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

JAMAICA

PROJECT PAPER

TECHNICAL CONSULTANTS & TRAINING

Amendment No. 2

AID/LAC/P-484

Project Number: 532-0079

CR P-81-9 P-241

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number  
2

DOCUMENT CODE  
3

2. COUNTRY/ENTITY

JAMAICA

3. PROJECT NUMBER

532-0079

4. BUREAU/OFFICE

LAC

05

5. PROJECT TITLE (maximum 40 characters)

Technical Consultations & Training Grant

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
11 03 18 19

7. ESTIMATED DATE OF OBLIGATION  
(Under 'B:' below, enter 1, 2, 3, or 4)

A. Initial FY 18

B. Quarter 3

C. Final FY 19

8. COSTS (\$000 OR EQUIVALENT \$1 =

A. FUNDING SOURCE	FIRST FY <u>18</u>			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
ADD Appropriated Total	280	70	350	24,714	2,746	27,460
(Grant)	( 280 )	( 70 )	( 350 )	( 24,714 )	( 2,746 )	( 27,460 )
(Loan)	( )	( )	( )	( )	( )	( )
Other 1.						
U.S. 2.						
Host Country						
Other Donors)						
<b>TOTALS</b>	<b>280</b>	<b>70</b>	<b>350</b>	<b>24,714</b>	<b>2,746</b>	<b>27,460</b>

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) 50	930	930		23,220	-	1,000	-	27,460	-
(2)									
(3)									
(4)									
<b>TOTALS</b>				<b>23,220</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>27,460</b>	<b>-</b>

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODES

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To assist the Government of Jamaica (GOJ) and Jamaican private sector to alleviate constraints to economically productive activity, make more effective use of capital resources and attract new investment.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 9 page PP Amendment)

This IC & TG Project Paper Supplement will target resources to 2 new activities: (1) Fiscal policy reform, and (2) Essential infrastructure development.

The Mission Controller approves the methods of implementation and financing included in the Project Paper Supplement.

17. APPROVED BY

Signature

William R. Joslin  
Director, USAID/Jamaica

Date Signed

MM DD YY

09/01/19

Robert Leonard, Controller USAID/Jamaica

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

## INSTRUCTIONS

The approved Project Data Sheet summarizes basic data on the project and must provide reliable data for entry into the Country Program Data Bank (CPDB). As a general rule blocks 1 thru 16 are to be completed by the originating office or bureau. It is the responsibility of the reviewing bureau to assume that whenever the original Project Data Sheet is revised, the Project Data Sheet conforms to the revision.

Block 1 - Enter the appropriate letter code in the box, if a change, indicate the Amendment Number.

Block 2 - Enter the name of the Country, Regional or other Entity.

Block 3 - Enter the Project Number assigned by the field mission or an AID/W bureau.

Block 4 - Enter the sponsoring Bureau/Office Symbol and Code. (See Handbook 3, Appendix 5A, Table 1, Page 1 for guidance.)

Block 5 - Enter the Project Title (stay within brackets; limit to 40 characters).

Block 6 - Enter the Estimated Project Assistance Completion Date. (See AIDTO Circular A-24 dated 1/26/78, paragraph C, Page 2.)

Block 7A. - Enter the FY for the first obligation of AID funds for the project.

Block 7B. - Enter the quarter of FY for the first AID funds obligation.

Block 7C. - Enter the FY for the last AID funds obligations.

Block 8 - Enter the amounts from the 'Summary Cost Estimates' and 'Financial Table' of the Project Data Sheet.

NOTE: The L/C column must show the estimated U.S. dollars to be used for the financing of local costs by AID on the lines corresponding to AID.

Block 9 - Enter the amounts and details from the Project Data Sheet section reflecting the estimated rate of use of AID funds.

Block 9A. - Use the Alpha Code. (See Handbook 3, Appendix 5A, Table 2, Page 2 for guidance.)

Blocks 9B., C1. & C2. - See Handbook 3, Appendix 5B for guidance. The total of columns 1 and 2 of F must equal the AID appropriated funds total of 8G.

Blocks 10 and 11 - See Handbook 3, Appendix 5B for guidance.

Block 12 - Enter the codes and amounts attributable to each concern for Life of Project. (See Handbook 3, Appendix 5B, Attachment C for coding.)

Block 13 - Enter the Project Purpose as it appears in the approved PID Facesheet, or as modified during the project development and reflected in the Project Data Sheet.

Block 14 - Enter the evaluation(s) scheduled in this section.

Block 15 - Enter the information related to the procurement taken from the appropriate section of the Project Data Sheet.

Block 16 - This block is to be used with requests for the amendment of a project.

Block 17 - This block is to be signed and dated by the Authorizing Official of the originating office. The Project Data Sheet will not be reviewed if this Data Sheet is not signed and dated. Do not initial.

Block 18 - This date is to be provided by the office or bureau responsible for the processing of the document covered by this Data Sheet.

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LIST OF ACRONYMS

ESF	ECONOMIC SUPPORT FUNDS
FSN	FOREIGN SERVICE NATIONAL
GOJ	GOVERNMENT OF JAMAICA
HCC	HOST COUNTRY CONTRACT
MOF	MINISTRY OF FINANCE
PIOJ	PLANNING INSTITUTE OF JAMAICA
TC&TG	TECHNICAL CONSULTATIONS      TRAINING GRANT
USAID	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

## I. SUMMARY

### A. Summary

The Technical Consultations and Training Grant Project is being amended in order to allow USAID/Jamaica to undertake two new activities that are in keeping with the original intent and purpose of the Project -- to assist the Government of Jamaica and the Jamaican private sector in alleviating constraints to economically productive activity and make effective use of capital resources. To that extent, this Project Paper Supplement will allow the Mission to work with the Ministry of Finance and the Planning Institute of Jamaica to improve government expenditure planning and analysis, and work with various GOJ agencies to improve planning for essential infrastructure. To accomplish these objectives, the Mission proposes to add US\$1,000,000 to the TC&TG Project.

## II. PROJECT BACKGROUND AND DESCRIPTION

### A. Project Background

The Technical Consultations and Training Grant (TC&TG) Project was initially authorized in 1981 as a US\$1,000,000 ESF grant to assist in "financing foreign exchange and local currency costs of activities to support Jamaica's economic recovery program by relieving specific constraints to productive activities, accelerating project development, promoting private sector investment, and providing skills training." Over the next four years, an additional US\$13 million in ESF grant funds were added to support activities in the areas of skills training, export development and promotion, investment promotion, institutional development, infrastructure development, and project planning and evaluation.

In 1985, USAID/Jamaica amended the Project Paper to provide greater focus. The new focus targetted support to activities in five categories: policy studies supportive of the structural adjustment program, investment promotion, export development, industrial development, and new initiatives. At that time, the Project Authorization was amended for a new life of project of US\$18,460,000 for 7 years.

The project purpose remains the same -- to assist the GOJ and Jamaican private sector to alleviate constraints to economically productive activity, make more effective use of capital resources and attract new investment. The project is expected to contribute significantly towards the goal of assisting the GOJ meet the objectives of its economic recovery program.

B. Present Situation

Two areas have been identified by USAID/Jamaica as crucial for continued economic performance by the GOJ: fiscal policy reform and essential infrastructure development. The impact of assisting the GOJ in these areas will contribute to improving government expenditure planning and analysis and increasing foreign exchange earnings.

C. Proposed Sub-Project Activities

1. Fiscal Policy Reform - [Technical Assistance and commodities have been budgeted at approximately US\$500,000 over the LOP]

Recognizing that fiscal reform has an expenditure component as well, USAID is currently exploring ways to assist the GOJ in expenditure control in an effort to complement revenue reform activities undertaken by USAID's Board of Revenue Assistance Project. Initially, approximately \$500,000 in ESF funds was identified as potential financing in the expenditure area. That offer of assistance was well received by Ministry of Finance officials, and they requested assistance in completing the development and implementation of a government wide automated expenditure control system. Operating conditions on the expenditure side of the MOF are extremely out of date. The current expenditure accounting system in place at all but two ministries is totally manual, which results in budget information that is so late that it is of very limited use in decision making.

The Ministry of Finance Fiscal Reform component will not only enhance control of expenditure, but it will also facilitate receipt of donor inflows by enabling the Ministry to ensure that line ministry expenditures maximize the use of external funds. This component will allow the MOF to track donor grant funds to be utilized by line ministries in the context of various projects, and to ensure that external donor funds are being used expeditiously. In addition, since the IMF treats grant funded expenditures as being self financed, they are not limited by deficit reduction targets. For both these purposes, the present manual budget system results in significant losses of revenue to the GOJ. The Fiscal Reform component will enable the Ministry of Finance to modernize the expenditure control system.

A related problem in GOJ efforts to efficiently obtain and utilize donor resources is the serious under equipping of the Planning Institute of Jamaica (PIOJ), which is the designated clearinghouse for all donor projects. The major bottlenecks to the process is quite simply that PIOJ, in general, and its Technical Cooperation Division, in particular, is under-equipped to efficiently handle the volume of paperwork which has to be processed. The mere production of letters, inter-ministerial memoranda, analyses and responses to donor proposals/enquiries results in extended delays. Related to this is the need for

systematic tracking of the myriad donor activities awaiting action. To deal with this pressing problem so that external financing from donors may be maximized, the project has budgeted for commodities such as computer hardware and photocopying and FAX machines.

In order to determine possible areas of intervention for the Ministry of Finance, USAID financed a consultant to outline the most appropriate areas for USAID assistance. The consultant's report recommended that, in order to support full fiscal policy reform, it is necessary to build an analysis capability and to integrate expenditure and revenue data. Therefore, this component will provide technical assistance and commodities to the Ministry of Finance and to the Planning Institute of Jamaica to modernize expenditure accounting systems through the provision of technical assistance and commodity procurement. Technical assistance may focus on: setting goals for the project; developing a conceptual framework (accounting, reporting, data consolidation, system integration and analysis); implementing and testing the systems; and training functional users and system operators. Commodities may include computer hardware and software, and photocopying and FAX machines.

2. Japanese Co-financing Proposal: Essential Infrastructure Development - [Technical Assistance has been budgeted at approximately US\$500,000 over the LOP]

Economic growth in Jamaica is being seriously retarded by a number of infrastructural constraints. This Project component will lay the groundwork for the potential design of a new infrastructure improvement project for possible co-financing with the Japanese. This project will finance feasibility and planning studies of various infrastructure activities to be used to prepare a prioritized list of needed improvements.

A number of sectors are showing signs of dynamic growth characterized by private sector investments in new or expanded ventures. One example is tourism, where substantial investment is occurring in hotels and villas in Ocho Rios and Negril. While new construction is also occurring elsewhere, in those two places in particular the investment is broad-based with a substantial number of expansions and new ventures by a wide variety of investors. This trend has continued over several years, and is constrained largely by failure of necessary public sector infrastructure to keep pace. Since tourism is a major foreign exchange earning sector and it is showing evidence of dynamic private sector investment, this is a major area for USAID involvement. Other productive sectors will be considered based on evidence of growth taking place.

An illustrative list of activities which may be covered in this component include:

o Negril:

water supply system: A major expansion is required to meet demands from construction now underway and projected future requirements.

highway: The vast major of tourists for Negril arrive at the Montego Bay airport and proceed by road to Negril. Only very limited improvement of that main road has been done since Negril was first developed. Traveler safety and travel time may well justify targetted improvements.

power: Electric power distribution is clearly inadequate for present and future requirements.

o Montego Bay:

airport: Terminal capacity is over strained and severely inadequate to handle the volume of passengers.

sewerage system: The system is overloaded and polluting the bay.

o Ocho Rios:

water system: Phase I of the water system expansion is underway, but it is inadequate for adjacent community needs.

sewer system: The system is overloaded and serves only a limited part of the community. Expansion of the system is needed to service existing unserved areas and to reduce the environmental, esthetic and potential health problems.

bypass: Longstanding plans for a bypass of downtown Ocho Rios in a corridor previously acquired will redirect traffic from tourist shopping areas, and provide safer and quicker transportation from the airport to hotels. However, these plans are not based on any current transportation planning to determine needs or cost effectiveness of various discussed solutions.

o Port Antonio:

harbor: The harbor requires deepening if it is to accommodate larger cruise ships.

public works: Improvements to the city's main water distribution lines and through streets are necessary to accommodate the traffic attendant to banana exports from the port, existing tourist traffic and expansion.

o Irrigation:

Repeated calls have been made for an irrigation system for the Pedro Plains, and for upgrading of other systems. However, none of these have been examined to determine the feasibility of the proposals, particularly in terms of sustainability and cost effectiveness.

It is expected that one or more of the above areas may have feasibility studies done by other donors during this period and, thus, would not be done by this project. The intention is to consult with PIOJ to develop a list of possible projects for which feasibility studies are required. That list may include some or all of the above indicative list, as well as proposed projects that are not on the list.

The criterion for deciding to do a feasibility study under this project will be that economic growth is occurring that is being constrained by an infrastructural deficiency. With analysis, it will be possible to establish funding requirements, define the project required, and do benefit/cost analysis as the basis for determining the priority of implementing one or more of the various infrastructural projects.

Following completion of the feasibility studies, it is envisioned that the studies would result in an infrastructure improvement project which would be co-financed by the Japanese and USAID next fiscal year. Even if a co-financing project does not emerge from the prioritization and feasibility work, this type of review and analysis will be instrumental in assisting the GOJ in the planning and delivery of services necessary to permit the expansion and further development of Jamaica's capacity to generate greater foreign exchange earnings.

III. PROJECT IMPLEMENTATION

Under both project components, USAID will sign a Project Grant Agreement with the Government of Jamaica. It is envisioned that all technical assistance and commodity procurement will be provided through Host Country Contracts.

IV. COST ESTIMATES AND FINANCIAL PLAN

Table I presents a summary of the cost estimates and financial plan for the US\$1,000,000 added by this Supplement. Table II presents the methods of implementation and financing.

The Ministry of Finance and the Planning Institute of Jamaica will implement the fiscal policy reform component of the project while various agencies could be involved with the essential infrastructure development component. All implementation will be under host country contracting procedures and the methods of

financing are all in accordance with the Agency's payment verification policies. The MOF and PIOJ have limited experience so all contracts executed by these two agencies will be reviewed and approved by USAID prior to execution. The approval process on contracts executed by the various agencies under the infrastructure component will vary depending upon their capabilities and prior experience.

All costs incurred under the contracts for goods and services will be paid directly by the implementing entities and will be reimbursed by USAID upon presentation of proper documentation. Audit funds are not required in that USAID will be able to ensure that all costs incurred and reimbursed to the implementing agencies are within the terms of the host country contracts.

TABLE I: Summary of Cost Estimates  
(US\$)

<u>1. Fiscal Policy Reform</u>			
Technical Assistance - Short term	100,000		
Commodities	<u>400,000</u>		<u>500,000</u>
<u>2. Feasibility Studies for Essential Infrastructure</u>			
Technical Assistance - Short term			<u>500,000</u>
TOTAL			<u>1,000,000</u>

TABLE II: Method of Financing Project Components

<u>Inputs</u>	<u>Method of Implementation</u>	<u>Method of Financing</u>	<u>Amount (US\$)</u>
<u>1. Fiscal Policy Reform</u>			
Short term TA	H/C Contracts	Reimbursement	100,000
Commodities	H/C Contracts	Direct Payment or Direct L/Com.	<u>400,000</u>
<u>2. Feasibility Studies for Essential Infrastructure</u>			
Short term TA	H/C Contracts	Reimbursement	<u>500,000</u>
		TOTAL	<u>1,000,000*</u>

\*Residual balances in the TC&TG Project as of December 31, 1989 may be used in whole or in part to supplement this amount if required.

V. Monitoring, Conditions Precedent, and Covenants

A. Monitoring

USAID will provide project monitoring and implementation support in the same way that it does for all USAID financed projects. The first component, which will be administered by the Ministry of Finance and the Planning Institute of Jamaica for their respective elements, will be monitored by the Mission's Office of Economic and Private Enterprise. One direct hire and one FSN have responsibility for managing the overall TC&TG project of which this component is a part. The second component will be monitored by the Office of Engineering, Energy and Environment. One direct hire and one FSN will have primary responsibility for monitoring the GOJ agencies which will handle various aspects of the infrastructure feasibility studies.

B. Conditions Precedent and Covenants

No additional conditions or covenants are proposed for this PP supplement beyond those contained in the original PP. The Mission has discussed all relevant changes in the Project with the GOJ implementing institutions, and there are no significant issues.