

A.I.D. EVALUATION SUMMARY - PART I

PD-ABM-906

15N 90560

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT DOT MATRIX TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office <u>Kingston</u> (ES# _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>95</u> Q <u>2</u>	C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
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D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date for the evaluation report.)

Project No.	Project / Program	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
532-0120	Inner Kingston Development Project	1986	7/96	\$16,816,682	\$16,664,229

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director	Name of Officer Responsible for Action	Date Action to be Completed
Action(s) Required 1. KRC should update its Business Plan and devote staff resources to generating additional financial support to sustain activities after the PACD. 2. KRC should clarify its role in an overall strategy for improving Inner Kingston. 3. KRC should establish a foundation structure for its community development program.	KRC	Continuous
	KRC	July 1996
	KRC	March 1996

APPROVALS

F. Date of Mission Or AID/W Office Review Of Evaluation: _____ (Month) _____ (Day) _____ (Year)

G. Approvals of Evaluation Summary And Action Decisions:

Name (Typed)	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission of AID/W Office Director
Signature	Ken Kopstein/Bill Gelman	Morin Seymour	Joanne Feldman-Lawrence	Carole Tysch
Date	6/5/96	4/5/96	4/5/96	

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

GOAL AND PURPOSE: The goal is to increase employment and economic activity. The purpose is to revitalize the old, historic downtown of Kingston, Jamaica (i.e., Inner Kingston) by (a) providing additional light industrial and commercial space and (b) restoring major infrastructure and buildings and by so doing spur private sector investment in the area to promote economic activity and employment.

DESCRIPTION: The Project provides for 10-year USAID grant and loan assistance totalling about \$18 million and counterpart funding estimated at \$15 million. These funds are designed to revitalize Inner Kingston as a center for employment and economic activity. The Project began in 1986 and will end in 1996. The Project has two implementing agencies, Kingston restoration Company (KRC), a private not-for-profit company, and the Urban Development Corporation (UDC), the major government parastatal responsible for development. KRC is to restore factory space and key commercial properties to create 2,500 new jobs and conduct community development programs in the very low income residential area. UDC is to undertake major infrastructure improvements.

SCOPE OF THE MID-TERM EVALUATION: The evaluation reviewed progress over the first 8 years. Specifically, it (a) compares design objectives with accomplishments and outputs, (b) makes recommendations about how remaining USAID funds can be most effectively spent and (c) proposes strategies for completing the Project and maximizing its impacts.

EVALUATION FINDINGS:

1. The Project has substantially achieved the results intended. In particular, the Project promoted an estimated 4,614 jobs, substantially above the Nation's annual job growth rate, and many of them for low income or unemployed residents of Inner Kingston.
2. KRC met or exceeded many of the Project targets. KRC investments spurred over 225% more in private sector investments and KRC's job generation and delivery of social services equaled or exceeded expectations.
3. UDC was unable to complete major infrastructure projects on time and budget, yet, still, new major infrastructure elements are in place today.
4. KRC and the Project achieved many positive outcomes not originally goals of the Project, which have promoted increased investment in, and promotion of, Inner Kingston.

RECOMMENDATIONS:

1. USAID should consider additional program and technical assistance support as most similar redevelopment projects take 20-25 years even in the United States.
2. KRC should continue its business planning to clarify its strategy given likely available financial resources.
3. The Government of Jamaica should implement planned redevelopment tax incentives and continue to relocate offices to Inner Kingston.

IMPACT OF THE PROJECT: The Project achieved wide ranging and important results and impacts on downtown Kingston. The results from a relatively small USAID annual funding are impressive. USAID obtained good value for the funds it has provided.

COSTS

I. Evaluation Costs

1. Evaluation Team		Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. \$)	Source of Funds
Name	Affiliation			
Robert Dubinsky	ICMA	532-0120-C-44040	74,894.00	Project
Molly McKay	ICMA			
Angela Heron	Independent			
William Claggett	Independent			
Peter Bass	Independent			
2. Mission/Office Professional Staff Person-Days (Estimate) _____		20	3. Borrower/Grantee Professional Staff Person-Days (Estimate) _____	
			10	

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A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings - Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

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| <ul style="list-style-type: none"> ● Purpose of evaluation and methodology used ● Purpose of activity(ies) evaluated ● Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> ● Principal recommendations ● Lessons learned |
|--|--|

Mission or Office Jamaica	Date This Summary Prepared: March, 1995	Title And Date Of Full Evaluation Report: Evaluation of the Inner Kingston Development Project
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Background and Program Design:

The Inner Kingston Development Project (the Project) is a ten year urban economic and physical development initiative, begun in October 1986. It is designed to revitalize Kingston, Jamaica's downtown core and provide work space for economic growth and job generation. Inner Kingston is a 100 block area bordering the Kingston Harbour waterfront and the historic center of the city for commercial activity and government offices.

The Project was designed to reverse the negative economic trends and disinvestment that had been occurring downtown since the mid 1970s and contribute to Jamaica's need for increased private investment and employment opportunities. The rationale in 1986 for focusing the Project on Inner Kingston was threefold: (1) it had the highest rate of unemployment in the area, (2) reversing its deterioration would help to rekindle investment expectations nationwide, and (3) the area offered significant opportunities for cost savings in development because infrastructure systems were in place and vacant building shells could be rehabilitated and put to productive use economically. The overall strategy of the Project was to make attractively priced industrial and commercial space available in rehabilitated buildings downtown. The rehabilitated space would generate new jobs and trigger increased private investment and a self sustaining restoration process that would revitalize the area and the real estate market.

The Project is funded by US\$16.8 million of USAID loan and grant funds and an estimated US\$15 million of counterpart funds from the public and private sectors. USAID provided US\$13 million during Phase I of the Project and an additional US\$3 million for a second phase approved in 1991. The two principal implementing agencies are the Kingston Restoration Company (KRC), a private non profit, public-purpose company, and the Urban Development Corporation (UDC), the primary development parastatal organization of the Government of Jamaica (GOJ).

**Findings and Achievements
Kingston Restoration Company**

KRC continues to implement its multi-purpose physical and public-purpose developmental program and can point to many successes and some shortcomings.

Among its principal accomplishments in terms of income generating projects, KRC:

- Rehabilitated three major industrial complexes that have led to the generation of 2,361 new jobs.
- Assembled land that was then sold to a major corporation which has invested US\$3 million in rehabilitating derelict properties into modern commercial space and expanding its headquarters facilities.
- Managed the packaging, rehabilitation, and sale of two multi-tenant building complexes to private investor groups and is in the process of completing a third such project.
- Under contract to GOJ, rehabilitated Public Buildings West for GOJ offices.

Concurrently, KRC undertook many public-purpose, non income generating initiatives including:

- Carried out a community development program to provide social, health, recreation and employment services to very low income Inner Kingston residents, in association with a network of local service providers.
- Designed, managed and implemented street and facade improvement programs on King, Duke, and Harbour Streets.
- Made 51 grants totalling J\$3.6 million under its Restoration Grants program to small property owners who in turn invested J\$34 million in building facade improvements and repairs.

SUMMARY (Continued)

- Completed a new plan for downtown development, i.e., the Downtown Kingston Development Plan.
- Carried out a campaign to attract investment and people to the area and focus GOJ attention on the needs of Inner Kingston, including relocating government offices to the area and providing tax incentives for investment.
- Initiated the Downtown Kingston Management District, a public/private partnership to improve commercial area; modelled on successful U.S. Business Improvement Districts.

Urban Development Corporation

UDC was to build important strategic infrastructure projects. The scope of UDC's activities had to be reduced to pay for cost overruns and because UDC was not able to complete its project elements before the Project ended.

The principal accomplishments of UDC include:

- Completed the Rural Bus Terminal element of the transportation complex.
- Virtually completed the Harbour Street trunk sewer and pumping station and resurfacing of Harbour Street
- Installed traffic signals at key downtown intersections.
- Promoted revitalization objectives by making 38-40 Harbour Street available to KRC for rehabilitation.
- Energized downtown revitalization through its support of the Downtown Kingston Development Plan (DKDP) and the Downtown Kingston Management District (DKMD).

USAID Directed Funding

The third Project component is USAID directed funds to support Project implementation. To date these funds have been used for a variety of monitoring, technical assistance, research, and project support functions. These activities have had many positive impacts and were instrumental in facilitating the institutional development of KRC. Both the Urban Institute (USAID's technical assistance contractor for the Project) and USAID staff played significant roles in helping KRC develop and implement its revitalization activities.

Project Results and Impacts

The Inner Kingston Development Project is a multi-faceted and complex urban economic development initiative, which, by nature, does not readily lend itself to evaluation.

In terms of the general indicators of success, the Project has substantially achieved the results intended. Of particular importance is the Project's role in helping to create an estimated 4,614 jobs, many of them for low income or unemployed residents of Inner Kingston.

KRC itself has been able to meet or exceed many of the targets that were set for it. It produced 155 percent more space than projected under its Restoration Grants program and generated J\$34 million in building improvements over a four year period. While KRC did not develop as much industrial and commercial space as planned, the goals were illustrative and its accomplishments are substantial. According to the available data, the private sector has invested 2.25 times KRC's investments - a substantial percentage of the target. KRC has invested US\$6.4 million in real estate projects; whereas the private sector has invested an estimate US\$14.4 million. KRC's results in terms of job generation and delivery of social services have equaled or exceeded expectations.

UDC was not able to complete all infrastructure projects that the Project planned, and the projects that were completed were finished far behind schedule and far over budget. Still, new major infrastructure elements are in place today.

KRC (and the Project) have achieved many positive outcomes not adopted specifically as goals of the Project. First, KRC has developed the reputation and expertise that has made it a leader in shaping the revitalization process downtown. Starting with neither staff nor an office in 1986, KRC has become an important coordinator and initiator of public and private sector investment; is recognized for its political neutrality; is looked to by GOJ for policy advice; and is regularly consulted on matters of policy and downtown problems by GOJ, the Office of the Prime Minister,

SUMMARY (Continued)

business and investment leaders, and international donor agencies. Because of KRC's demonstrated effectiveness, GOJ has asked KRC to take responsibility for a number of difficult projects, both in Inner Kingston and in other parts of Jamaica. Second, GOJ has given downtown renewal priority attention in large part because of KRC activities. Third, the Project has become a model program in terms of its comprehensive approach to urban problems and its impacts. Because of KRC's effectiveness as a public-purpose private institution, it has received special attention from USAID, the World Bank, and other international donors.

In summing up the overall success of the Project, one way to evaluate the Project in its entirety might be to ask whether USAID believes it would be cost effective to provide about US\$1.6 million a year (or \$1 million annually to KRC) to achieve the wide ranging and important results and impacts on downtown Kingston and have been accomplished by the Project and are noted above. By almost any perspective, the answer would have to be positive. The results from such a relatively small amount of USAID funds are impressive. USAID has obtained good value for the goods it has provided.

Recommendations

USAID

- USAID should consider providing additional program funds to support Project objectives and continue to provide technical support and advice to KRC.
- USAID should consider continuing to fund KRC community development activities.
- USAID directed technical assistance and management support from USAID have been important factors in the Project's positive results. These activities should be continued.
- Urban development projects in the United States analogous to the Inner Kingston Development Project typically require 20-25 years to complete. USAID should keep this experience in mind in evaluating the success and impacts of the Project.

KRC

- KRC's primary objective today should be to undertake projects or actions not based on profit or income considerations but which help to create a positive investment climate and serve the overall interests of Inner Kingston and the Kingston community.
- The KRC Business Plan should allocate adequate staff resources to generating additional revenue sources for KRC and Inner Kingston. KRC should periodically update its Business Plan and use it as a tool to manage its resources.
- KRC should continue to clarify its role in an overall strategy for improving Inner Kingston. KRC should devote all of its energies and financial resources to Inner Kingston, unless there is a compelling and overriding reason to take on other responsibilities.
- KRC should not get involved in any major development project unless most of the funds will be provided by other investors and a financial analysis demonstrates it will earn a market rate of return.
- KRC should not be a long term property owner.
- KRC should give its Community Development Department its own independent management and funding base (under the umbrella of KRC).

UDC and GOJ

- GOJ should make every effort to relocate more offices downtown and use its need for lower priced space as a development tool.
- The tax incentives for Inner Kingston can help spur the revitalization process. GOJ should promptly issue the regulations for downtown tax incentives.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation summary: always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

1. Copy of the final evaluation report.
2. Copy of KRC's Business Plan for FY 96/97.
3. Highlights of Kingston Restoration Community Development Foundation Operational Plan (prepared by KRC).
4. Urban Renewal In Kingston, Jamaica, The Work of the Kingston Restoration Company Limited (prepared by KRC).

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The evaluation was well-done. Many of the recommendations are being adopted by the major implementing agency, Kingston Restoration Company (KRC). The over-all project has been very successful in achieving its objectives. Much progress has been achieved, yet much remains to accomplish to complete the urban revitalization process. KRC has achieved a certain level of financial sustainability to continue activities after USAID assistance ends in July 1996. This financial sustainability was a concern in the evaluation, but since that review, KRC has improved its financial position considerably. KRC has been internationally recognized for its programs and support is now beginning to be conferred from the Government and several donors, especially the British Overseas Development Agency. It is the long-term viability of the implementing agency, KRC, that will deliver an effective revitalization and redevelopment process.