

project planning and management series

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ACKNOWLEDGEMENT

The Project Planning and Management Series consists of a set of manuals and associated modules presenting practical approaches, tools and techniques for project planning and management. (See list on back cover). A product of the Government of Jamaica/USAID National Planning Project (1976-1980), the series was developed by the Project Development Resource Team (PDRT) of PAMCO for use in "action-training" workshops and reflects extensive experience in training and project development. All present PDRT members are contributing authors and have worked together in writing, revising and publishing the series. Special credits are due to Dr. Merlyn Kettering for design and development of the series; Dr. Bruce Brooks for writing final versions of many modules; Mrs. Marjorie Humphreys for assuming primary editing and production responsibility and for organizing draft papers into more useful materials; Mr. Lascelles Dixon, head of PDRT since 1979, for designing the cover and improving many of the illustrations; and Mrs. Christine Hinds and Miss Linette Johnson for typing the drafts and final manuscripts. Any comments on the series and its usefulness are welcome.

Marcel Knight
Managing Director
PAMCO
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Contributing Authors:

Merlyn Kettering
Bruce Brooks
Conrad Smikle
Lascelles Dixon
Michael Farr
Marjorie Humphreys

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MODULE 12

THE ROLE OF PAMCO¹
(The Project Analysis & Monitoring Co. Ltd.)
Marjorie Humphreys

A. PREREQUISITES: None

References: Module 31 - Decision-Making System for Projects
Module 44 - Introduction to Lending Agencies

B. HISTORICAL BACKGROUND:

During the 1960's, international lending agencies began to channel financial assistance to developing nations through specific development projects. Usually these projects are quite large involving high capital or development expenditures and complex management. Project funds are approved through the authorization of a Project Plan or Feasibility Study. This plan provides the specific and overall objectives of the project and defines the purposes for which the financial assistance may be used. Project loan agreements include conditions which are specific and binding. As a result, a high level of performance is demanded with respect to planning and implementation, requiring strict management and monitoring with respect to the expenditure of development project finances.

A Projects Division was created in the Ministry of Finance during the mid-60's to deal with relatively large projects (e.g., \$1 million or more) which were financed by external lending agencies, such as the World Bank (IBRD) the Inter-American Development Bank (IDB) and bi-lateral agencies, such as USAID, CIDA, etc.* The number of agencies has grown significantly since that time as well as the number of projects undertaken by the government.²

¹ This module is based on a paper prepared by Mr. Marcel Knight, Managing Director of PAMCO and on Ministry Paper No. 27, 13th June, 1979.

* See Module 44 - "Introduction to Lending Agencies" for discussion of Lending Agencies who are presently giving assistance to Jamaica.

² At present there are approximately 100 projects listed in the "Inventory of Projects for External Financing - 1980-83", PAMCO, 1980.

The Projects Division facilitated the development of projects, analyzed project proposals and conducted negotiations with lending agencies for project financing.

With the increase in development projects, there was an increase in the demand for functional support and services. The functions of the Projects Division were expanded (e.g., management of the Pre-Investment Fund). Several agencies to assist project planning and development were initiated (e.g., Jamaica National Investment Company - JNIC) while existing agencies were given specific project responsibilities.

In 1979, the Projects Division was dissolved to form the Project Analysis & Monitoring Company Ltd. (PAMCO) in response to increasing demands for the services, the addition of new functions (e.g., project monitoring), and several organizational difficulties.

To maintain an acceptable level of performance on projects, a fairly flexible but effective management system has evolved. Agencies which carry out general functions in project planning and implementation are listed in TABLE 1.

TABLE 1: Agencies associated with the Project System in Jamaica

| PLANNING | INFORMATION | IMPLEMENTATION |
|--|---------------------|---|
| National Planning Agency - NPA (Economic) | Dept. of Statistics | PAMCO (monitoring) |
| Scientific Research Council - SRC (Science & Technology) | Surveys Department | JNIC (financing) |
| Town Planning Dept. (physical) | Titles Department | UDC (physical implementation) |
| PAMCO (analysis) | Land Valuation | National Development Agency - NDA (physical implementation project management) |

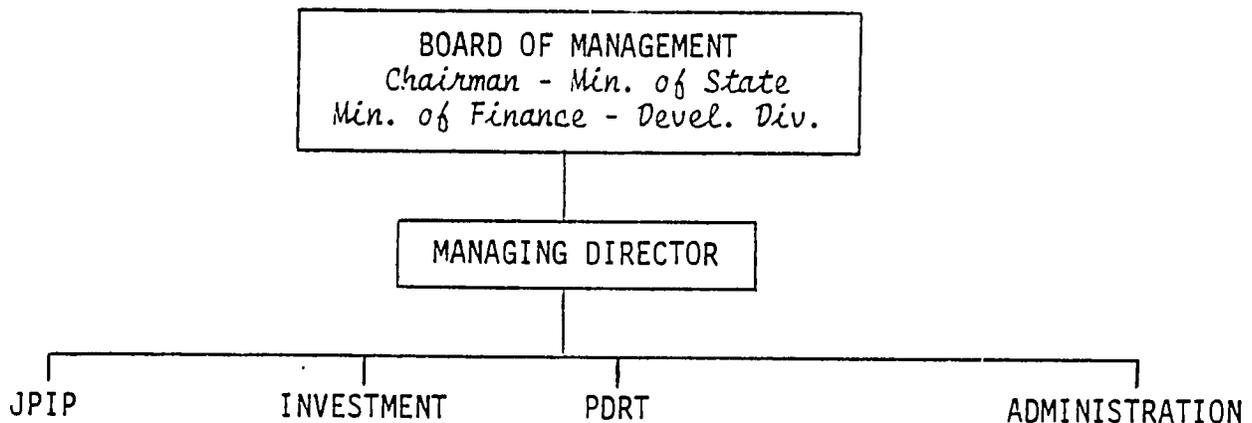
The Development Division of the Ministry of Finance and Planning was created in 1977 to co-ordinate and integrate government efforts in development planning and financing. This decision evolved in response to the Government of Jamaica's increasing participation in development projects.

The Project Planning System is managed by the Development Division to co-ordinate Pre-Investment Project Planning.* Specialized agencies perform specific functions with respect to implementation and monitoring, (e.g., NDA and PAMCO).

C. ORGANIZATION AND FUNCTIONS OF PAMCO:

PAMCO was established through Ministry Paper 27 (1979). It is a subsidiary of the Jamaica National Investment Company (JNIC) and is an agency of the Ministry of Finance.

ORGANIZATIONAL STRUCTURE:



The functions of PAMCO are summarized as follows:

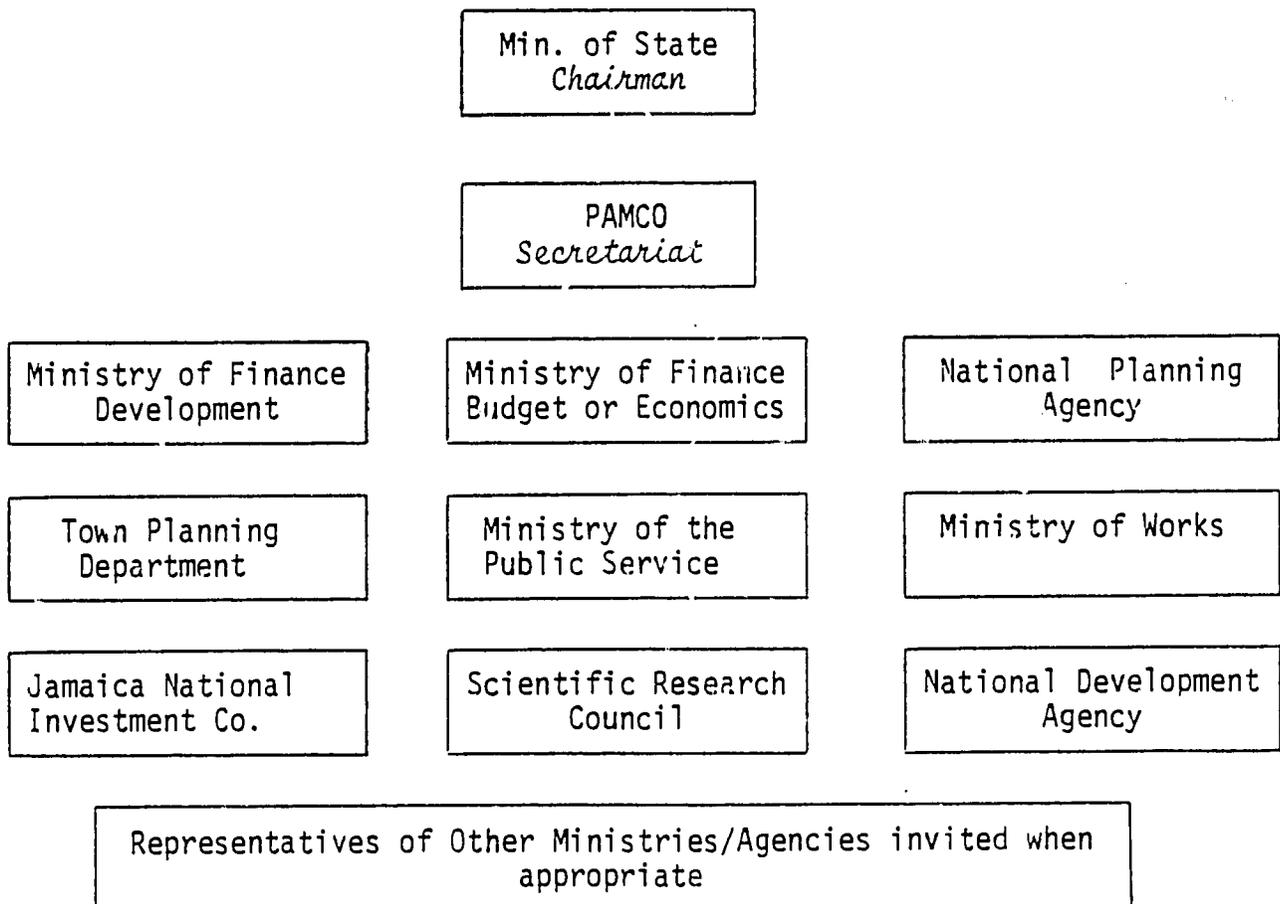
1. acts as Technical Secretariat to the Pre-Selection Committee;
2. manages the Jamaica Pre-Investment Programme (JPIP);
3. responsible for the appraisal of Project Studies;
4. monitors Project Implementation; and

*See Module 31 - Decision Making System for Projects.

5. strengthens Project Planning and Management Capability in the Public Sector (Project Development Resource Team - PDRT).

Each of these functions is discussed below:

1. *Acts as Technical Secretariat to the Pre-Selection Committee**
 - (a) The Pre-Selection Committee:
 - (i) considers all Public Sector projects which attract foreign investment;
 - (ii) considers all other projects involving foreign investment when a Government guarantee is a requirement of the loan; and
 - (iii) sends its recommendations to the Economic Council.
 - (b) The Pre-Selection Committee is composed of:



*See description of Project Planning System in Module 31 - Decision Making System for Projects.

6

c) Role of PAMCO (Secretariat):

- i) Receives and examines profiles sent for consideration by the Pre-Selection Committee.
- ii) Ensures that data provided is adequate.
- iii) Prepares an issue paper asking for further details, if data is inadequate.
- iv) Sends issue paper to Chairman and to client beforehand, if necessary.
- v) Notes the decisions made by the Pre-Selection Committee and advises Economic Council of the decisions.
(PAMCO does not prepare profiles).

2. *Manages the Jamaica Pre-Investment Programme (JPIP)*

- (a) JPIP was established through a joint IDB/GOJ project, with a total investment of US\$4,572,691 contributed as shown below:

| (US\$) | GRANT | LOAN |
|---------|-----------|-----------|
| IDB | 1,054,187 | 2,810,392 |
| GOJ | 436,953 | 271,159 |

The purpose is to finance pre-investment studies in the following three categories:

- (i) general;
- (ii) special; and
- (iii) institutional.

(b) Role of PAMCO (Managers of Fund)

- (i) Gives assistance (if requested) to prepare terms of reference and provides a list of consultants.

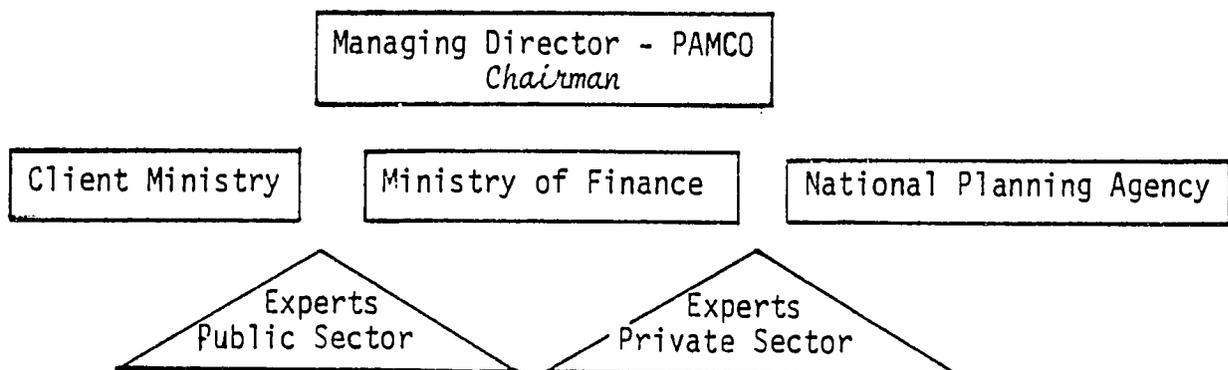
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- (ii) Assists in evaluating technical proposals and appraisal of financial proposals.
 - (iii) Assists in negotiating the contract when conditions precedent have been fulfilled.
 - (iv) Seeks authority of Cabinet for funding the study if the cost is more than \$100,000.
 - (vi) Liaises with the IDB and processes documentation for disbursements and reimbursement from IDB.
- (c) Some studies included in this Programme are:

Mandeville Water Supply Institutional Support (grant)
National Water Plan (grant)
Peat Resources Utilization Study (grant)
Rural Electrification Programme
Hydropower
Yallahs River Diversion

3. *Carries out the Appraisal of Project Studies*

- (a) Appraisals occur in the planning system, between the approval of the Project Profile and the final decision to accept or reject a project for funding. Appraisal Teams assess the information provided by pre-feasibility and/or feasibility studies to determine the technical and financial viability of project proposals. Projects which are not viable can be identified at an early stage and discarded before large sums of money are invested in them.
- (b) Appraisal Teams are established by PAMCO so that their members have specific expertise related to the project under consideration. The teams naturally vary, but are generally composed as follows:



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c) Role of PAMCO

- i) Acts as agent for the Ministry of Finance in appraising studies which indicate the feasibility of projects proposed for foreign investment.
- ii) Makes recommendations to the Economic Council on those projects considered suitable for funding.
- iii) Forwards the submission to Cabinet for approval if agreed by Economic Council.
- iv) Assists the Ministry of Finance (Economic Division) to negotiate the loan for an approved project.

4. *Monitors Project Implementation*

- a) PAMCO monitors all Government investment projects funded by foreign loans, by quarterly visits to all projects and by monthly visits to problem projects.
 - i) Assists in expediting projects by identifying problems promptly and by trying to find solutions as quickly as possible.
 - ii) Informs Economic Council and Cabinet on progress of each project - quarterly reports.
 - iii) Informs Ministry of Finance and the Bank of Jamaica of the financial status of all projects - monthly reports.
- b) Provides a Liaison Officer to each Ministry to assist in all aspects from project identification to project management on request only.
- c) Acts as liaison with international agencies.

5. *Strengthening the Project Capability of Ministries/Agencies*

- a) This function is carried out by the Project Development Resource Team (PDRT), which is a multi-disciplinary team with a wide variety of educational backgrounds and work experience related to project planning and implementation. The PDRT acts:
 - i) in response to requests from Ministries/Agencies;

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- ii) as a result of problem identification, e.g., by project monitors; by project profiles submitted for pre-selection.
- b) Approach Used: Active involvement of the participants at all stages, particularly during the sessions.
- i) Identification of the needs/problems of the client through consultation with PDRT.
 - ii) Request by the client for a seminar/workshop on topics identified.
 - iii) Preparation of a programme specially designed to meet the client's needs.
 - iv) Arrangements for the seminar/workshop in consultation with the client.
- c) The PDRT uses a strategy called ACTION TRAINING which is widely recognized as effective in other situations, but is unique in its application in Jamaica to project planning and implementation. ACTION TRAINING achieves a dual purpose - it trains people to do a job while actually getting the job done, an approach which has an immediate effect on the project activity.

The team uses a variety of interventions, selecting the one which is most appropriate for each request from the following:

Consultations

1 day Seminar

2-3 days Workshop on specific topic/problem

2-3 weeks Workshop to address specific problem

Lecture presentation.

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MANUAL - I Planning for Project Implementation
MANUAL - P Project Planning
MANUAL - M Project Management
MANUAL - PF Pioneer Farm Implementation Planning

MODULES

1. Defining Project Objectives (Objective Trees)
2. The Logical Framework
3. Work Breakdown Structure
4. Activity Description Sheets
5. Project Organization
6. Linear Responsibility Charts
7. Project Scheduling - Bar Charts
8. Bar Charting for Project Control/Scheduling
9. Project Scheduling - Network Analysis
10. Milestones Description Charts
11. Resource Planning & Budgeting
12. The Role of PAMCO
13. Project Technology Analysis
14. Demand Analysis
15. Market Strategy Analysis
16. Project Area Analysis
17. Project Costs & Benefits
18. Project Profile
19. Financial Analysis
20. Cash Flow Analysis
21. Discounting
22. Net Present Worth Analysis
23. Cost-Benefit Analysis
24. Benefit-Cost Ratio Analysis
25. Internal Rate of Return
26. Social Analysis of a Project
27. Economic Analysis of Projects (including Border Pricing)
28. Financial Statements & Ratios
29. Project Selection & Ratios Analysis
30. Brainstorming
31. Decision-making System for Projects
32. Project Institutional Environmental Analysis
33. Ecological Analysis for Projects
34. Introduction to Contracts, Jamaican Contract Documents & Tendering Procedures
35. Selection & Use of Consultants
36. Project Documents for Planning & Implementation
37. Report Writing for Projects
38. Project Files
39. Formats for Pre-Feasibility & Feasibility Studies
40. Motivation of Employees and Personnel Evaluation
41. Design of a Project Management Control System
42. Evaluating & Forecasting Project Progress & Performance
43. Project Termination
44. Introduction to Lending Agencies
45. Organizing and Conducting Conference Meetings
46. Withdrawal of and Accounting for Loan Funds in the Financing of Projects