mission support. The anticipated project outcomes are: 5 to 8 AID-assisted privatizations per year; \$15 to \$20 million in GOJ revenues per year from new privatizations; and increased investment in SOEs. The verifiable indicators are the number and dollar value of new privatizations. AID assistance for the privatization program will end on the amended PACD. The estimated cost of funding this technical assistance and training under the amendment is \$1.4 million.

Since there are more SOEs to be privatized than the donor community is planning to provide assistance for, and given the greater complexity and degree of difficulty in the remaining SOEs to be privatized, this PP includes a covenant (see Section V.D.3.) to develop a plan to make the privatization program self sustaining. As the divestment program earns substantial revenues, AID and the GOJ agree to develop a plan for setting aside a portion of these revenues which will be used to finance the program following the end of donor support.

With regard to the development of ESOP programs, the promotion of employee ownership of divested SOEs is an important objective of the EDIP project's privatization element, and the NIBJ is working to install ESOPs into the privatization process. For example, the NIBJ is already asking prospective buyers, as part of their offer, to propose a plan to set up an ESOP in the privatized company. In most privatizations to date the percentage of employee shareholding has been relatively limited (e.g., a KPMG study indicated that in 3 large privatizations employee share ownership was less than 3%). As the privatization process moves into more difficult and complex terrain, it will be important to increase the share amounts made available to employees, thereby increasing public support for the process and democratizing the capital base. This process will be facilitated by the passage of ESOP legislation pending in Parliament.

Under EDIP, AID/Jamaica provided technical assistance to the NIBJ to draft ESOP legislation, and has supported public information programs to familiarize the Jamaican public

with the concept of employee share ownership and the economic benefits of ESOP plans.

As a result of the Mission's support for ESOPs, the IDB's Multilateral Investment Fund (MIF) has become active in this area and, as stated earlier, intends to provide increased support for future ESOP related activities.

Pillar III - Financial Market Strengthening

Increased efficiency in financial markets is an important objective of the EDIP project amendment. Financial markets play a critical role in mobilizing savings and channeling investment to productive sectors of the economy. The securities market, for example, has played a major role in support of the GOJ's privatization program and helped to broaden the ownership base in Jamaica.

One of the most serious problems affecting developing countries which undergo structural adjustment is the need to finance economic growth by channeling domestic savings to productive activities, thereby reducing reliance on external savings. Some countries, such as Chile, Argentina and Mexico, have found that the ideal mechanism to attract both internal and external resources is an open, transparent, and well-regulated securities market. In addition, an efficient securities market is an important and useful tool for the financial authorities to control the money supply through open market operations. When a secondary market for government securities is created, financial authorities have an additional tool to monitor and control efficiently the amount of money in circulation, and thereby ease inflation.

In an effort to modernize and deregulate the Jamaican financial system, three recent laws were passed: the Banking Act and the Financial Institutions Act in 1992 and the Securities Act in 1993. The first two laws reformed the financial system and reinforced the Bank of Jamaica's regulatory activities for financial institutions, and the Securities Act is aimed at the promotion of a modern and regulated securities market through the Securities Commission.

The design team conducted an evaluation of Jamaican financial markets and identified three critical areas in which technical assistance and training are required to ensure the smooth implementation of securities market regulation. These are:

a. Securities Commission

The Securities Law was passed to supervise and regulate the increasing activities of the Jamaica Stock Exchange, prevent insider trading and protect investor interests. It calls for the establishment of a Securities Commission, but thus far there has been little thought given to the functions and role of the Securities Commission to regulate and strengthen the market and promote its development. For example, the Securities Act does not envision the Securities Commission as a permanent administrative entity, but this will be necessary to carry out its mandate. This is important, in part because there is an important unsupervised and unregulated informal market for securities, including government paper. Currently in Jamaica the

regulations governing public offerings of securities are very liberal, and virtually any company is able to issue securities and/or make a public offering. The future development of a healthy and sound securities market in Jamaica will depend importantly on the quality of the commissioners and the hiring of competent staff professionals. Therefore, the Financial Market Strengthening pillar will focus project resources on the Securities Commission.

The main objectives of this element are to establish a functioning Securities Commission, and to provide its members and professional staff with technical assistance and training to perform the supervision activities. This will include: inspection procedures; drafting the required regulations for the stock exchange, brokers, dealers and listed companies, including charter of accounts for all participants and the establishment of parameters regarding trading limits; capital requirements and sanctions; establishment of a system for the dissemination of information; installation of a system for monitoring the securities market; and assistance to market participants in the development and use of analytical techniques. Due to the fact that the Securities Commission's activities are new to the Jamaican market the Mission will consider the provision of assistance for a long-term adviser, supported by a local counterpart long-term adviser and short-term consultants in specialized areas. In virtue of the training required by the Securities Commission, as well as that of the JSE officials, brokers and dealers, a coordinated effort must be done to take advantage of the experience of the short-term consultants to provide courses and seminars for all entities.

The long-term expatriate adviser in charge of this element must be experienced in the area of regulation and supervision of securities markets with experience in emerging markets. His responsibilities will be: to assess the needs of the Jamaican securities market; to collaborate in the establishment of the Securities Commission; to draft a coherent set of regulations; to advise the Securities Commission in the establishment of a monitoring system; to advise the Securities Commission in day-to-day functions; to develop an information system for the public; to advise the Securities Commission in supervisory techniques; to assess the need for specific subjects of short-term advisors and coordinate their work; and to train Securities Commission officials.

The anticipated outputs of this element are: a fully functional Securities Commission; a complete set of coherent regulations for activities and participants in the securities market; and the establishment of a monitoring and enforcement system. The verifiable indicators include the implementation and enforcement of regulations, the computerized monitoring system, and the development and adherence to a strategic operating plan and a human resources development plan. The estimated cost of this project element is \$1.2 million.

b. Supervisory Bodies.

Beyond the Securities Commission, three additional supervisory agencies may require reform if the financial and securities markets are to function optimally and protect investor interests. These are:

i) Bank of Jamaica (BOJ)

The BOJ's financial market regulations and supervisory functions are dispersed among several departments. As a result of the new legislation, there is confusion about the scope and content of financial institution regulations, as well as uncertainty over which BOJ department is responsible for supervision. This situation further complicates what is in fact a poorly regulated and supervised financial system. It is imperative to have a coherent set of regulations that will allow financial institutions to perform in a modern and orderly manner, while at the same time facilitating the Bank of Jamaica's supervisory and enforcement activities.

The Bank of Jamaica manages monetary policy, but its capabilities need to be strengthened, especially regarding open market operations. At the present time the Bank limits its open market operations to the issuance of securities through an auction system, which is inadequate in several respects. There is no schedule for the issuance of securities, the terms of the securities vary each issue, and rules to adjust the discount rate of the securities when cashed before maturity impede flexibility and prompt adjustment to market conditions, and promotes the informal market.

In the regulatory policy area, it is important to provide the financial system with the necessary regulations under the Banking and Financial Institutions Acts. This could be in the form of short-term technical assistance and training that will involve determining which present regulations are incompatible with the new legislation and must be modified or deleted, and drafting regulations in new areas included in the acts. The new regulations will be coherent with the new legislation and will set the rules of the game for all institutions supervised by the Bank of Jamaica.

In the monetary policy area it is important to provide the Bank of Jamaica with the ability to issue securities in an orderly and structured manner, and to train personnel to perform an adequate monetary policy through active open market operations. This could be carried out through a limited program of technical assistance and training.

The planned results of this element are:

- Recommendations on the reason for the modification or elimination of regulations now enforced; recommendations on modified and new regulations and trained Bank of Jamaica bank supervision officials on enforcement of the modified and new regulations;
- Recommendations on the reason for the modification of the issuance

system; a modified system; recommendations as to how the secondary market for securities will be created; and trained Bank of Jamaica officials on the performance and monitoring of open market operations to achieve an active monetary policy.

ii) Superintendency of Insurance

Regulation of the management of pension fund portfolios is inadequate, and supervision of their activities needs to be enhanced. In addition, regulation of the pension fund management activities of insurance companies are poor, and there are virtually no restrictions on how these funds may be invested, creating a serious risk for the stability of the financial system. This lack of regulation and supervision endangers the market, especially because these institutions control large amounts of money in a relatively small securities market. The possibility of manipulation of stock prices for personal gain is very real.

One area of possible assistance in this element would be to provide technical assistance in drafting new regulations to improve portfolio management for pension funds. This could include establishing new criteria in the management of the investment portfolio of insurance companies as well as strengthening its supervision capabilities. The new regulations would be coherent and aimed to protect the public's interest and set the rules of the game for insurance company investments and for the management of pension funds by insurance companies. At the same time supervision capabilities of the Superintendency of Insurance Companies supervision department officials would be improved.

The consultant in charge of this sub-component would be experienced in the area of regulation and supervision of pension funds, and have expertise in financial institutions, preferably with experience in developing countries. His/her responsibilities would be: to review all existing regulations; to determine which of the regulations currently enforced should remain, which should be modified and which should be eliminated; to determine the areas in which new regulations should be issued; to introduce modifications to existing regulations; to draft the new regulations; to discuss the modified and new regulations as well as those eliminated with Superintendency of Insurance Companies officials and with insurance company representatives; to introduce modifications resulting from above discussions; and to train Superintendency of Insurance Companies officials on enforcement of the modified and new regulations. The planned results of this element would be:

- Detailed comments and recommendations on the reason for the modification or elimination of regulations now enforced; modified and new regulations; and trained Superintendency of Insurance Companies

supervision officials on enforcement of the modified and new regulations.

iii) Superintendency of Unit Trusts

Unit trusts (or mutual funds) are also poorly regulated and supervised, and rules on investment and portfolio diversification are almost nonexistent. Currently, the only limit on portfolio management is that a unit trust may not invest more than 20% of its capital in real estate. Because of the danger this poses for the market, regulations for unit trusts should be implemented to require a diversified portfolio and to provide information to the holders of the units, on a regular basis, about the composition of the portfolio. Another problem area is that some financial institutions not authorized as unit trusts are in fact managing portfolios for the public without any supervision.

One area of possible assistance in this element would be to provide technical assistance to strengthen the supervision of unit trusts. This would include: drafting new regulations to improve portfolio management, establish investment limits, valuation of portfolio and units, information to be provided to the investors and general public, and requirements in investment contracts as well as strengthen its supervision capabilities. The new regulations would be coherent and aimed to protect the public's interest and set the rules of the game for unit trust operations. Supervision capabilities of the Superintendency of Unit Trust supervision department officials would be improved.

The planned results of this element would be:

- Detailed comments and recommendations on the reason for the modification or elimination of regulations now enforced; modified and new regulations; and trained Superintendency of Unit Trust supervision officials on enforcement of the modified and new regulations.

It is clear that each of the above mentioned supervisory bodies requires technical assistance to strengthen its role in securities markets. However, the priority attached to reform of each of these agencies by the GOJ is evolving. Thus, the degree of Mission involvement in these areas is a function of many, as of now, unknown factors. For example, the degree and amount of GOJ budgetary support for the activities (in particular, budgetary support for the recurrent costs), and the amount of support from the other multi and bi-lateral donors community, is yet to be determined. Accordingly, while the Mission will reserve funds for these activities, possible future commitments will be predicated on the outcome of the above factors. If positive, technical assistance to these agencies could be provided through the MOF, and be supplied by the Institutional Contractor. The reporting and monitoring responsibility would reside with the contractor. The estimated cost of short-term TA is \$300,000. Technical assistance will be conditioned upon a formal request by MOF authorities accompanied by a

workplan and timeframe for accomplishing the specific tasks.

International organizations active in Jamaica are conditioning their loan agreements with the GOJ on the implementation of the Securities Market Law, but none is offering technical assistance in this area. AID/Jamaica may support a structured program of technical assistance and training to assist in the establishment of a Securities Commission and other related reforms. A formal request has been received from the MOF and the Mission plans to sign a Memorandum of Understanding with the Ministry once the Amendment is approved. Given the complexity of these issues and their inter-connectedness, an institutional contractor could be selected to provide both long-term and short-term technical assistance.

c. Collaborative Efforts

Even if an effective Securities Commission is established, it is important to recognize that the key factor in the securities market equation is the stock exchange, which is attuned to supply and demand in the market. Internationally, the norm is for stock exchanges to have their own regulations and to be as self-regulated as possible. The Jamaica Stock Exchange has several operative problems, including inadequate trading procedures, a very slow settlement process, which can take up to six months, and poor standing regulations which are laxly enforced. In addition in Jamaica, the financial information available from the stock exchange, its members and the listed companies is very poor and its dissemination inadequate. The JSE and its members do not have adequate financial analysis capabilities, and modern financial performance analytical techniques are almost unknown; these are key factors to achieve investor confidence and market growth and development. The JSE recognizes that it is in need of modernization to bring it up to international standards in terms of trading and settlement procedures, and has contracted an international consulting firm to assist it in this process. As mentioned earlier, the IDB is also considering financing other corrective aspects such as self regulation, enhanced financial analysis capacity and the provision of financial market information.

Although AID/Jamaica does not plan to finance the upgrading of JSE operations, the Mission believes that this modernization effort should be carried out in tandem with the implementation of securities market regulations, and will strive to coordinate our efforts with those financed from other sources to ensure both increased efficiency and transparency in the securities market and thereby instill the investor confidence necessary for the market to play its role in mobilizing and channeling investment efficiently and contributing to the democratization of Jamaica's capital base.

Pillar IV - Export Development

One of Jamaica's most pressing economic development challenges is to expand and diversify its export base. In spite of a turbulent economic climate over the past three years,

development of non-traditional exports has progressed and now represents 28% of total exports. For example, in the apparel sector (a major focus of EDIP assistance) foreign exchange earnings have increased by 36% since 1989, and this sector is now Jamaica's second largest employer in the manufacturing sector and the largest employer of women. Moreover, international donor technical assistance and training programs have contributed to improvements in the productive capacity and the skills of the workforce in selected sectors. JAMPRO, for example, now manages trade and investment grant and loan funds from Canada, the EC, and Japan. The GOJ has attached priority importance to export development, and has stated that it intends to rely on the private sector as the engine of export-led growth.

There is general consensus that the policy and regulatory framework (which was the major impediment to export activities in 1989) has eased considerably and only requires fine tuning in the areas of fiscal policy management, customs and financial markets. Nevertheless, significant obstacles to the development of the export sector remain. At present, the major constraints to business development are the high costs of credit, the lack of long-term finance (especially equity capital), lack of skilled workers and middle managers, inadequate production processes, especially in terms of productivity, quality control and packaging, and sufficient volumes for export markets, especially for small and medium size exporters.

Under EDIP, AID/Jamaica has supported technical assistance and training to Jamaican firms in the apparel, data processing, tourism, and furniture industries, in addition to an IESC volunteer executive services program. The Mid-Term Evaluation Report recommended that some of these activities be continued (e.g., apparel, data processing, the IESC program), while others should be refocused (e.g., tourism) and/or eliminated (furniture). Also, the Mission has financed some studies of Jamaica's export potential and the constraints to growth and diversification, the most recent of which was a feasibility study on the potential of providing firm-level technical assistance to private sector enterprises serving tourists, including small and mid-sized hotels, restaurants, tour and attraction operators, etc. through an IESC Volunteer Executive program.

Under the EDIP Amendment, the Mission intends to continue to contribute to the development of Jamaica's exports, focusing on providing firm level technical assistance in selected sectors. The existing apparel support (which excludes Free Zone companies) and data processing training programs implemented through JAMPRO will be extended, as will the IESC's Volunteer Executive Program. In addition, the Mission will execute a "design and implement" contract with a US consulting firm to further develop the capacity of targeted export sectors with significant foreign exchange and employment generation potential. The idea is to build upon existing studies, evaluations and reports, supplemented by interviews, analyses, and assessments of private sector institutional capacities, to focus AID/Jamaica support on the most promising sectors.

The objective of this pillar is to accelerate the private sector's response to the new business climate. AID/Jamaica intends to support primarily technical assistance and training activities at the firm level in targeted sectors which have high potential in terms of increased

exports and employment generation. The expected outputs of this activity are significant increases in the export earnings of firms in sectors receiving technical assistance and training and the generation of employment, especially for women.

a. JAMPRO

i) Apparel Industry Support Services

This is an ongoing element of the project administered directly by JAMPRO, the original counterpart agency of the EDIP project. To date under EDIP, AID/Jamaica has financed three long-term technical advisors, contributed to costs of sending Jamaican delegations to trade fairs, and purchased selected commodities. Initially most of the technical assistance was directed toward streamlining production, improving productivity, and introducing basic statistical quality control and cost accounting to local firms, 55% of which were small or medium size firms. Beginning in 1992, assistance was also directed at transferring more advanced techniques to firms which had graduated from basic Section 807 (sew only) production contracts to Cut, Make, and Trim (CMT) operations, and a cost-sharing element was added to the program. Approximately 220 firms received technical assistance, of which only 13 (6%) were located in export processing zones. At present the Mission is funding one long-term consultant through July 1993, and a second through year-end 1993. Steps have been taken to ensure that support for the apparel sector is in full compliance with Section 599 legislation.

Jamaica's demonstrable success in the garment sector can only be sustained through continuing to upgrade the industry's capacity to engage in more advanced apparel work. The apparel sector is now focusing on intermediate CMT operations, and has the capacity to graduate to more value-added services like design work and high-end product manufacturing.

AID/Jamaica intends to finance one long-term adviser for a two-year period beginning January 1994 to provide production technology, engineering and training to the apparel sector. The advisor will focus his/her activities on firms able to absorb the technical assistance, and which operate at the medium-to-high end of the sector. He/she will be located at JAMPRO and provide assistance to upgrade its garment engineering training program, but the emphasis will be on "hands-on" support to private companies. The cost-sharing element of the program will be maintained with fees gradually increased to a level just below commercial rates for similar services. In compliance with Section 599 guidelines, no assistance will be provided to firms operating in free zones, nor will any marketing activities be financed.

Other potential areas of support include short-term training courses for factory

engineers and operators in higher value added activities such as pattern making, cutting room engineering, and fabric design along with vital support services such as mechanics for repair and maintenance of machinery. Additional training could also be provided to the Bureau of Standards personnel in the operation of the USAID financed fabric analysis equipment which the Bureau uses to provide local manufacturers, on a fee for service basis, protection against inadvertent fabric mislabeling which is considered fraud by US Customs. These short-term advanced courses would consist primarily of bringing the appropriate trainers to Jamaica and would be funded on a cost-shared basis.

The Mission proposes to sign a Memorandum of Understanding with JAMPRO, countersigned by MITC, to administer the technical assistance and training program. A long-term adviser will be hired as a contractor to work with JAMPRO in developing programs and schedules for both the ongoing and short-term technical assistance; he will also coordinate reporting on results to the Mission. The expected outputs of this element are an increase in foreign exchange earnings from the apparel sector firms assisted and increased employment, especially of women. The verifiable indicators are a 10% increase in export earnings among the assisted firms and the number of new jobs created. The estimated cost of this additional support is \$250,000.

Given the broad interest in the sustainability of this program, a covenant is included in Section V.D.3. of this PP. This covenant states that JAMPRO and AID will meet and agree to a revised cost-sharing/fee-for-service plan which will introduce a mechanism for gradually increasing the fees for this service to an amount that more adequately reflects market realities. The plan will also delineate the procedures for handling the funds generated and itemize a list of possible uses. Possible uses to explore will be the establishment of a trust fund to assist in financing the program following the end of project support and/or utilizing the funds generated to support JAMPRO's Apparel Engineering Program.

ii) Data Processing Training

Information processing is one of Jamaica's fastest growing export service industries. An EDIP financed study of this sector concluded that it had significant growth potential, based on a well-educated, English-speaking workforce and a competitive cost structure. The assessment recommended that Jamaica begin by increasing the ability of its workforce to respond to the demand for low-end key entry operations and then to move toward high-end value added services. The study also identified constraints to sector development, particularly an acute shortage of trained data entry workers. The study was well received by the data processing industry, which formed an organization, the Information Processing Group (IPG) to jointly develop the sector. Under the existing EDIP

project, grant financing committed to JAMPRO will be provided for procurement of computers for a local training institute. It should be noted that none of the firms within the IPG are located in any of Jamaica's export processing zones.

AID/Jamaica intends to continue and expand its training support for the development of the information processing industry. Over the next year, EDIP support for the HEART training program will help to address the short-term need for basic low-end, key-entry workers. The Mission will also work with JAMPRO to help support the industry's efforts to enter the higher end of the market with specially tailored training programs in technologies such as document imaging, computer aided design/computer aided manufacturing (CAD/CAM) processing of engineering documents, and computerized processing of maps and geographic information (GIS). Additional support activities will be implemented on a cost shared basis.

This activity will be coordinated with the IPG through the Memorandum of Understanding with JAMPRO. The expected output of this element is a 15% annual increase in export earnings from data processing services and increased employment, especially of women. The verifiable indicators will be numbers trained in data processing and higher end value added services such as CAD/CAM, GIS, imaging and tele-marketing, employment of trainees, and export earnings of the firms in the information processing industry. The estimated cost of training support and technical assistance is \$200,000.

b. IESC Volunteer Executives

Under the EDIP project, AID/Jamaica has a grant agreement with the International Executive Service Corps (IESC) to provide technical assistance to Jamaican firms on a cost-sharing basis. Most of the IESC's technical assistance activities were focused on resolving technical deficiencies at the firm level for which local expertise was not available. Based on the favorable Mid-Term Evaluation of the IESC program in terms of its accomplishments, efficiency and effectiveness, as well as its strategic fit with the Mission's overall objectives, AID/Jamaica proposes to expand the program to include firm level technical assistance to the private tourism industry.

Under EDIP (April 1990 - December 1992), the IESC completed 35 Volunteer Executive assignments in Jamaica on a cost-sharing basis, 26% of which were directed at firms which generate export sales, and 30% of which were aimed at woman-owned small businesses. The mid-term evaluation of IESC activities in Jamaica was favorable (especially when compared with other IESC AID-supported programs in other countries), and noted its success in terms of the number of projects completed annually, its success in generating client fees as a percentage of its annual operating budget and technical assistance costs. The evaluation report thus recommended that the program be continued. The report also recommended that a closer link

be established between AID/Jamaica's privatization activities and the IESC program, in order to provide post-privatization management, production, and marketing assistance to former SOEs.

AID/Jamaica will amend its agreement with the IESC to implement many of these recommendations, while still retaining aspects of the program which emphasize support to promising small and woman-owned firms. During the amendment period, the IESC/Kingston office will provide technical assistance on a cost-sharing basis to approximately 10 tourism related clients per year and 10 non-tourism clients thus averaging 20 projects per year.

AID/Jamaica intends to continue its support of the IESC's volunteer executive program under a new two year cooperative agreement (with a possible one year extension based on performance and impact). The new Cooperative Agreement will be more focused than the current Grant Agreement. The major criterion for AID assisted projects will be that the activity focusses on increasing a firms export earning potential. Also, in addition to traditional VE activities, the IESC will also begin to implement a tourism industry support project. This program will follow the principle of providing professional technical services directly to the tourism sector and in particular it will target small and medium sized firms. An independent assessment contracted by the Mission has identified a strong interest in the program on the part of enterprises catering to tourists such as hotels, restaurants and attractions as well as certain non-business entities with a stake in tourism such as Chambers of Commerce, the Jamaica Hotel and Tourism Association and local development companies. The intention is to carry out approximately thirty assignments in tourism centers over the next three years. The activities would include assistance in general and small business management, preventive maintenance of physical facilities, food and beverage services and community planning. Since this is a new area of concentration for both AID and IESC, the plan is to review the program after the first year of operation to assess its impact and make any needed adjustments or modifications to its design.

The anticipated outcomes of this project element are: technical assistance to approximately 60 firms; increased productivity, product quality and export earnings; employment; and private investment. The verifiable indicators are export earnings and employment in assisted firms, numbers of technical assistance assignments, and investment in equipment and plant operations by assisted firms. The Mission estimates the cost of this element at \$900,000.

c. Targeted Industry Support

AID/Jamaica has been able to take maximum advantage of the flexibility built into the design of the EDIP project to respond to market demands and new opportunities to diversify exports and stimulate private investment. Examples include funding for the preparation of ESOP legislation, the National Action Plan, the Fair Competition Act, and the data processing feasibility study. AID/Jamaica believes that this project amendment represents a much more structured program of activities, but also feels strongly that some flexibility is required to respond to targets of opportunity on the horizon to spur industry development. The criteria which will be used to select opportunity areas will include: demonstrated potential to increase

export earnings and employment; sustainability of the activity beyond AID's limited support; capacity of the private sector implementing institution and relevance to its membership delivery services; and compliance with Section 599 legislation.

The Mission has identified several potential sectors that meet the above criteria. These include apparel, data processing, agribusiness, and tourism. Although the Mission has developed a base of information on each of these sectors, and will continue its support of apparel and data processing through its current program with JAMPRO, it believes that additional investigation and analysis is warranted to identify and target additional opportunities within these and other sectors which can take maximum advantage of AID's limited resources.

An example is in the agribusiness sector. Jamaica has considerable potential to export processed foods (e.g., preserves, relishes, spices) to niche markets in gourmet foods. Moreover, this sector has relatively low import costs and high local value added. However, the sector faces numerous constraints: lack of sufficient volume by individual companies to supply market demand, the high cost of market penetration on an individual company basis, poor packaging and quality control, and inappropriate manufacturing processes. In addition, agribusiness associations are weak and there is little history of cooperation among the small food processing firms. However, both the Jamaican Exporters Association and the Jamaican Manufacturers association are moving to develop this sector, have expressed an interest in working cooperatively together in this area, and both have the membership base, organizational structure, and counterpart resources required to administer a technical assistance program. Additional study is required before the Mission can consider the cost/benefit ratio of directing resources at this sector.

In addition, although the Mission has designed a program to assist the tourism industry through its cooperative agreement with IESC, this should not preclude other project related support to the industry that is Jamaica's principal earner of foreign exchange and a major source of employment. The idea would be to examine other methods to assist this sector to grow and expand and bring about a subsequent increase in employment and export earnings.

Likewise, the Mission wishes to explore other possible means of allocating additional resources to the apparel and/or data processing sector(s), should these be shown to be cost-effective. The Mission's current portfolio of assistance in both these sectors should be reviewed and other potential means of support explored and, if deemed practicable and worthwhile, proposed. The review would include a review of previous analyses of opportunities and constraints in garment manufacturing and information processing as well as the recommendations proposed for additional support.

The Mission proposes to issue an RFP on a competitive basis for a "design and implement" contract to select and assist in the development of a focused export promotion program for one or more targeted sectors. The scope of work will request a technical approach to the development of targeted sectors, and will include at a minimum: an understanding of Jamaica's export potential and of the market for products/services; the identification of niche

opportunities for Jamaica; an identification of constraints to sector growth and an evaluation of Jamaica's capabilities; an assessment of the organizational capacity of possible implementing agencies; recommendations of actions to expand the sector; development of achievable targets and measurable indicators; and a recommended plan for technical assistance. Assuming feasibility, AID/Jamaica would consider a limited program of technical assistance (long-term advisers, short-term technical assistance, training) to implement the program in cooperation with a selected Jamaican association. The Contractor would be selected in open competition on the basis of the technical qualifications of the proposed design team, the qualifications and demonstrated availability of possible long-term expatriate advisers and short-term experts, the quality of the technical proposal, and the capability of the firm to manage overseas contracts in specialized areas.

AID/Jamaica proposes to allocate \$1,250,000 for this project element. The anticipated outputs: enhanced export development in one or more promising sectors; increased employment and export earnings, productivity improvement and product quality gains in all targeted sectors.

IV. PROJECT INPUTS AND FINANCIAL ANALYSIS

A. Overview

This project amendment will extend the LOP of EDIP to March, 1997 and provide an additional \$8 million in funding, bringing the total AID contribution under EDIP to \$15 million. Of the original \$6.9 million obligated under EDIP, approximately \$800,000 may be available to be carried forward to fund EDIP amendment activities. New funds will be required to continue selected activities and to bring on line new activities designed to take advantage of the more favorable macroeconomic framework for trade, investment, and economic growth.

Table 1 presents a summary cost estimate and financial plan for the amended EDIP project. The total cost of the project is estimated at \$10.5 million, of which Jamaican entities are expected to contribute at least US\$2.5 million. Of the proposed AID contribution of \$8 million, the allocation among project pillars is as follows: Policy Implementation - \$1,480,000 Privatization - \$1,500,000; Financial Markets - \$1,500,000; and Export Development - \$2,600,000. Contingency has been estimated at about 5% of new project funds, or \$420,000. Project management is estimated at \$300,000, and evaluation and audit at \$200,000.

B. Costing of Project Inputs

Table 2 shows the cost of the project amendment by type of input. The project will finance long-term and short-term technical assistance at approximately \$6.3 million, training at \$635,000, and commodities at \$175,000. Project administration, evaluation, audits and

contingency are estimated at about \$935,000.

Leveraging of AID/Jamaica funds and cost-sharing with Jamaican entities are important elements of project financing. This has been built into the project design to take maximum advantage of AID's limited resources and to ensure the sustainability of project initiatives. Several examples of this approach are integral to the EDIP amendment: the FPMU component is jointly financed with the UNDP, and the GOJ has committed to making the unit a permanent part of the Ministry of Finance's decision-making structure. In addition, the IDB/MIF will be providing support for the implementation of two activities closely affiliated with EDIP Amendment pillars: ESOPs establishment as an adjunct to Privatization; and modernization of the JSE in coordination with Financial Markets Strengthening. Technical assistance for export development support (e.g., IESC, apparel industry, data processing) will also be carried out on a cost-sharing basis.

C. Projected Expenditures by Fiscal Year

Table 3 shows estimated expenditures by component by year. Expenditures by fiscal year are estimated at \$2.66 million in FY 94, \$2.68 million in FY 95, \$1.85 million in FY 96, and \$0.8 million in FY 97.

D. Methods of Implementation and Financing

Table 4 shows the method of implementation and financing for the project. All are in accordance with AID's preferred methods. It should be noted that the proposed PASAs are contingent upon meeting Handbook 12 guidelines.

Table 5 shows the breakdown of the proposed project amendment budget according to the current project's budget line items or elements. Under the amendment, four new elements would be added to the project budget.

Table 1

EDIP Summary Cost Estimate and Financial Plan

Project Element	AID SUPPORT		Host Cy LC & Private Sector	TOTAL
	FX	LC		
POLICY IMPLEMENTATION				
FPMU	\$100,000		\$50,000	\$150,000
Fair Trade Commission	\$250,000	\$100,000	\$370,000	\$720,000
National Action Plan	\$230,000		\$250,000	\$480,000
Customs Reform	\$800,000		\$100,000	\$900,000
SubTotal	\$1,380,000	\$100,000	\$770,000	\$2,250,000
PRIVATIZATION				
Support Services	\$500,000	\$1,000,000	\$600,000	\$2,100,000
SubTotal	\$500,000	\$1,000,000	\$600,000	\$2,100,000
FINANCIAL MARKETS				
Securities Commission	\$1,200,000		\$300,000	\$1,500,000
Supervisory Bodies	\$300,000		\$100,000	\$400,000
SubTotal	\$1,500,000		\$400,000	\$1,900,000
EXPORT DEVELOPMENT				
JAMPRO	\$300,000	\$250,000	\$100,000	\$550,000
IESC	\$900,000		\$350,000	\$1,250,000
Targeted Industry Support	\$1,150,000	\$150,000	\$300,000	\$1,550,000
SubTotal	\$2,300,000	\$300,000	\$750,000	\$3,350,000
PROJECT MANAGEMENT	\$50,000	\$250,000		\$300,000
EVALUATION	\$100,000			\$100,000
AUDIT		\$100,000		\$100,000
CONTINGENCY	\$420,000			\$420,000
TOTALS	\$6,250,000	\$1,750,000	\$2,520,000	\$10,520,000
TOTAL AID SUPPORT	\$8,000,000			

Table 2

PROJECT AMENDMENT COSTS BY INPUTS

COMPONENT	LONG TM TA	SHORT TM TA	TOTAL TA	TRAINING	COMMODITY	ADMINIS	EVALUATION	AUDIT	CONTING	TOTALS
POLICY IMPLEMENTATION										
FPMU		\$100,000	\$100,000							\$100,000
FTC		\$325,000	\$325,000	\$25,000						\$350,000
NAP		\$230,000	\$230,000							\$230,000
Customs	\$550,000	\$150,000	\$700,000	\$60,000	\$25,000		\$15,000			\$800,000
PRIVATIZATION										
Support Svcs		\$1,400,000	\$1,400,000	\$100,000						\$1,500,000
FIN MKTS										
Sec Com	\$700,000	\$350,000	\$1,050,000	\$50,000	\$100,000					\$1,200,000
Super Bod		\$250,000	\$250,000	\$50,000						\$300,000
EXPORT DEV										
JAMPRO	\$200,000	\$100,000	\$300,000	\$150,000						\$450,000
IESC		\$850,000	\$850,000	\$50,000						\$900,000
Targ Ind	\$950,000	\$150,000	\$1,100,000	\$100,000	\$50,000					\$1,250,000
PROJ MGMT				\$50,000		\$250,000				\$300,000
EVAL							\$100,000			\$100,000
AUDIT								\$100,000		\$100,000
CONTINGENCY									\$420,000	\$420,000
TOTAL	\$2,400,000	\$3,905,000	\$6,305,000	\$635,000	\$175,000	\$250,000	\$115,000	\$100,000	\$420,000	\$8,000,000
AID DIRECT CONTRACT										
			\$2,400,000	\$250,000	\$150,000	\$250,000	\$115,000	\$100,000		\$3,265,000
Host Cy CONTRACT										
			\$2,030,000	\$250,000						\$2,280,000
PASA										
			\$1,025,000	\$85,000	\$25,000					\$1,135,000
IESC SUPPORT GRANT										
			\$850,000	\$50,000						\$900,000
TOTAL			\$6,305,000	\$635,000	\$175,000	\$250,000	\$115,000	\$100,000	\$420,000	\$8,000,000

Table 3

PROJECTED EXPENDITURES BY FISCAL YEAR AID FUNDS

	FY94	FY95	FY96	FY97	TOTAL
POLICY IMPLEMENTATION					
FPMU		\$100,000			\$100,000
Fair Trade Commission	\$250,000	\$100,000			\$350,000
National Action Plan	\$230,000				\$230,000
Customs Reform	\$600,000	\$200,000			\$800,000
SubTotal	\$1,080,000	\$400,000	\$0	\$0	\$1,480,000
PRIVATIZATION					
Support services	\$300,000	\$500,000	\$500,000	\$200,000	\$1,500,000
SubTotal	\$300,000	\$500,000	\$500,000	\$200,000	\$1,500,000
FINANCIAL MARKETS					
Securities Commission	\$400,000	\$550,000	\$250,000		\$1,200,000
Supervisory Bodies		\$100,000	\$100,000	\$100,000	\$300,000
SubTotal	\$400,000	\$650,000	\$350,000	\$100,000	\$1,500,000
EXPORT DEVELOPMENT					
JAMPRO	\$100,000	\$150,000	\$150,000	\$50,000	\$450,000
IESC	\$250,000	\$300,000	\$250,000	\$100,000	\$900,000
Targeted Industry Support	\$350,000	\$350,000	\$350,000	\$200,000	\$1,250,000
SubTotal	\$700,000	\$800,000	\$750,000	\$350,000	\$2,600,000
PROJECT MANAGEMENT					
	\$50,000	\$90,000	\$100,000	\$60,000	\$300,000
EVALUATION					
		\$60,000		\$40,000	\$100,000
AUDIT					
	\$30,000	\$30,000	\$30,000	\$10,000	\$100,000
CONTINGENCY					
	\$100,000	\$150,000	\$120,000	\$50,000	\$420,000
TOTALS					
	\$2,660,000	\$2,680,000	\$1,850,000	\$810,000	\$8,000,000

Table 4

METHODS OF IMPLEMENTATION AND FINANCING
(US\$000)

<u>INPUT</u>	<u>METHOD OF IMPLEMENTATION</u>	<u>FINANCING</u>	<u>AMOUNT</u>
Technical Assistance Long & Short Term TA	AID Direct Contracts, HC Contracts, PASAs	Direct Reimb.	2400
		Advance/Reimb.	2030
		Direct Payment	1025
IESC Support Grant	OPG	Advance/Reimb.	900
Training	HC Contract PASAs AID Direct Contract	Advance/Reimb.	250
		Direct Payment	85
		Direct Payment	250
Commodities	Contracts (PIO/T-PIO/C)	Direct Payment	175
Audits	AID Direct Contract	Direct Payment	100
Evaluation	AID Direct Contract	Direct Payment	115
Project Administration	AID Direct Contract	Direct Payment	250
Contingency			420

Table 5

EDIP BUDGET BY ELEMENTS

ELEMENT (No)	ACTIVITIES	Budget
Jampro (10)	Garments,info processing	\$450,000
NIBJ (20)	Privatization	\$1,500,000
IESC (30)	Volunteer Exec	\$900,000
TAP(40)	Tourism Product	\$0
Mission managed (50)	Project management	\$300,000
	Evaluation	\$100,000
	Audit	<u>\$100,000</u>
	subtotal	\$500,000
NDF (60)	Small Business	\$0
Contingency (70)	Contingency	\$420,000
PSOJ (80)	National Action Plan	\$230,000
FPMU (90)	Fiscal Policy	\$100,000
FTC (100)	Fair Trading Commission	\$350,000
Customs (110)	Customs support	\$800,000
Financial Markets (120)	Securities Commission	\$1,200,000
	Supervisory Bodies	<u>\$300,000</u>
	subtotal	\$1,500,000
Export Development (130)	Targeted Industry Support	\$1,250,000
TOTAL		\$8,000,000

V. IMPLEMENTATION AND MONITORING PLAN

A. Overview

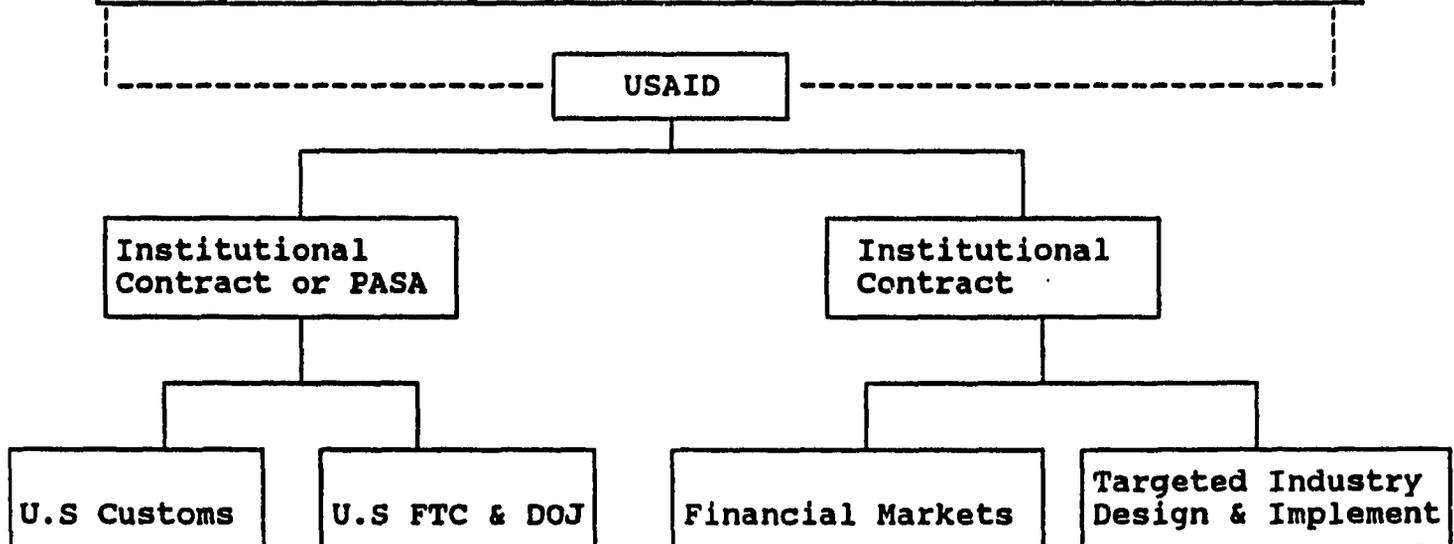
Under the original EDIP project design, JAMPRO was selected as the principal implementing agency because of the compatibility of its objectives with those of the project, its demonstrated technical competence, and its familiarity with AID contracting and reporting requirements. However, the project also envisioned the participation of many other organizations as grantees or sub-grantees, especially the IESC and the National Development Foundation of Jamaica (NDF/J). Given the rapidly changing environment in Jamaica, and thanks to the flexibility built into the original project design, several other organizations played significant roles in implementing the project, including the NIBJ, the Ministry of Finance, and the PSOJ. It should also be noted that the original implementation plan did not provide for an institutional contractor, with long and short-term technical assistance provided either through Host Country contracts or AID direct contracts. Although this arrangement worked well, it also placed an undue burden on Mission staff to monitor the provision of technical services across implementing agencies and among several personal service contractors. Diagram 2 presents the Implementation Framework for the EDIP Amendment.

Given the new emphasis on policy implementation and strengthening financial markets in the project amendment, in addition to the possible use of US government agencies via PASA agreements, AID/Jamaica proposes to sign a Project Agreement with the Ministry of Finance. However, other organizations, most of which were utilized effectively under EDIP, will continue to have implementing responsibilities, including the PSOJ, the NIBJ, the IESC, and JAMPRO. New implementing agencies will include the MITC and the Trade Board for the JFTC project element.

The Mission also proposes to issue two competitive RFPs to select Institutional Contractors (IC), one for the financial markets component and the second for technical assistance for export development on a design and implement basis, assuming feasibility. The IC for financial markets will be responsible for long and short term technical assistance to the SEC, and the supervisory bodies. The rationale for an IC to be responsible for this project pillar is the complexity and special expertise required for capital markets development, the need for close coordination between and among the various financial bodies which will receive technical assistance, and the importance of financial market reform for trade and investment. The IC for financial markets will also be requested to provide assistance in establishing a monitoring system for project activities carried out with the MOF directly. The IC for technical assistance and training in export development will be requested to provide assistance in monitoring progress toward project objectives by JAMPRO and the IESC, in addition to developing the export potential of targeted sectors. The Mission believes this will result in improved reporting functions and allow Mission staff to concentrate on its management responsibilities.

EDIP IMPLEMENTATION FRAMEWORK

	RESPONSIBLE IMPLEMENTING AGENCIES					
	MOF	MITC	PSOJ	IESC	NIBJ	OPM
Policy Implementation						
FPMU	x					
FTC		x				
NAP			x			
Customs	x					
Privatization						
Support Services					x	x
Financial Markets						
Securities Commission	x					
Supervisory Bodies	x					
Export Development						
JAMPRO apparel & data processing		x				
IESC Vol. Exec & Tourism				x		
Targeted Industry Supp.		x				



B. Project Implementing Arrangements

1. Arrangements with the Ministry of Finance

AID/Jamaica will enter into a Grant Agreement with the GOJ/Ministry of Finance, which will implement directly some project activities and designate other agencies as its authorized representative to implement certain portions of the project. The MOF is an important GOJ body in the economic policy realm, and many of the EDIP project amendment activities fall within its purview. The MOF will be directly responsible for implementing the following activities:

- i) The Fiscal Policy Monitoring Unit through an MOU;
- ii) Technical assistance and training for the Jamaican Customs and Excise Department. The Mission will consider providing technical assistance and training via a PASA with the US Customs, if this is justified according to Handbook 12 guidelines; and
- iii) Institutional development of the Securities Commission and possible strengthening of the financial markets supervisory functions of the BOJ, the Superintendency of Insurance Companies, and the Superintendency of Unit Trusts. Technical assistance will be provided by an institutional contractor, which will report to AID/Jamaica.

The Ministry of Finance or its designated subagents will oversee the preparation of annual implementation plans, be responsible for accounting for the uses of project funds, and submit required progress reports toward achieving project objectives.

2. Arrangements with the MITC, Trade Board (JFTC), JAMPRO

The MITC has the formal authority over both the Trade Board and JAMPRO, which act as quasi-independent bodies. The Trade Board, in turn, oversees the operations of JFTC. The Mission proposes to sign Memorandums of Understanding with the Trade Board and JAMPRO, both countersigned by MITC to provide technical assistance to the JFTC and JAMPRO over a 2 year period. The JFTC is a new organization, and AID support will be directed both at institutional strengthening and ensuring that its regulatory activities directed at consumer protection and increased business competitiveness are fair, reasonable and effective. The Mission will consider PASA agreements with the USFTC and the US Justice Department to provide technical support. The JFTC will provide annual workplans, quarterly reports of progress toward mutually agreed upon performance targets, and financial reports.

JAMPRO, which is the GOJ's principal economic development agency with substantial experience in trade and investment promotion using donor funds, and with which AID/Jamaica has ample implementation experience, will receive support for technical assistance in the apparel

and data processing sectors. No support for institutional development/strengthening will be provided, and all activities of JAMPRO or its sub-grantees will be monitored for compliance with Section 599 legislation. JAMPRO and/or its sub-grantees will provide annual workplans, quarterly progress reports, and financial reports.

3. Arrangements with the PSOJ

The PSOJ was created in 1976 by Jamaican business groups to provide a forum for the private sector to speak with one voice on macroeconomic issues affecting business interests. It has 402 members, including business associations (29), companies (297), and individuals (76). The PSOJ has an Executive Director who manages a staff of 20 full-time employees, including 8 professionals. The PSOJ is respected for its analytical/research capacities, and its communications program which disseminates the position of the business community on economic issues. The Mission has been working effectively with the PSOJ on the National Action Plan, which is part of the PSOJ's effort to move toward a greater concern with microeconomic issues affecting the business climate.

As part of the project, and with the concurrence of the Ministry of Finance, AID/Jamaica will provide new grant funding to support the work of the National Action Plan Secretariat through the existing Cooperative Agreement with the PSOJ. The PSOJ will prepare an annual workplan, report progress on the achievement of agreed upon indicators of performance, and account for AID funds. The funds will be devoted mainly to provide technical assistance for studies and actions to improve the business and regulatory framework.

4. Arrangements with the IESC

The IESC has offered short-term, "hands on" technical assistance to majority-owned domestic firms in developing countries since 1964. It has been offering its Volunteer Executive services in Jamaica since 1983, through an office staffed by a resident executive and two secretaries. VE services are marketed at full cost to large firms and on a cost sharing basis to small firms; AID/Jamaica has supported this latter activity since 1983. The IESC's technical assistance activities in Jamaica were rated highly in the Mid-term Evaluation.

AID/Jamaica will earmark funds and enter into a Cooperative Agreement with the IESC to provide \$900,000 in new grant funds during the amendment period. The funding will be for the VE program and for tourism support industry activities. The IESC will prepare an annual workplan for the use of resources for its Volunteer Executive program, focusing on the priority areas of medium to large firms ready for export, woman-owned businesses, and selected small firms entering production for export. It will also develop a proposal to provide technical assistance and training to small and medium size firms in the tourism sector. All assistance will be provided on a cost-sharing basis, determined on the ability to pay and the expected benefits. The IESC will be responsible for accounting for use of project funds and reporting progress toward established indicators. Firms receiving assistance will be expected to provide data on investment, export earnings, and employment.

5. Arrangements with the NIBJ

The NIBJ was selected to participate in this amendment based on its superior performance in preparing companies for privatization. Its capable professional staff have performed well using EDIP support, and the Mission is confident that this will continue. The Mission has been operating with the NIBJ under a PIL, and proposes to sign a Memorandum of Understanding which would be countersigned by the Office of the Prime Minister (OPM). The NIBJ will prepare an annual workplan, quarterly progress reports, and financial reports.

6. Arrangements with Institutional Contractors

AID/Jamaica will issue one competitive RFP for professional services to support the development of Jamaica's financial markets and one for export development. The Financial Markets Contractor will be responsible for providing both long and short term technical assistance and training to the securities market, and assist in monitoring the reporting of results of project activities implemented directly by the MOF. In addition to an annual workplan, the Contractor will be responsible for quarterly, semiannual, and annual progress and financial reports. Measurable, verifiable project indicators will be used to monitor progress, and the Contractor will be required to establish an information and monitoring system in collaboration with AID/Jamaica. The Contractor will work with various implementing agencies, but will primarily interact with the SEC, the Ministry of Finance, the BOJ and the Mission. The estimated amount of the financial markets contract is about \$1.5 million.

The second institutional contract will be a design and implement type for export development in one or more sectors. The Mission would enter into a Cooperative Agreement with the recommended Jamaican entity (possibly the JEA or JMA) and negotiate the terms of a contract with the Contractor. The Contractor would be responsible for achieving project objectives and reporting results in an agreed upon format. The estimated amount of this contract is \$1.25 million

C. Project Management and Coordination

This project will be administered by the Office of Private Enterprise (OPE) of AID/Jamaica, which will assume the responsibility for day-to-day implementation and supervision. Policy and management guidance for the FPMU element will be the responsibility of the Mission Economist, back-stopped by the OPE. A primary responsibility for the OPE will be to review, modify, and/or approve annual workplans submitted by implementing agencies, and monitor their implementation according to both project element specific benchmarks and progress toward the measurable indicators of investment, export earnings, and employment. The OPE will also be responsible for supervising the work of the Contractors, working to ensure that technical assistance is provided on a timely basis and that EOPS indicators are achieved. The OPE will also be responsible for compliance with Section 599 guidelines.

The following list of activities outlines major anticipated events:

Target Date	Responsibility	Action
Sept 93	USAID, GOJ (Min.of Fin.)	Sign Project Agreement
Sept 93	USAID, USFTC, Dept. of Justice	Negotiate, sign PASA agreements for technical assistance to Fair Trading
Oct 93	USAID, Min. of Finance, Min.of Industry, Tourism and Commerce, JAMPRO, NIBJ and IESC	Negotiate and sign Grants, Coop. Agreements, Memorandums of Understanding and other documents specifying the commitments and responsibilities of each party.
Nov 93	USAID	Initiate institutional contract process for technical assistance with financial markets.
Dec 93	USAID	Negotiate, sign PASA agreement for technical assistance to Jamaica Customs or compete an Institutional Contract.
Mar 94	USAID, IESC	Sign Cooperative Agreement for tourism and VE activities.
April 94	USAID, IESC	Initiation of tourism technical assistance support under IESC.
May 94	USAID, Institutional Contractor	Initiate financial market support activities under institutional contract.
May 94	USAID	Design and implementation contract for targeted industry support activity awarded.
June 94	USAID	Conduct mid-term evaluation of customs support activities.
Sept. 95	USAID	Mid Term Evaluation
March 97	USAID	PACD

D. Project Monitoring and Evaluation Plan

1. Project Monitoring Plan

The attached EDIP Project Amendment Logical Framework includes outputs, verifiable indicators, and means of verification for each of the project pillars. Where possible, specific targets and measurable indicators have been detailed for each of the proposed activities. Where project elements still require elaboration before measurable indicators can be specified, an indication of the kind of measure required is given. The data required to measure progress is available from the implementing agencies. This monitoring plan is designed to be compatible with the Mission's overall monitoring plan, to ensure the timely generation of performance data to guide project decision-makers, to document project impact, and to assist evaluators. It will serve as a means to alert project managers to any implementation problems that might need to be addressed.

The project monitoring function will be administered by the OPE. The Mission proposes to hire a part-time staff member to assist in the design of monitoring instruments in the implementing agencies, ensure the collection of relevant data, train staff in participating organizations in the monitoring process, supervise the monitoring system, and prepare periodic reports. In addition, provision has been made for short-term technical assistance from the institutional contractors to assist in the design of adequate monitoring plans for the financial markets and export development activities. Implementing the project monitoring system will be the responsibility of the agencies and contractors engaged in the project, which will collect and process information according to the format designed by the OPE. The OPE will receive the information and maintain a project wide data base.

2. Evaluations and Audits

The project will be evaluated in September 1995 at the mid-point of implementation. The evaluation will examine all project activities from both a process and impact perspective, but will pay special to the policy implementation and financial markets components. In general, the evaluation will assess and make recommendations on the following: progress toward achieving project outputs as measured by verifiable indicators; effectiveness and relative priority of project pillars and elements; the effectiveness of implementing agencies, including the institutional contractors; and progress toward sustaining project activities after project completion, especially the FPMU, the JFTC and the SEC. In addition, an external consultant will be contracted to evaluate the progress toward achieving the objectives of the Jamaican Customs Service activity six months after initiation of activities. He/she will focus on the obstacles to professionalization of the service and compliance with AID/Jamaica agreements and World Bank loan conditionalities. A final project impact evaluation will be carried out shortly after the PACD in March 1997.

Two internal program audits per year are planned to assess the technical assistance provided to firms and organizations, beginning with the NIBJ and the JFTC. These will be

short-term in nature and be used to inform the OPE and provide guidance for future programming. Funds have also been budgeted for non-federal audits and/or payment verification type reviews. These will be contracted to local auditing firms.

3. Conditions and Covenants

Covenants and conditions precedent to disbursements of funds for specific project elements or activities are indicated below:

a. Customs Support

Condition Precedent:

Additional Disbursement:

Prior to any disbursement, or the issuance of any commitment documents under the Project Agreement to finance any Customs Services reform elements, except for any assistance necessary to develop an action plan, the Grantee agrees to complete a Memorandum of Understanding with A.I.D. which incorporates a mutually acceptable action plan for sustainable customs reform.

b. Privatization

Covenant:

The parties agree to consult on and develop a plan to put the privatization program on a self-sustaining basis upon completion of project activities. As part of the plan, the parties will consider the set aside of portions of revenue earned on privatizations for the purpose of providing a fund for the continued support of the privatization program upon completion of the project. The plan will be completed within one year of the signing of this agreement.

c. Fair Trade Commission

Covenant:

The Grantee agrees that it will provide for recurring costs of operation of the Fair Trading Commission in its Annual operating budgets.

d. Securities and Exchange Commission

Covenant:

The grantee agrees that it will provide for the recurring costs of operation of the Securities and Exchange Commission in its annual operating budgets.

e. JAMPRO

Covenant:

The parties agree, within six months of the signing of the amendment, to consult and develop a plan for a revised cost-sharing/service fee system. In the development of the plan, consideration will be given to a progressive increase in service fees according to market prices. Consideration may also be given methods of using and managing the funds, including the establishment of a trust fund to support the program upon completion of the project.

4. Environmental Determination

The Project Paper Supplement will finance a continuation of the activities described in the Project Paper. Since there will be no change in the environmental consequences of the project, the earlier Negative Determination continues to be valid.

VI. SOCIAL AND EQUITY CONSIDERATIONS

This project will help to create private sector-led economic growth to raise income levels and to generate jobs. In addition, the project will promote broad-based economic growth and increase the participation of workers and middle class Jamaicans in the ownership of the country's productive base. While it is difficult to pinpoint specific beneficiaries as a result of some project elements, in general the population at large will benefit from the economic growth and democratization of the capital base which will result from successful implementation of the project.

In terms of the policy implementation pillar, the society at large will benefit from a more efficient, effective public sector which will be able to allocate more resources to pressing urban, health, education and population problems. For example, the implementation of meaningful budgeting and financial decision-making systems in the MOF will assist the GOJ to allocate resources on a priority basis to pressing problems. The FPMU and Customs Service Reform elements should increase the GOJ's revenues, thereby easing this constraint on social welfare spending. In addition, support for the JFTC will enhance consumer protection, stimulate greater internal competition among Jamaican firms active in the domestic market, and conceivably lead to higher quality products and lower internal prices.

In a similar fashion, successful privatization will streamline the public sector, reduce the fiscal deficit, and provide more resources for social projects. Privatization in Jamaica under EDIP has also resulted in increased investment, the generation of new employment, and the broadening of share ownership in companies by workers and average Jamaicans via offerings

on the stock exchange. This will result in productivity gains and higher real incomes for workers.

Strengthening financial markets will have an important economic impact on all Jamaicans. One of the key constraints to private sector growth is the lack of equity financing, which well-regulated, efficient and vibrant capital markets can provide. To invest, individuals need to be assured that markets are fair, that clearance and settlement procedures are efficient so that assets are readily negotiable, and that risk can be managed. If both Securities Commission and Jamaican Stock Exchange regulations can be harmonized and enforced, investor confidence will increase leading to equity financing and renewed economic growth. Likewise, improvement in the regulatory and supervisory capabilities of securities market agencies will protect and enhance the pension and mutual funds operating in Jamaica, thereby facilitating broadened share ownership by the populace. Finally, improvement of the open market operations of the Bank of Jamaica will provide the GOJ with another tool for combatting inflation, which falls hardest on those segments of the population which are least able to protect themselves from its ravages.

Since this project will target industries that have the most potential for growth, and therefore the greatest opportunities for employment, the disenfranchised groups with the lowest wages and least skills will be direct beneficiaries. The apparel sector has created significant employment opportunities under EDIP, especially for women. The data processing industry will also be an important source of new jobs for low skilled, new workforce entrants. Tourism, which is a major employer, will grow as a result of this project and provide new jobs. The IESC Volunteer Executive Program has benefitted small businesses, and has provided technical assistance to woman-owned firms.

VII. LOGICAL FRAMEWORK

VII. LOGICAL FRAMEWORK

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>PROJECT GOAL: Stimulate economic growth</p>	<p>Annual increase in GDP; increase in direct private investment.</p>	<p>GOJ Statistics.</p>	<p>Continuation of economic adjustment program; no natural disasters.</p>
<p>PROJECT PURPOSE: To generate private investment in export production, increase fx earnings, and create jobs.</p>	<p>Implementation of reforms agreed to with Int'l donor/lender agencies. Divestiture of 15-20 major SOEs. Significant increases in volumes traded on JSE. 10% annual increase in export earnings of selected sectors. Increase in employment in assisted firms/sectors.</p>	<p>IMF/World Bank/IDB loan agreements/conditionalities; NIBJ reports; Jamaica Stock Exchange Data; JAMPRO data; GOJ Statistics.</p>	<p>Implementation of specific regulatory reforms to improve business climate, facilitate investment and trade.</p>
<p>OUTPUTS: 1. Policy Implementation 1.1 FPMU Fiscal policy management will be improved.</p>	<p>Quarterly compliance with IMF fiscal spending/monetary aggregates.</p>	<p>IMF fiscal monetary targets under EFF.</p>	<p>Continued Commitment of GOJ to regulatory reform.</p>

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
OUTPUTS (Cont.): Enhanced capacity for budgeting.	Budgetary projections computerized system.	GOJ tax revenues.	
FPMU will be an integral, sustainable part of the MOF's decision making structure.	Development and adherence to strategic plan; recruitment of qualified personnel.	Data base development & implementation. Number of personnel trained, GOJ budgetary support.	
1.2 Fair Trade Commission Consumer protection & competitive practices among Jamaican business will increase.	Compliance with FTC regulations at end of first year; number of disputes/enforcement actions.	Regulations, compliance and enforcement actions.	
FTC will be fully functioning.	Staffing levels, training courses and seminars, strategic plan.	GOJ budgetary support for FTC; trained staff.	
1.3 National Action Plan Specific NAP supported actions will have been implemented to facilitate trade investment.	Within 1 year, implementation of 1 investment approval process. Submission of draft legislation on intellectual property rights.	NAP recommendations/implementation.	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>OUTPUTS (Cont.):</p> <p>1.4 <u>Customs Service Reform</u></p> <p>The Jamaica Customs Service will become more professionalized.</p>	<p>Within 1 year, drafts of Codes of Conduct, Procedures Manual.</p>	<p>Training in Code of conduct, Procedures.</p>	
<p>Trade will be facilitated by the introduction of modern systems.</p>	<p>Six month progress reports on development and implementation of GATT Valuation, Duty Suspension Systems.</p>	<p>Procedures Manual, GATT Valuation, and Duty Suspension System implementation.</p>	
<p>GOJ revenues will increase from customs collection.</p>	<p>10% annual increase in revenues.</p>	<p>Revenues from customs administration.</p>	
<p>2. Privatization</p> <p>2.1 <u>Support Services</u></p> <p>15-20 major SOEs will be privatized through AID assistance.</p>	<p>5-8 privatization per year; \$75 million value LOP.</p>	<p>Number and value of SOE privatizations assisted by AID/J.</p>	<p>Continuity of GOJ and public support for privatization.</p>
<p>Private investment in privatized SOEs will increase.</p>	<p>Investment in selected SOEs will increase by 15%.</p>	<p>New direct investment in privatized SOEs.</p>	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>OUTPUTS (Cont.):</p> <p>3. Financial Markets</p> <p>3.1 <u>Securities commission</u></p> <p>Coherent, effective regulations will be promulgated and enforced for securities market participants.</p>	<p>Promulgation of draft regulations within 6 months, monitoring and enforcement system in place by end of 18 months.</p>	<p>Regulations, computerized monitoring/information system.</p>	<p>Continued positive environment for securities market.</p>
<p>A fully functioning securities commission will be operating on an ongoing basis.</p>	<p>Number of Commissioners and staff trained. Development of organizational plan, 3 year strategic plan.</p>	<p>Quality of Commissioners/professional staff, strategic operational plans, Revenues from market regulation activities.</p>	
<p>3.2 <u>Supervisory Bodies</u></p> <p>The BOJ will have analyzed its open market operations and considered using the JSE directly.</p>	<p>Consultant report, seminars with key participants.</p>	<p>Actions of BOJ in open market operations.</p>	
<p>New regulations governing the supervision of unit trusts will be analyzed and recommended.</p>	<p>Consultant report, actions of superintendency.</p>	<p>Regulatory actions of Supervisory of Trusts.</p>	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>OUTPUTS (Cont.):</p> <p>New regulations for supervision of the management of pension funds by insurance companies will be analyzed and recommended.</p>	<p>Consultant report on actions of superintendency.</p>	<p>Regulatory actions of insurance companies on pension fund investments.</p>	
<p>4. Export Development</p> <p>4.1 JAMPRO</p> <p>There will be an increase in export earnings and employment among firms in the apparel sector assisted by EDIP.</p>	<p>10% annual increase in earnings from apparel firms assisted.</p>	<p>Value of exports; number of jobs (M/F) created.</p>	<p>Favorable external markets.</p>
<p>There will be an increase in productivity employment, and export earnings in the data processing sector through training efforts.</p>	<p>Numbers trained in data processing; employment by graduates in industry.</p>	<p>Training courses, fx earnings from data processing employment of trainees.</p>	
<p>4.2 IESC</p> <p>There will be firm level improvement in productivity and increased employment.</p>	<p>20 firms receiving technical assistance by end of 1st year investment in new equipment and adoption of new systems.</p>	<p>Assistance actions. Employment & exports from firms assisted.</p>	

NARRATIVE SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS												
<p>OUTPUT (Cont.):</p> <p>Increased investment in small and medium size tourist projects will result.</p>	<p>Number of technical assistance, feasibility studies carried out in first year.</p>	<p>Investment in tourism projects. Number of technical assistance actions.</p>													
<p>4.3 Targeted Industry Support</p> <p>Agribusiness and other export sectors will be developed.</p>	<p>Volume of exports, employment in assisted firms.</p>	<p>Data from firms, IC, export statistics.</p>	<p>Feasibility study favorable; "implement" option selected.</p>												
<p>INPUTS:</p> <ul style="list-style-type: none"> o Long & short term TA o Training o Commodities o Administration o Evaluation & Audit o Contingency 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">\$6,305.00</td> </tr> <tr> <td></td> <td style="text-align: right;">635.00</td> </tr> <tr> <td></td> <td style="text-align: right;">175.00</td> </tr> <tr> <td></td> <td style="text-align: right;">250.00</td> </tr> <tr> <td></td> <td style="text-align: right;">215.00</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$8,000.00</td> </tr> </table>		\$6,305.00		635.00		175.00		250.00		215.00		\$8,000.00		<p>Adequate funding; inputs provided on a timely basis.</p>
	\$6,305.00														
	635.00														
	175.00														
	250.00														
	215.00														
	\$8,000.00														

**ANNEX 1 HOST GOVERNMENT REQUEST FOR
GRANT EXTENSION**

THE PLANNING INSTITUTE OF JAMAICA



ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE DIRECTOR GENERAL
P.O. BOX 634, KINGSTON

Telephone: 926-1480-8
Telex: 3529 PLAN JAM JA
Facsimile: (809) 926-4670

39-43 Barbados Avenue
Kingston 5 Jamaica W.I.

Ref. No.

July 29, 1993

Mr. Robert Queener
Director
United States Agency for
International Development
68 Oxford Road
Kingston 5

Dear Mr. Queener:

Amendment to Export Development & Investment Promotion (EDIP) Project

This letter constitutes a formal request from the Government of Jamaica (GOJ) to the United States Agency for International Development for a grant of Eight Million United States Dollars (US\$8,000,000.00) to provide additional support activities geared to increasing exports and diversifying investment under the EDIP project.

We understand that the amended project will build on the economic reforms implemented by the Jamaican Government over the past few years and will help the GOJ follow through on the implementation of economic regulations and provide assistance to stimulate private sector investment.

Jamaica is on the threshold of significant improvement in its economic performance but still requires assistance to sustain the adjustment process in policy implementation and export technology to encourage a positive private sector response.

We agree with the proposed strategy of carrying out a series of inter-related activities grouped around four pillars. The four pillars and their respective activities are:

I. Policy Implementation

- Fiscal Policy Management Unit
- Fair Trade Commission
- National Action Plan
- Customs Service Reform



.../2

DIRECTORS: Dr. Omar Davies - Director General/Chairman, Prof. Edwin Jones, Mr. Derick Latibeaudiere, Mr. Vernon James,
Prof. Gordon Shirley, Mr. Tony Hyton, Mr. George Briggs, Mrs. Beverly Lopez, Mrs. Barbara Gunter

62

Mr. Robert Queener

2.

July 29, 1993

II. Privatization

- Divestment Support Services
- EGOP Technical Assistance

III. Financial Market Strengthening

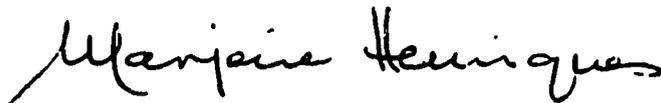
- Securities Commission
- Jamaica Stock Exchange
- Supervisory Body Reform

IV. Export Development

- Garment Industry Technical Assistance
- IESC Volunteer Executive Program
- Targeted Industry Support

We look forward to a positive response and working with you to implement this important activity.

Yours sincerely,



Marjorie Henriques
Acting Director General

63...