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# AN ANALYSIS OF LOCAL GOVERNMENT IN - JAMAICA

Submitted To:



JAMAICA

By:

**TREVOR HAMILTON AND ASSOCIATES**

**INTERNATIONAL CONSULTANTS AND ANALYSTS  
P.O. BOX 739, MEADOWBRIDGE P.O. KINGSTON 19  
LOCATION: 10 KENSINGTON CRESCENT, KINGSTON 5, JAMAICA W.I.  
TELEPHONES: (809) 92-68596, 91279, 91396**

**FAX (809) 92-98535**

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## T A B L E O F C O N T E N T S

- I. INTRODUCTION
- II. OVERVIEW
- III. STRENGTHS AND WEAKNESSES
- IV. SERVICE FOCUS
- V. STRATEGIC PROGRAM
- VI. CONCLUSIONS AND RECOMMENDATIONS

## I. INTRODUCTION

This study analyses Local Government in Jamaica in terms of: The policy and legal frameworks, its institutional capacities, its service supply capacities, financing and financial administration. At the end of our analysis, are implementable recommendations which the Ministry of Local Government could execute as soon as possible.

Our work approach to this task involved 9 key work steps which provided us with a great deal of insights into the operation of Local Government. The specific work steps included:

1. Two meetings with the Honorable Minister of Local Government, The Senator assigned to his Ministry and assess his top level officers to their needs from this assignment.
2. Brief operations audits with the Kingston based organizations of the Local Government including MLG.
3. Review of all medium term policy intentions prepared by the Task Force on Local Government.
4. Review of the literature on previous work conducted on Local Government in Jamaica.
5. The holding of meetings with the Heads of all Local Government agencies at a two-day workshop to determine future strategies for Local Government.
6. A meeting with the President of The Association of Local Government Authorities to discuss their outlook for Local Government.
7. The undertaking four case studies on Local Government and their communities in St. Catherine, Manchester, St. James and St. Thomas.
8. The undertaking of an analysis among various Jamaican communities to determine their perception of Local Government services.
9. Participation in two high level meetings with MLG including the Honorable Minister, the President of ALGA and several others to discuss some of our present preliminary findings and to get their reactions to these findings.

This report is accompanied by four case studies and comes with six chapters as follows:

- I. INTRODUCTION
- II. OVERVIEW
- III. STRENGTHS AND WEAKNESSES
- IV. SERVICE FOCUS
- V. STRATEGIC PROGRAM
- VI. CONCLUSIONS AND RECOMMENDATIONS

## II. OVERVIEW

This chapter presents a national review of Local Government in Jamaica, which is presented in eight sections as follows:

1. The Local Government System
2. The Legal Setting
3. The Policy Environment
4. The Institutional Setting
5. The Organization and Staffing
6. Demand/Supply For Services
7. Financing
8. Financial Results
9. Financial Administration

Each section is discussed under a separate heading in this chapter.

### 1. Local Government System

The system was developed as an arm of Central Government to give Jamaicans easy access to basic community services which can be delivered most cost-effectively at the decentralized level. The main basic services comprise:

Public cleansing and sanitation

Minor water supplies

Construction and maintenance  
of minor roads

Poor relief

Cemeteries

Abattoirs

Town planning and subdivision  
approvals

Provision of community  
markets

Fire services

Care of the elderly

Emergency assistance

Disaster preparedness and  
management

Traffic management

Animal pounds

Garbage collection

Sewerage disposal

Licensing of businesses

Development and maintenance  
of community parks

The system consists of three categories of institutions:

- i. THE MINISTRY OF LOCAL GOVERNMENT (MLG) which is the most important link between Local Government and Central Government. The mandate and functions of the MLG therefore have to be very clear in order for it to successfully lead an efficient and vibrant Local Government system.
- ii. AGENCIES OF THE MINISTRY OF LOCAL GOVERNMENT FORM THE SECOND CATEGORY OF INSTITUTIONS.

They are engaged in performing functions, or delivering services which are either within the traditional portfolio of MLG or which require close coordination and liaison with local authorities in the execution of those functions and responsibilities.

There are five such agencies:

- . The Office of Disaster Preparedness which has responsibility to coordinate disaster preparedness and also manage disaster events.
- . The Parks and Markets Organizations which have responsibility for public cleansing/garbage collection and maintenance of parks and gardens. They function on a regional basis, and there are five such organizations.
- . The National Fire Service is a newly created entity which amalgamated the Fire Brigades, previously operated individually by the 12 Parish Councils, and the Kingston and St. Andrew Corporation.
- . The Municipal and The Parish Council Services Commissions.

These are two services commissions charged with the responsibility for recruitment, appointment, promotions, and development of pensionable staff. The Municipal Services Commission has responsibility for KSAC staff while the Parish Councils commission has responsibility for the Parish council personnel.

- . The Central Food Organisation is a department within the civil service structure which has responsibility for receiving, clearing and storing food donated to Jamaica by many international donors such as the EEC, USAID, and The UN World Food Program. The target beneficiaries are school children.

iii. LOCAL AUTHORITIES IS THE THIRD CATEGORY OF INSTITUTIONS IN THE SYSTEM, IT CONSISTS OF THE 12 PARISH COUNCILS AND THE KINGSTON AND ST. ANDREW CORPORATION (KSAC)

Together these 12 Parish Councils and the KSAC constitute Jamaica's Local Government given their following characteristics:

- . They are controlled by elected representatives; mostly drawn from community leadership.
  - they are accountable to idlers for the proper discharge of the powers and functions which are allegated to them
  - they represent and advocate the needs of their respective communities
- . These Local Authorities have the power to impose taxes on the local population for the raising of revenue to finance their programs.

## 2. The Legal Setting

The Local Government system derives its powers with a range of statutory responsibilities by vertue of the provisions of certain laws and regulations. The MLG derives its authority on the basis of portfolio and agency assignments by the Prime Minister, under provisions of the Constitution in respect to the executive powers of the Cabinet. The KSAC was established in 1923 by the Kingston and St. Andrew Corporation Act which amalgamated the St. Andrew Parish Council and the Kingston City Council which were established in the mid 1880s.

Each service provided by the KSAC and Parish council is legislated by an Act to confer the power. There are over 20 Acts to cover the more than 20 types of services provided by the KSAC and the Parish Councils.

There is also an Act for each of the agencies providing services under the auspices of the Ministry of The Local Government. They include;

- . The National Fire Brigade Act which empowers the National Fire Service to perform a wide range of statutory duties.
- . The Municipal Services Commission Act and The Parish Council Act empower the respective agency to hire, promote and dismiss personnel.

**MOST OF THE EXISTING LAWS AND REGULATIONS OF LOCAL GOVERNMENT ARE NOT COMPATIBLE WITH THE REQUISITE STRATEGIES FOR: COST RECOVERY, MOBILIZING RESOURCES AND MORE COMMUNITY BASED INPUTS TO PRODUCE AND DELIVER THE INCREASING DIMENSIONS OF SERVICES THAT JAMAICAN COMMUNITIES EXPECT FROM THEIR LOCAL INSTITUTIONS.**

The failure to adjust the legal framework to the changing socio-economic environment has been the main attribute to the deteriorating organizational capacity of Local Government as well as their weakening financial viability. Consequently, there has been a growing negative perception of Local Government and most Local Government agencies are on the brink of bankruptcy.

Table II - 1 provides an illustrative list of the Laws and Regulations which require major modification to give Local Government agencies the scope to meet the growing number of challenges they face in the areas of: the quality of services they are required to deliver, sustaining financial viability, rebuilding employee morale, and improving their social positioning.

# TABLE I - 1: JAMAICA: SOME INADEQUACIES IN LOCAL GOVERNMENT'S LEGAL FRAMEWORK

## AREA OF SERVICE

### 1. Traffic Management

Parking in Prime Business Districts

## LEGAL ISSUES

✓The fines of \$4. is a very small fraction of the amortization cost for use of the road and to maintain it.

✓Fine is not enough to deter illegal parking

## IMPLICATIONS

✓There is major leakage from Local Government capital recovery program.

- It cannot finance new capital project.

- Its capital investment is not financially viable

✓Traffic congestion is aggravated

- Economical vehicles become less productive through longer turn-around time

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**TABLE I - 1 CONT'D: JAMAICA: INADEQUACIES IN LOCAL  
GOVERNMENT'S LEGAL FRAMEWORK**

<b><u>AREA OF SERVICE</u></b>	<b><u>LEGAL ISSUES</u></b>	<b><u>IMPLICATIONS</u></b>
<b>1. Traffic Management (cont'd)</b>		
<b>. Parking in general</b>	<b>√Many violators do not pay fines because there are no laws to enforce compliance</b>	<b>√Local Government experiences major short falls in its revenue projections</b>
<b>2. Subdivision Approvals</b>	<b>√Local Govt. is providing a highly technical profess- ional and saleable service for a fee</b>	

**TABLE I - 1 (CONT'D): JAMAICA: SOME INADEQUACIES IN L  
GOVERNMENT'S LEGAL FRAMEWORK**

<b><u>AREA OF SERVICE</u></b>	<b><u>LEGAL ISSUE</u></b>	<b><u>IMPLICATIONS</u></b>
<b>3. Local Improvement Act</b>	✓Local Authorities are not empowered to deter squatting in the city	✓The city beautification effort of Local Authorities has been adversely affected by the growing number of squatter settlement
<b>4. Market Rental</b>	✓The rent restriction on market space has kept rental rates at less than \$7. per foot while the economic rate is about \$14.	<p>✓Local Authorities are subsidizing profitable enterprises</p> <p>✓Local Authorities cannot service long term financing of markets or recover their capital to sustain financial viability</p>

## TABLE I - 1 (CONT'D): SOME INADEQUACIES IN LOCAL GOVERNMENT LEGAL FRAMEWORK

<u>AREA OF SERVICE</u>	<u>LEGAL ISSUE</u>	<u>IMPLICATIONS</u>
5. Public Health	✓There are no specific legal provisions to deal with disposal of hazardous wastes which are increasingly threatening the quality of the environment	✓An increasing scale of industrial wastes are being discharged without any regulations to protect the environment, or to take action against industry
6. Building Act (Derelict Buildings)	✓Local Authorities have to go through long court proceedings to remove unsafe buildings	✓Many unsafe buildings continue to be a threat to people especially in Kingston

**TABLE I - 1 (CONT'D): JAMAICA: SOME INADEQUACIES  
IN LOCAL GOVERNMENT'S LEGAL FRAMEWORK**

<u>AREA OF SERVICE</u>	<u>LEGAL ISSUES</u>	<u>IMPLICATIONS</u>
<p><b>7. Employee Morale</b></p> <p><b>- Double Services Commission</b></p>	<p>✓The operation of two services commissions:</p> <p>1. The Municipal Services Commission and</p> <p>2. The Parish Council's Services Commission</p> <p>has created dual conditions of employment for personnel engaged in similar tasks</p>	<p>✓Transfers for experience sharing cannot be easily executed</p> <p>✓Employees are dissatisfied with the dual employment standards</p>
<p><b>8. Prohibiting of firemen from joining Trade Unions</b></p>	<p>✓Most of the firemen feel they have been denied a fundamental right</p>	<p>✓They are very demoralized</p>

**TABLE I - 1 (CONT'D): JAMAICA: SOME INADEQUACIES  
IN LOCAL GOVERNMENT'S LEGAL ENVIRONMENT**

<b><u>AREA OF SERVICE</u></b>	<b><u>LEGAL ISSUES</u></b>	<b><u>IMPLICATIONS</u></b>
<b>8. Litter Act</b>	<b>✓The fines are minimal and no provisions are made for higher fines for repeated offenders</b>	<b>✓The Metropolitan Parks and Markets and other organizations do not have sound enough laws to address littering</b>
<b>9. Industrial and commercial garbage disposal</b>	<b>✓There are no provisions/guidelines for large enterprises for the disposal of their garbage</b>	<b>✓Local Authorities have been managing the garbage disposal of business and industry with their own scarce resources</b>

There are many other outdated or flawed laws and regulations, in addition to those set out in table II - 1 which needs to be updated to improve the effectiveness of Local Government and its agencies. Legislative reform is therefore an integral component in the reform of Local Government.

## 2. Policy Environment

Since 1984 Local Government has been drastically altered in size, organizational structure, role and responsibilities. The present status of Local Government Authorities largely reflect the changes which were implemented during the past five years. The main justification behind the adjustments to the role of Local Government in the period 1984 - 1989 were the following:

- . Centralized administrative could become effective in delivering community services due to rapid development in transportation and communication.
- . The pressure to reduce Government's deficit spending under the IMF Program resulted in the general reduction in the size of government at all levels. It was determined that reduction in size did not have to reduce the level or quality of services at the community level due to the following:
  - There were many cases of duplication in Government services. Therefore the traditional Local Government services could be effectively carried out by Central Government Ministries such as: The Ministry of Youth, The Ministry of Health, The Ministry of Social Security and Welfare, and a wide range of Central Government Economic and Social development agencies such as: JAMPRO's Parish Investment Committee, The Urban Development Corporation, The Social Development Commission, and The National Water Commission.
- . Communities were increasingly indifferent to which branch of government delivered basic services.

In response to the pressure to reduce Government's spending and simultaneously increase the efficiency of Government, the following re-organizations were executed.

- . The number of Parish Council Divisions, and hence councillors were reduced from 287 to 187 with each councillor receiving a salary for the first time. The payment of salary was a measure to attract more managerial resources into the Council and to make them more accountable.

- . Poor Relief, Public Health, Fire Services and road construction and maintenance were transferred to Central Government Ministries.
- . Water supplies were transferred to the National Water Commission, a Government owned enterprise.

Local Government authorities retained responsibilities for about nine services, namely:

Public Cleansing and Sanitation	Markets
Abattoir	Cemeteries
Public Bathing and Fishing beaches	Street lighting
Public Parks and Gardens	Play fields
Local Physical Planning	Building approvals
Subdivision Approvals	Subsidiary legislation or by-laws

DURING THE PERIOD THE ROLE OF LOCAL GOVERNMENT GRADUALLY SHIFTED AWAY FROM EXECUTION TOWARDS REPRESENTATION

This representative role is not viable for institutional viability in any service industry, as the clientelle / community expect tangible services from the frontline representative. Successful corporations are those which decentralize the service departments to be near to their customers and are usually staffed with the most seasoned / experienced personnel to offer tangible services to enhance the positive perception of the entire corporation in the market place. Such service departments are usually autonomous.

OVERDEPENDENCE ON CENTRAL GOVERNMENT HAS BEEN THE ROOT CAUSE OF THE NEGATIVE POLICY TOWARD LOCAL GOVERNMENT IN THE PAST FIVE-YEARS MARKED BY A POLICY OF TIGHT FISCAL MANAGEMENT.

The over dependence on Central Government has been driven by two categories of forces.

- . The rural socio-economic privation or what political economists call Uneven Economic Development in rural areas which dominate the Local Government System.

The main characteristics of the privation are:

- uneven distribution of resources such as economic development infrastructure
  - the narrow economic base of rural areas with most of them relying on a single economic activity
  - natural resource related activities and other industries in rural areas e.g. land, bauxite mining and alumina, tourism are already heavily taxed by Central Government.
- . Local Government traditionally has to depend on Central Government for management because they have no track record of an efficient localized management system. The reasons revolve around rural privations in development. The main ones are:
    - the institutional infrastructure is very weak in rural areas
    - management training institutions are centralized
    - there is large scale migration of trained and experience personnel from rural to urban areas
  - . Unfavorable legislative environment.
    - adjustments in fees are subject to unproductive legal and bureaucratic processes
    - laws required to enforce administrative effectiveness are outdated
    - the legislative process for modifications to services is excessive

THE OVER-DEPENDENCE ON CENTRAL GOVERNMENT WHICH CONTINUES TO OPERATE UNDER TIGHT FINANCIAL MANAGEMENT SCRUTINY BY THE IMF AND INTERNATIONAL CREDITORS HAS LANDED THE LOCAL GOVERNMENT, WHICH IS LESS THAN 10% FINANCIALLY SELF-SUFFICIENT, INTO A NEGATIVE ENVIRONMENT.

The main outcomes of the over-dependence on a financially weak Central Government have been a Local Government with the following characteristics.

- . Initiation of programs with less than 10% self financing or assured financing.
- . Inability to finance community services programs after being elected to perform services for the people.
- . Weakened administration caused by
  - inability to finance personnel
  - massive redundancies when Central Government reduced its funding
- . Provision of poor standard services
- . Operating with large deficits, or financial indisciplines

THE INITIATION OF COMMUNITY PROGRAMS WITH LESS THAN 10% SELF FINANCING AND LIMITED MANAGEMENT PERSONNEL HAVE LED TO THE INABILITY OF LOCAL GOVERNMENT TO FINANCE SUCH PROGRAMS OR OFFER GOOD SERVICES, CONSEQUENTLY:

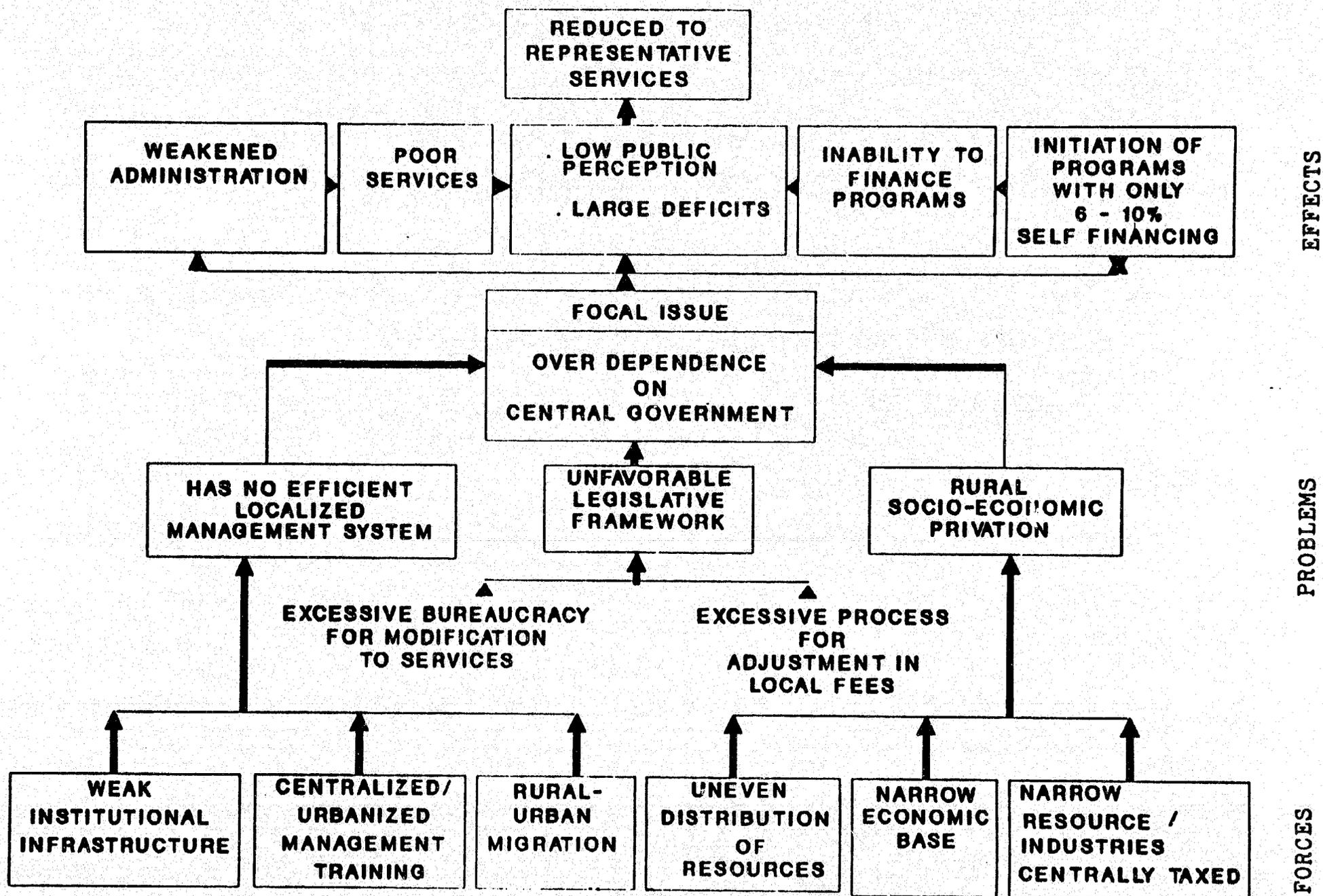
- . They have been pushed into positions of low public perception.
- . Large operating deficits and unsound financial standing.

Exhibit II - 1 schematically illustrate our analysis of the present environment in which the Local Government operates.

EVEN THEIR REDUCED ROLE TO REPRESENTATION IS UNDER THREAT, GIVEN THEIR LOW PUBLIC PERCEPTION IN THE CONTEXT OF BEING ABLE TO SUPPORT COMMUNITY DEVELOPMENT AND THE SOCIAL WELL BEING OF THE ORDINARY CITIZENS.

The Jamaican Local Government faces a new set of challenges. Those challenges revolve around its ability to regain a suitable policy environment to enhance its social and financial viability.

## EXHIBIT II - 1: JAMAICAN LOCAL GOVERNMENT: ENVIRONMENTAL ANALYSIS



LOCAL GOVERNMENT WILL HAVE TO OPERATE IN A POLICY ENVIRONMENT THAT GIVES IT THE SCOPE TO BROADEN ITS RESOURCE BASE TO SUPPORT THE GROWING DEMAND FOR COMMUNITY BASED SERVICES AS ILLUSTRATED IN THE 4 CASE STUDIES ACCOMPANYING THIS REPORT.

The policy framework should be designed to Expand The Scope of Local Government To Access Resources and Initiate Community Programs.

There are three categories of required policy actions which will have to be initiated to improve the environment. They are:-

- . The introduction of measures to alleviate inequities in rural areas. Such measures should include;
  - Increasing resource allocation to rural areas.
  - Mandate Local Government to be an integral agent in the promotion of community economic development and enterprises.
  - Rationalization of the tax regime to allow Local Government a predetermined representative portion of taxes collected on rural economic activities.
- . Expedite legal reform in Local Government especially in two key areas that are impacting adversely on cost-effectiveness . They are:-
  - Allow the process of modifications to services to be an administrative matter.
  - Allow adjustment to fees for services to be an administrative process.
- . Introduce result oriented management systems in Local Government agencies. This could be achieved through;
  - A unification of the two Local Government Services Commissions as it will facilitate easy transfer of staffing and removal of the gap in emoluments.
  - Allow Local Government agencies to co-sponsor programs and execute other administrative alliances on programs among capable private enterprises and non-government institutions at the local level so that their services could be delivered with the best mix of administrative "know how".

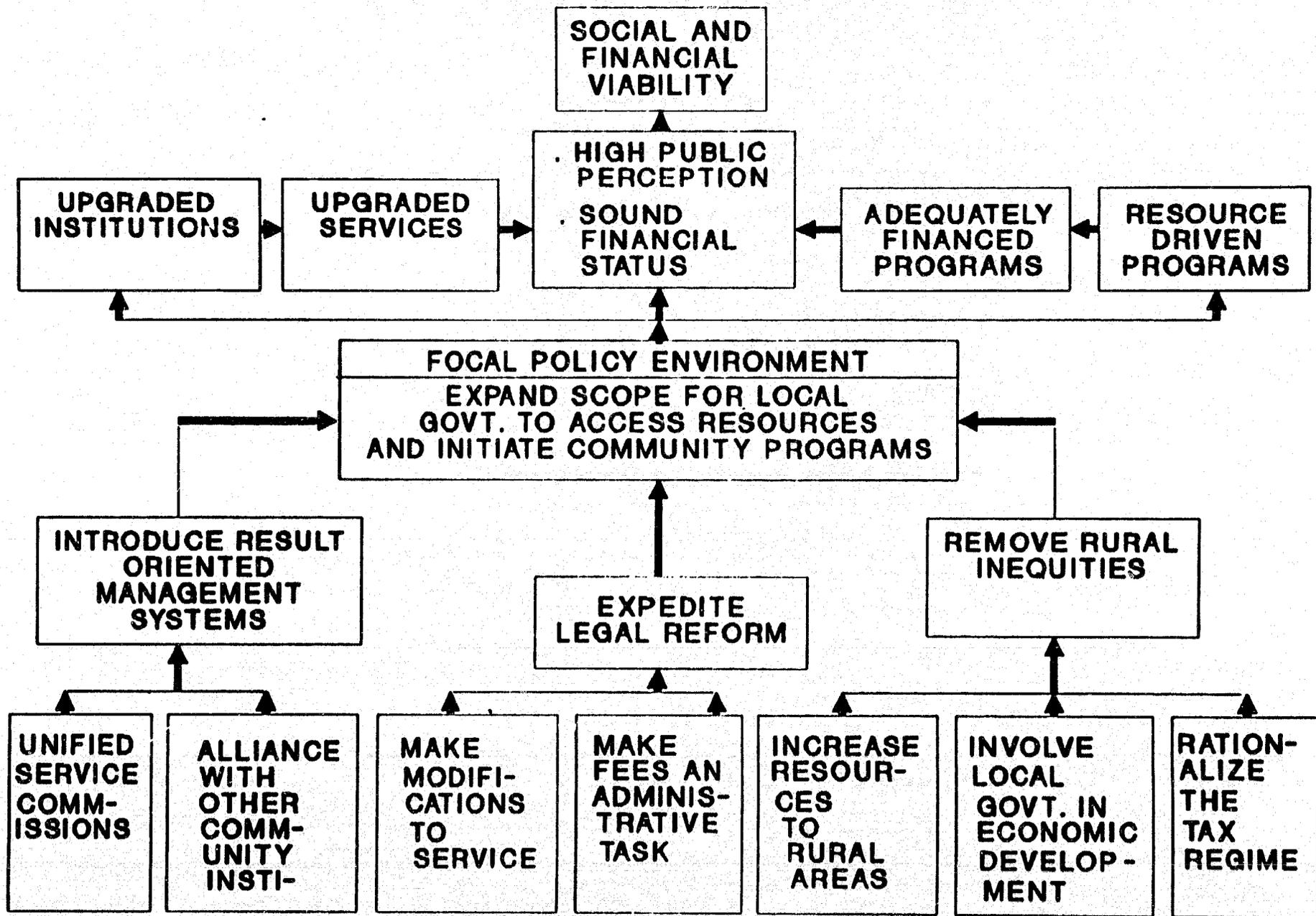
Exhibit II - 2 schematically illustrates the requisite policy environment, the consequential policy initiative required, and the likely range of benefits.

THE KEY BENEFITS THAT LOCAL GOVERNMENT IS LIKELY TO REALIZE FROM THE RECOMMENDED POLICY ENVIRONMENT ARE AS FOLLOWS

- . More resource driven programs which ensure that programs that are initiated are adequately financed.
- . Upgraded institutions to enhance the delivery of upgraded services.
- . High public perception and sounder financial status.

IN THE END, LOCAL GOVERNMENT WILL REALIZE SOCIAL AND FINANCIAL VIABILITY.

## EXHIBIT II - 2: JAMAICAN LOCAL GOVERNMENT: REQUISITE POLICY FRAMEWORK



BENEFITS

RESULTS

RESPONSE

ED ACTIONS

#### 4. Institutional Setting

There are 7 centers operating from within Local Government. They are:

- . The Ministry of Local Government
- . The Office of Disaster Preparedness
- . The Parks and Markets Organizations
- . The National Fire Service
- . The Central Food Organization
- . The Kingston and St Andrew Corporation
- . The Local Authorities - The Parish Councils

These institutions work in close collaboration with other Ministries and agencies which perform overlapping services. These include The Ministry of Health, The National Water Commission, The Ministry of Development, Planning and Production and The Ministry of Labour, Welfare and Sports.

Table II - 2 summarizes the role of each institution.

**TABLE II - 2 JAMAICA: LOCAL GOVERNMENT INSTITUTIONS  
AND THEIR KEY ROLES**

<u>INSTITUTIONS</u>	<u>FUNCTIONS</u>
Ministry of Local Government	<ul style="list-style-type: none"> <li>.Policy formulation</li> <li>.Planning and programming</li> <li>.Resource mobilization</li> <li>.Performance monitoring</li> <li>.General accountability to Central Government on behalf of Local Government</li> </ul>
<p>The Parks and Markets Organizations comprising:</p> <ul style="list-style-type: none"> <li>-Metropolitan Parks &amp; Markets serving Kingston</li> <li>-Southern Parks &amp; Markets serving the southern region of the island</li> <li>-Western Parks &amp; Markets serving the west</li> <li>-Central Parks &amp; Markets serving the centre</li> <li>-North Eastern Parks &amp; Markets serving the north-east region</li> </ul>	<ul style="list-style-type: none"> <li>.Management of fresh foods markets</li> <li>.Management of arcades occupied by small scale traders</li> <li>.Street cleaning</li> <li>.Garbage collection</li> <li>.Management of land-fill sites</li> <li>.Management and beautification of parks</li> <li>.Management of public sanitary conveniences</li> </ul>

TABLE II - 2 JAMAICA: LOCAL GOVERNMENT INSTITUTIONS  
(CONTINUED) AND THEIR KEY ROLES

<u>INSTITUTIONS</u>	<u>FUNCTIONS</u>
The National Fire Service	<ul style="list-style-type: none"><li>.Extinguishing fires</li><li>.Protecting life and property endangered by fire</li><li>.Inspecting buildings to ensure that reasonable fire prevention measures are taken</li></ul>
Central Food Organization	<ul style="list-style-type: none"><li>.Clear overseas food aid shipments</li><li>.Facilitate transportation of aid commodity</li><li>.Provide secure storage of commodities</li><li>.Distribute commodities in accordance with aid conditions</li></ul>

TABLE II - 2 JAMAICA: LOCAL GOVERNMENT INSTITUTIONS  
(CONTINUED) AND THEIR KEY ROLES

<u>INSTITUTIONS</u>	<u>FUNCTIONS</u>
Kingston and St Andrew Corp	<ul style="list-style-type: none"><li>.Coordinate outdoor poor relief services</li><li>.Management of abattoir services</li><li>.Management of traffic</li><li>.Provide street light services</li></ul>
Golden Age Home	<ul style="list-style-type: none"><li>.Provision of residential care, accommodation, meals and other welfare services to indigent senior citizens</li></ul>

TABLE II - 2 JAMAICA: LOCAL GOVERNMENT INSTITUTIONS  
(CONTINUED) AND THEIR KEY ROLES

<u>INSTITUTIONS</u>	<u>FUNCTIONS</u>
Parish Councils/Local Authorities	<ul style="list-style-type: none"><li>.Maintenance of roads</li><li>.Maintenance of parochial buildings</li><li>.Management of Public sanitary conveniences</li><li>.Management of abattoir</li><li>.Maintenance of public parks</li><li>.Approval of building plans and subdivisions</li><li>.Street lighting</li><li>.Coordination of poor relief</li></ul>

The Local Government Authorities are merely agents for the delivery of limited or low impact community services. They are not operating with any power or decentralized authority. All powers are vested in Central Government

THE CENTRAL GOVERNMENT HAS HELD ONTO POWER THROUGH FIVE STRATEGIC SOURCES THAT ARE EXTERNAL TO EVEN THE MINISTRY OF LOCAL GOVERNMENT

The sources are:

- . **Control of Resources**  
The Central Government accounts for over 95% of the tax revenues
- . **Resource Dependence**  
Local Government depends on Central Government for over 90% of the funding used to finance their programs
- . **Influence on Policy**  
The policy making process is concentrated in the Central Government, consequently Local Government is operating within an authoritarian institutional framework.
- . **Internal Linkages**  
Each member of Parliament representing Central Government is allocated \$0.5 million to spend on community services within the territory of Local Government
  - this strategy helps to undermine Local Government's power especially since the total budget per Local Government division is only about \$0.6 million.
  - this strategy is effective in creating direct linkage between the community and Central Government through the Member of Parliament, hence the role of the Parish Councillor becomes unclear in the community especially since he/she has little or no resources

Ownership of the Pool of Management and Expertise The Ministry of the Public Services which is a Central Government institution, controls the staffing and remunerations in Local Government. Its strategy of assigning lower job classifications to Local Government posts gives it the competitive edge against Local Authorities in attracting and retaining personnel. Consequently the Central Government has a more qualified and experienced cadre of personnel than Local Authorities.

LOCAL GOVERNMENT WILL HAVE TO BID FOR THE SHARING OF POWER WITH CENTRAL GOVERNMENT BY ADVOCATING FOR: (1) A GREATER ROLE IN DIRECT TAX COLLECTION, (2) MORE INVOLVEMENT IN POLICY MAKING (3) DISCONTINUATION OF THE ALLOCATIONS TO M.Ps FOR DISCRETIONARY SPENDING IN COMMUNITIES, (4) AUTHORITY TO ACCESS BROADER SOURCES OF FINANCING (5) COMPLETE AUTONOMY IN STAFFING RELATED MATTERS

#### 5. Organization and Staffing

This section describes and analyses the organization and staffing for: The Ministry of Local Government, The Office of Disaster Preparedness, The Parks and Markets Organizations, The Central Food Organization, The National Fire Service, The Kingston and St Andrew Corporation and The Local Authorities.

## The Ministry of Local Government

The Ministry with the exception of Central Food Organization has an approved staffing of 49 employees, most of whom are lower level management and supervisory personnel and clericals. Table II - 3 summarizes the composition.

TABLE II - 3                      JAMAICAN MINISTRY OF LOCAL GOVERNMENT:  
ORGANIZATION

<u>POSITION/STAFF CLASSIFICATION</u>	<u>NUMBER APPROVED</u>	<u>NUMBER ON STAFF</u>	<u>NUMBER CONFIRMED IN POSITION</u>	<u>NUMBER ACTING/ TEMP</u>
Senior Executives	3	3	1	2
Senior Management	4	3	2	1
Planning/Monitoring Specialists	0	0	0	0
Middle Management	5	5	2	3
Technical/Professional	9	8	2	6
Administrative/ Secretarial	15	14	12	2
Clerical	7	7	4	3
Other	6	5	5	0
<b>TOTAL</b>	<b>49</b>	<b>45</b>	<b>28</b>	<b>17</b>

Almost 40% of the personnel on staff are in acting position mainly because of the long process of confirmation through the Ministry of the Public Service. The filling of so many posts with acting personnel is a poor staffing strategy.

- . Acting personnel are usually slower in managing decisively
- . It is more difficult for acting managers to win full team support

The Ministry has no professional, managerial or specialist staff to execute its principal functions of: policy formulations, program planning and designs, performance monitoring and coordination of institutional building activities among its agencies. The professional personnel listed under Technical and Personnel represent mostly auditors and accountants assigned to the Finance Department.

THE CONCENTRATION OF PERSONNEL IN ADMINISTRATION AND LACK OF STAFFING IN PLANNING, PROGRAM, POLICIES, AND PERFORMANCE MANAGEMENT IMPLY THAT MLG HAS VERY LIMITED ORGANIZATIONAL CAPACITY TO DEVELOP INSTITUTIONAL STRATEGIES OR INTRODUCING MANAGEMENT SYSTEMS INTO LOCAL AUTHORITIES TO ENHANCE THE SOCIAL AND FINANCIAL VIABILITIES

Most of the senior personnel have tertiary education, though concentrated in unrelated areas such as history, languages and education. Over 70% of the senior and middle management personnel do not have the following training and experience which are critically required to give effective institutional support to Local Authorities. They are;

- . Business administration
- . Public administration
- . Project management
- . Project design
- . Planning and program development
- . Human resource development

The above areas of expertise can be acquired in an on-the-job skills upgrading project for Local Government personnel or through the University of the West Indies, the Administrative Staff College and the College of Arts, Science and Technology.

## Office of Disaster Preparedness (ODP)

The ODP is a statutory organization established to manage disaster preparedness and the events of disasters. It has a staff compliment of 34 persons with four clearly defined service divisions. They are:

- . The emergency operations division which coordinates preparedness, emergency relief and communications
- . The public education information training division which develops and introduce public awareness programs on a range of natural disasters
- . The planning and research division which provides management information data to support forward planning in the organization
- . The administrative services division which performs the personnel and accounting and administrative support services

The emergency operations, public education and research and planning divisions comprise of 16 persons most of whom are: managers, professionals and technicians. All of the positions are filled with highly qualified personnel. Hence the ODP has a sound capability to coordinate disaster preparedness. The ODP however does not have any structured organizational arrangement for effective administration or disaster preparedness and management of disaster relief outside of Kingston.

A MAJOR TASK AHEAD OF ODP THEREFORE IS TO INTRODUCE STRATEGIES  
TO STRENGTHEN THE SELF MANAGEMENT CAPACITIES OF RURAL COMMUNITIES  
IN DISASTER PREPAREDNESS

National Fire Service

The National Fire Service is structured as a regional organization. It has four regions with each being directed by an Assistant Commissioner. They operate under the day-to-day supervision of a Deputy Commissioner. The four regions and their respective parish coverages are listed below.

<u>Region - 1</u>	<u>Region - 2</u>	<u>Region - 3</u>	<u>Region - 4</u>
Kingston and St Andrew	Portland	St Elizabeth	Trelawny
St Catherine	St Mary	Manchester	St James
St Thomas	St Ann	Clarendon	Westmoreland

Central Food Organization (CFO)

The CFO operates as a unit of the MLG with its main mandate coming from food and agencies such as USAID, EEC and the World Food Organization. The organization operates with 3 persons which includes only three management personnel to match its routine set of distribution related tasks. Table II - 4 provides a breakdown of the staffing.

TABLE II - 4                      JAMAICA CENTRAL FOOD ORGANIZATION  
STAFFING SITUATION

<u>POSITION</u>	<u>NO. APPROVED</u>	<u>NO. FILLED</u>
Administrator	1	1
Assistant to the Administrator	1	0
Middle Manager	2	2
Secretary	1	0
Superintendent of Stores	1	1
Clerical	5	5
Assistant Customs Officer	1	1
Storemen	18	18
<hr/>		
TOTAL	30	28
<hr/>		

CFO has managed to retain much of its staff. It however has been experiencing difficulties filling three key positions, These are: Secretary, Assistant to administrator and Registry Clerk.

The Kingston and St Andrew Corporation (KSAC)

The KSAC was dissolved in 1984 with all of its major functions such as: public cleansing, roads and works, building and planning control services, the Fire Brigade and water supplies transferred to various agencies. There are 73 employees in the organization. The composition of the staffing is set out in Table II - 5.

TABLE II - 5 JAMAICA: STAFFING AT THE KSAC

<u>POSITION</u>	<u>NUMBER OF PERSONS</u>
Executive	1
Senior Managers	8
Middle Managers	4
Technical/Professional	10
Administrative/Secretarial	33
Clerical	2
Other	15
<b>TOTAL</b>	<b>73</b>

The KSAC organization is very adequately staffed to perform its role which has been significantly reduced to very routine activities which are restricted to: abattoir, outdoor assistance to the poor, animal pound and the cemetery.

### The Parish Council

A typical parish council is staffed with:

- . A Secretary/Manager who performs the day-to-day executive work of the Council
  - . An Assistant secretary who supervises the accounts branch, signs cheques and payment of vouchers and sits on one of the committees of the Council
- This person supervises
- a Secretary/Stenographer
  - a Registry Clerk
  - the Accounting Staff
  - The Ancilliary Staff
- . A Planning Coordinator who reports to the Secretary/Manager. He or she deals with applications for subdivisions and building construction. He also serves as Secretary to the Building and Development Committee of the Council

- . **A Senior Accountant** who reports to the Assistant Secretary/Manager. He is directly responsible for maintaining accounting records such as: ledgers abstracts and journals. He prepares estimates of revenue and expenditure, financial statements and cash flow projections for submission to the Council and MLG. He also has the responsibility to ensure that all financial and accounting procedures are followed and that salaries and allowances are paid out on time.
- . **An Accountant (FAA1)** who reports directly to the Senior Accountant. His main role is salary administration comprising: preparation of payroll, performs monthly bank reconciliation statements, and preparation of statutory returns
- . **An Internal Auditor** who has a role similar to those auditor in any enterprise engaged in transactions. He reports to the Secretary/Manager. He ensures that financial transactions executed by the Council are in accordance with the financial administration and Audit Act. He checks all records of monies paid in to the Council and usually keeps the Cash Book.

. **A Superintendent of Field Services** who reports to the Secretary/Manager who is responsible for coordinating the wish of the field services personnel. The field staff is usually comprised of:

- **a Building Officer** who performs physical inspections pertaining to applications for building throughout the parish
- **a Planning Officer** who carries out inspections of subdivisions which are being considered for approval
- **a Field Officer** who performs routine field inspection

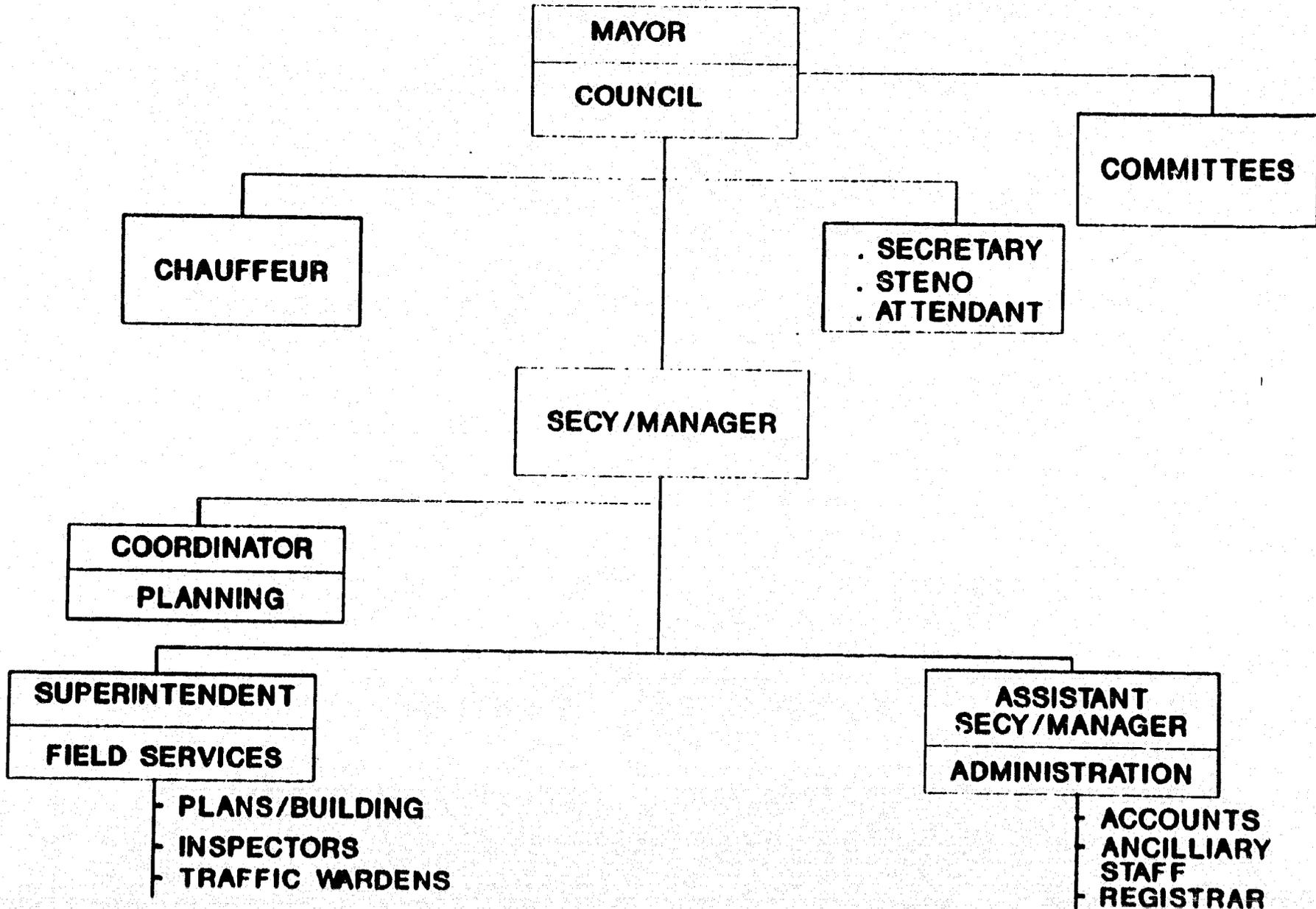
. **An Administrative/Secretarial support and ancillary team** is also in the organization.

They are usually comprised of:

- One Senior Secretary
- Two Secretary/Stenographers
- One Stenographer
- One Departmental Assistant
- One Clerical Officer
- One Office Attendant
- One chauffeur for the Mayor
- Four Security Guards
- Two Traffic Wardens
- One Driver/Messenger
- One Cemetery Keeper
- Two to three part-time cleaners

Exhibit II - 3 provides an illustrative structure of a typical Parish Council while Table II - 6 sets out the data.

# EXHIBIT II - 3 JAMAICA: TYPICAL PARISH COUNCIL ORGANIZATIONAL STRUCTURE



**TABLE II - 6 JAMAICA: TYPICAL PARISH COUNCIL ORGANIZATION STRUCTURE**

<u>POSITIONS</u>	<u>NUMBER OF PERSONS</u>
<b><u>SENIOR MANAGEMENT</u></b>	<u>4</u>
Secretary/Manager	1
Planning Coordinator	1
Assistant Secretary/Manager	1
Superintendent of Field Services	1
<b><u>ADMINISTRATION</u></b>	<u>12</u>
Sr Accountant	1
Accountant	1
Clerical Officers	3
Registrar/Recorder	1
Driver/Messenger	1
Telephone Operator	1
Office Attendant	1
Office Cleaners	2
Caretaker	1
<b><u>FIELD SERVICES</u></b>	<u>7</u>
Planning Technologist	1
Building Officer	1
Clerk Typist	1
Inspectors	1
Traffic Wardens	2
Cemetery Keeper	1
<b><u>SECRETARIAL/OTHER ASSISTANTS</u></b>	<u>7</u>
Secretary/Stenographers	3
Other	4
<b>TOTAL</b>	<b>30</b>

The Parish Councils have managed to retain about 90% of their approved staffing. However, because turn over is concentrated in the areas which provide the most tangible services in the organization such as building and sub division inspectors and accountants, the technical justifications for the organization have been weakened, and the quality of their financial administration have been seriously impaired.

The turnover is taking place mostly among these categories mainly because they are the most marketable.

THE PARISH COUNCIL WILL HAVE TO CONSIDER OFFERING SPECIAL INCENTIVES TO THESE TWO SCARCE GROUPS OF EXPERTISE TO ENSURE THAT THEY MAINTAIN SOCIALLY AND VIABLE INSTITUTIONS.

Golden Age Home

The Golden Age Home which takes care of approximately 500 persons has a multidisciplinary staff of 111 persons as set out in Table II - 7 which follows:

TABLE II - 1 JAMAICA: STAFFING SITUATION AT THE GOLDEN AGE HOME

<u>STAFF</u>	<u>NUMBER</u>
Management	5
Supervisors	6
Secretariat	3
Accounts and Stores	5
Nursing/Medical	14
Room Attendants	60
Ground Staff and Orderlies	8
Laundry	8
Drivers	2
<hr/>	
TOTAL	111
<hr/>	

An analysis of the staffing at the Golden Age Home, using the hotel hospitality industry as a standard, indicate that the home is overstaffed.

- . The staff : patron ratio at the Golden Age Home is  
1 : 4.5
- . The staff : patron ration in hotels is about  
1 : 2.75

### Parks and Markets

The organization of the seven parks and markets varies due to the following:

- . The volume of garbage collecting varies from region to region according to population density and the level of industrialization and commercial trade. For example the Metropolitan Parks and Market serves a population almost as large as the combined population of the other six parks and markets
- . The work program varies among parks and markets. For example, the Metropolitan Parks and Markets has a very extensive beautification program, this is however not a very buoyant activity for the North-East Parks and Markets
- . Some parks and markets are still in their infant stages and are therefore still trying to establish their organizational structures

The parks and markets are registered as a Limited Liability Company under the Companies Act of Jamaica. They therefore come with a Board of Directors and a General Manager or Managing Director. They are organized to develop service qualities and monitor quality of services since they hire contractors for most of the services they coordinate. for example:

- . Garbage collection is contracted out to trucking companies
- . Markets are leased to private individuals and companies for a fee

Metropolitan Parks and Markets has a staff of 103 persons while Central Parks and Markets has only 11 persons as summarized in Table II - 8.

TABLE II - 8 JAMAICA: PARKS AND MARKETS STAFFING:

<u>POSITION</u>	<u>NUMBER OF PERSONS</u>	
	<u>METROPOLITAN PARKS &amp; MARKETS</u>	<u>CENTRAL PARKS &amp; MARKETS</u>
Sr Executives	2	1
Sr Managers	8	2
Professional and Technical	10	0
Middle Managers	13	0
Administrative Support	70	8
Other	0	0
<b>TOTAL</b>	<b>103</b>	<b>11</b>

The Local Government institutional network has an estimated staff of 2,395 persons with rank and file type personnel accounting for 84% while there are only two persons active in planning monitoring or systems design. Table II - 9 provides the details.

THE INSTITUTION IS VERY WEAK IN TERMS OF POLICY PLANNING AND PERFORMANCE MONITORING, THEREFORE THE DEVELOPMENT CAPACITIES FOR ACCOUNTABILITY AND PERFORMANCE STANDARDS ARE VERY MARGINAL

ORGANIZATION	SR. EXECUTIVE	SR. MANAGEMENT	MIDDLE MANAGEMENT	PLANNING/MONITORING	SYSTEMS SPECIALISTS	OTHER PROFESSIONAL/TECHNICAL	ADMINISTRATIVE/CLERICALS	OTHER	TOTAL APPROVED POSITIONS	ESTIMATED POSITIONS FILLED	ESTIMATED VACANCIES
MINISTRY OF LOCAL GOVERNMENT	3	4	5	0	9	22	6	49	45	4	
OFFICE OF DISASTER PREPAREDNESS	1	4	4	2	5	15	3	34	34	0	
CENTRAL FOOD ORGANIZATION	1	1	2	-	1	25	-	30	28	2	
K.S.A.C	1	8	4	0	10	35	15	73	73	0	
PARISH COUNCILS*	12	36	12	0	36	216	48	360	324	36	
GOLDEN AGE HOME	1	4	6	-	14	76	10	111	108	3	
METROPOLITAN PARKS & MARKETS*	2	8	13	0	10	70	0	103	98	5	
OTHER PARKS AND MARKETS*	4	8	0	0	0	32	0	44	42	2	
JAMAICA FIRE SERVICE	2	5	79	0	0	80	1,425	1,590	1,039	552	
<b>TOTAL</b>	<b>27</b>	<b>78</b>	<b>125</b>	<b>2</b>	<b>85</b>	<b>571</b>	<b>1,507</b>	<b>2,395</b>	<b>1,791</b>	<b>604</b>	

\* ESTIMATED) BASED ON PARTIAL DATA RECEIVED

## 6. Demand/Supply for Services

This analysis will be quantitative as well as qualitative. Our analysis will be on eleven selected services namely: cemetery, planning and sub-division approvals, parks, parochial roads, garbage collection and public cleansing, abattoir, poor relief, markets, public sanitary convenience, and disaster preparedness. Prior to the analysis, it should be useful to present the characteristics or dimensions of what is considered to be acceptable standard of service for each unit. Table II - 10 sets out the standards. Those standards were derived from three sources.

- . Our interviews with the management of Parish Councils
- . Our interviews with community leaders
- . The conclusions at the MLG seminar The future of Local Government held February 11, 1990.

TABLE II - 10 JAMAICA: DETERMINED STANDARDS FOR SELECTED LOCAL GOVERNMENT SERVICES

<u>SERVICE</u>	<u>REQUISITE SERVICE STANDARDS</u>
1. Planning and sub-divisions	<ul style="list-style-type: none"><li>. Approval of building plans in 3 months</li><li>. Approval of sub-divisions in 6 months</li><li>. Monitoring of compliances</li></ul>
2. Parks	<ul style="list-style-type: none"><li>. Local Government ownership</li><li>. Playing facilities</li><li>. Public sanitary convenience</li><li>. Maintenance</li><li>. Visible management</li></ul>
3. Parochial roads	<ul style="list-style-type: none"><li>. Carriage way to accommodate small truck</li><li>. Compact surface</li><li>. Adequately drained</li></ul>

**TABLE II - 10 JAMAICA: DETERMINED STANDARDS FOR SELECTED LOCAL GOVERNMENT SERVICES  
(CONTINUED)**

<u>SERVICE</u>	<u>REQUISITE SERVICE STANDARDS</u>
4. Public cleansing	<ul style="list-style-type: none"><li>. Provision of vehicles</li><li>. Time-table for collection</li><li>. Provision of bins</li><li>. Drains maintenance</li><li>. Provision of fenced dumps</li></ul>
5. Abattoir	<ul style="list-style-type: none"><li>. Provision of facilities</li><li>. Ensuring availability (Mon-Fri. 6am - 6pm)</li><li>. Maintenance</li><li>. Owning and leasing</li></ul>
6. Poor relief (Indoors)	<ul style="list-style-type: none"><li>. Provision of residential facilities</li><li>. Provision of personal care</li><li>. Provision of health care</li><li>. Provision of three meals per day</li></ul>

**TABLE II - 10 JAMAICA: DETERMINED STANDARDS FOR SELECTED LOCAL GOVERNMENT SERVICES  
(CONTINUED)**

<u>SERVICE</u>	<u>REQUISITE SERVICE STANDARDS</u>
<b>7. Markets</b>	<ul style="list-style-type: none"><li>. Provision of facilities for fresh foods</li><li>. Leasing of space</li><li>. Provision of security</li><li>. Maintenance and management</li><li>. Provision of special services eg. cold storage</li><li>. Provision of markets for small traders</li></ul>
<b>8. Public sanitary conveniences</b>	<ul style="list-style-type: none"><li>. Provision and maintenance</li><li>. Provision of security</li><li>. Provision of electricity and water</li></ul>
<b>9. Disaster preparedness</b>	<ul style="list-style-type: none"><li>. Advance information</li><li>. Provision of Citizens' supervision service</li><li>. Initiated public awareness programs</li><li>. Distribution of emergency relief on time</li></ul>

## Quantitative Analysis

Our quantitative analysis of the demand and supply situation is based on the submissions made by 12 Parish Councils, the KSAC, the various statutory bodies at the MLG workshop on The Future of Local Government held February 10 - 11, 1990 and also our interviews with community individuals and community leaders in St. Catherine, St. James, Manchester and St. Thomas.

Public cleansing has the widest coverage in Local Government services. It reaches about 82% of those requiring the services.

The main reasons for its wide coverage are:

- . It is the most endowed with resources
- . It is always under public pressure because it is a very tangible and visible service with measurable quality which can be assessed by a wide cross section of the community on a daily basis
- . The Parks and Markets which coordinate the delivery of the service are structured to be service oriented
- . The device delivery mechanism draws on a wide cross-section of private sector management resources
  - Contractors are hired to move the garbage and are paid and retained on the basis of service.
  - The Chamber of Commerce has been very active in promoting civic pride as a strategy to get citizens to minimize littering
- . The Parks and Markets have been doing a great deal of social marketing.

Most of the other services are covering only 21 - 55% of their target populations. The ones with the poorest coverage are: minor roads, Disaster Preparedness, Planning and sub-divisions and poor relief.

- . Minor roads has a poor coverage because its establishment is centralized
- . Disaster preparedness which covers only 30% of the target population is reaching this small coverage mainly because it has no decentralized operations.

TABLE II - 11

## JAMAICA: ESTIMATED DEMAND/SUPPLY SITUATION FOR SELECTED LOCAL GOVERNMENT SERVICES

SERVICE	ESTIMATED * DEMAND	ESTIMATED SUPPLY CAPACITY	LIKELY % AVE. COVERAGE %
1. Planning/Sub-divisions	186,000	78,000	42
2. Parks and recreational facilities	1,064	543,000	51
3. Minor roads	870,000	183,000	21
4. Public cleansing	1,020	836,000	82
5. Abattoir	460	258	56
6. Poor relief	34,000	16,000	47
7. Markets	1,261	693	55
8. Public sanitary convenience	1,780	820	46
9. Disaster preparedness	1,850	550,000	30

\* Demand here means the number of individual beneficiaries in households. In the case of market service for example, it means the farmer, his family and the shoppers who also benefit.

- . Poor Relief has not been covering its target population due mainly to inadequate funding to construct additional institutional capacity

### Quality of Services

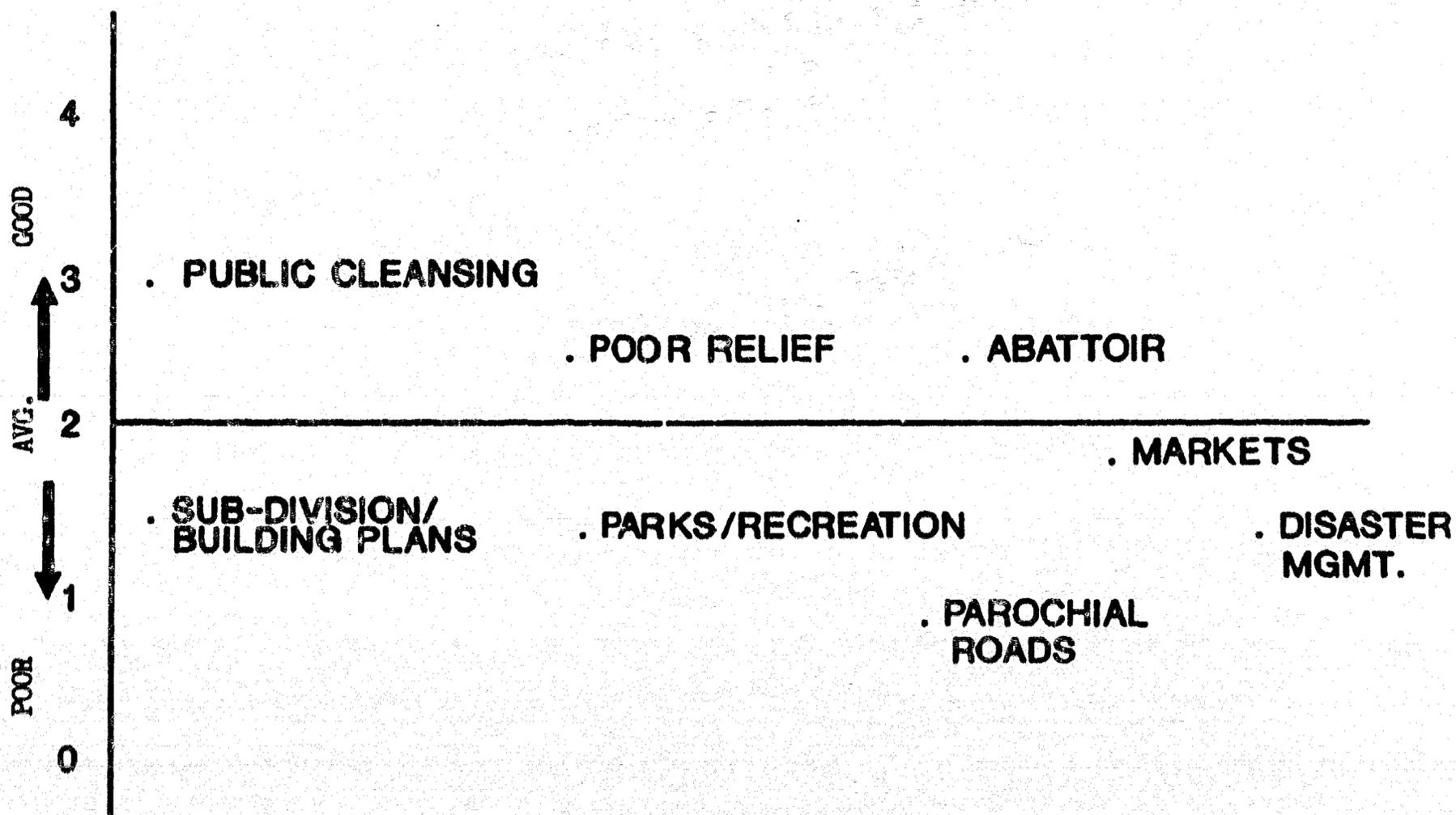
Most of the services being provided are below average. The key ones are.

- . Parochial roads
- . Disaster management
- . Parks and recreation
- . Sub-divisions/building plans
- . Markets

Three services are delivered above average. They are public cleansing, poor relief and abattoirs. Exhibit II - 4 provides the rating for each service.

AN IMMEDIATE TASK CONFRONTING LOCAL GOVERNMENT AS IT INITIATES REFORM, IS TO INTRODUCE ADEQUATE SYSTEMS AND PROCEDURE TO FACILITATE QUALITY ASSURANCE IN THE DELIVERY OF ITS SERVICES

# EXHIBIT II - 4 JAMAICA: COMMUNITIES PERCEPTION OF THE SELECTED SERVICES THEY RECEIVE



## 7. Financing Local Government

In fiscal year 1988/89 Local Government expended \$147.6 million or approximately 3% of the Central Government's budget. The internal revenue generated by Local Government in the same period was only \$6.7 million. Consequently:

- . Local Government is self-financing by only 4.5%
- . Central Government, the main financiers subscribed \$149.9 million or 94.5%

Table II - 12 and II - 13 provide details on the expenditure and revenue respectively. Trade licences represent 89% or \$5.5 million of the revenue, while building and sub-division approvals and market the two most significant value added services accounted for only \$39,000 and \$273,000 respectively.

TABLE II - 13 JAMAICAN: LOCAL GOVERNMENT'S ESTIMATED INTERNAL REVENUE F.Y. 1989/90

<u>SOURCE</u>	<u>AMOUNT</u> <u>\$000</u>	<u>%</u>
1. Trade licence	5,470	81.2
2. Markets	261	3.9
3. Abattoirs	273	4.1
4. Cemeteries	105	1.6
5. Pounds	97	1.4
6. Building and sub- division	39	0.6
7. Butchers' licences	4	-
8. Barber & hairdressers licences	3	-
9. Parking and other	481	7.1
-----		
TOTAL \$000	6,734	99.9*
-----		

Source: MLG and Individual Parish Councils

TABLE II - 12

JAMAICA: LOCAL GOVERNMENT'S RECURRED EXPENSES  
F.Y. 1988/89

<u>SUBHEAD</u>	<u>CLASSIFICATION</u>	<u>APPROVED ESTIMATE</u>	<u>ACTUAL EXPENDITURE</u>
01	Personal emoluments	974	974
01	Travel expenses and subsistence	185	195
03	Supplies and materials	73	319
04	Rental of property	433	538
05	Hire of heavy equipment	140	-
06	Public utility services	132	133
07	Other operating and maintenance services	0	172
08	Grants and contributions or subscriptions to Local Authorities	111,000	145,281
09	Inter-department purchases and services	6	
-----			
TOTAL \$000		113,434	147,584
-----			

Sources (1) Ministry of Local Government

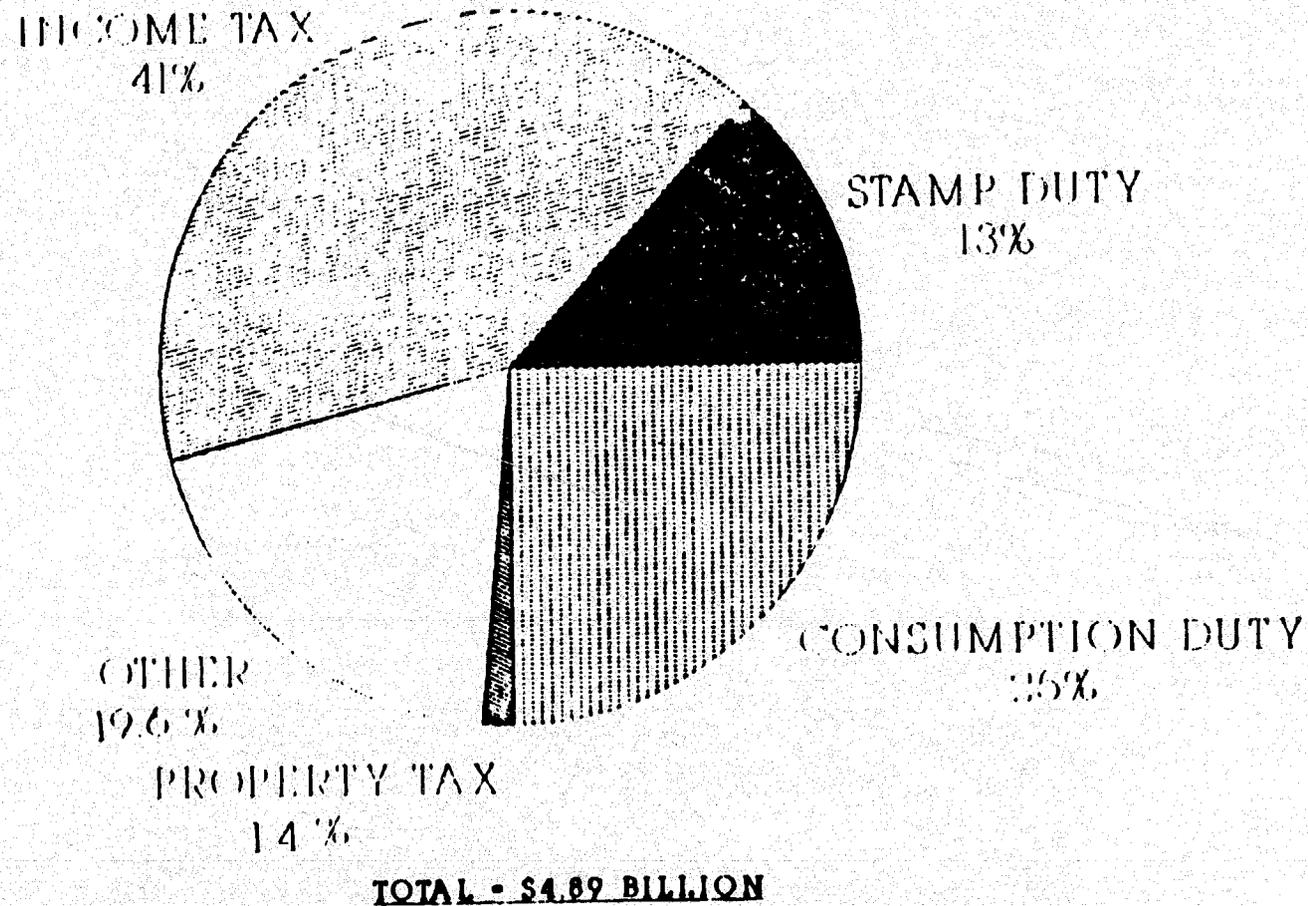
(2) Ministry of Finance

There are three main reasons for the low level of self-financing in Local Government. They are:

- Land and Property taxes, which is the main economic resource in which Local Government services add value, is collected exclusively by Central Government. It accounts for only about 1.4% of Central Government revenue as illustrated in Exhibit II - 5 which follows.

# EXHIBIT II-5 JAMAICA: CENTRAL GOVT. SOURCES OF \$4.89 BILLION REVENUE

F.Y. 1988/89



**SOURCE: Economic and Social Survey Provisional Estimate**

The Local Government agencies do not have the capacity to handle revenue collections very effectively. From our interviews and observations of selected collections records we estimated that less than 40% of the potential revenues are collected mainly because of the lack of an efficient system for collecting fees and fines. Table II - 13 for example, substantiate that only 42% of the value of issued traffic tickets fines have been collected in the calendar year 1989.

TABLE II - 13 JAMAICA: LOCAL GOVERNMENT COLLECTION RATES FOR TRAFFIC TICKETS 1989

<u>ITEM</u>	<u>AMOUNT FINED \$</u>	<u>COMPLIANCE</u>	<u>RATE OF EFFICIENCY %</u>
1. Traffic fines	46,588	19,390	41.6%
2. Summons issued for parking violation	25,079	11,649	46.4%
3. Summons issues for other traffic violations	1.919	397	20.1%

Source: KSAC

• Fees for tangible/high value added services are too low. The fees charged for most services reflect 77% to 100% subsidy (some services do not attract a fee). The services include:

- Approvals and follow-up on sub-division plans
- Abattoir services
- Licencing trades
- Collection and dumping of commercial and industrial waste
- Provision of cemeteries

The main reasons for charging fees that are not compatible with the economic costs or the significant values the services have created, are due to the excessive legislative process required to get approval for modifying fees. Table II - 14 provides a summarized list of cost profiles of selected services, and quantifies the level of subsidy associated with the fees charged.

TABLE II - 14 JAMAICAN: LOCAL GOVERNMENT ESTIMATED LEVELS OF SUBSIDIES GIVEN TO RECIPIENTS OF SELECTED TRADEABLE SERVICES

<u>SERVICE</u>	<u>UNIT</u>	<u>COST OF PRODUCTION AND DELIVERY</u> <u>\$</u>	<u>FEES CHARGED</u>	<u>LEVEL OF SUBSIDY</u>	<u>ECONOMIC VALUE</u> <u>\$</u>
1. Approval and follow-up on sub-division plans	100 lot sub-division	16,950	0	100%	6,500,000
2. Abattoir service	1 cow	99.80	23	77%	2,125
3. Provision of a cemetery	1 basic grave spot	1028.50	60	94%	1,286
4. Licensing of Hairdresser	1 rural based Hairdresser	223.95	20	91%	12,000 (annual income)
5. Collection and dumping of commercial garbage	2.5 truck loads per 100 person restaurant	2,969	0	100%	estimated 1,080,000 sales turnover
6. Provision of a licence and periodic inspection for a cinema	certification and subsequent inspection	3,240	20	99.4%	

## Capital Budget

Local Government's medium term capital program for the period 1990/91 to 1992/93 is estimated to cost \$389 million. all of the required financing is sought from Central Government through its Public Sector Investment Programs. The budget is summarized in Table II - 15 as follows.

TABLE II - 15 JAMAICA: LOCAL GOVERNMENT'S CAPITAL BUDGET  
1990/91 TO 1992/93 IN J\$ MILLION

<u>PROJECT/PROGRAM</u>	<u>ESTIMATED COST \$</u>	<u>ESTIMATED CENTRAL GOVT. FINANCING</u>
A. <u>Jamaica Fire Brigade</u>	<u>159.25</u>	<u>159.25</u>
1. Replacement of trucks	61.75	61.75
2. Purchase of fire boats	91.0	91.0
3. Establishing training schools	6.5	6.5
B. <u>Parks and Markets</u>	<u>90.05</u>	<u>90.05</u>
1. Purchase of garbage trucks	49.4	49.4
2. Study on recycling waste	0.40	0.4
3. Upgrading and maintenance of markets	40.25	40.25
C. <u>Upgrading Abattoirs</u>	<u>10.0</u>	<u>10.0</u>
D. <u>Other</u>	<u>129.7</u>	<u>129.7</u>
-----		
TOTAL (A+B+C+D)	389.0	389.0
-----		

THE LOCAL GOVERNMENT'S PROPOSAL TO SEEK 100% FINANCING FROM CENTRAL GOVERNMENT IS NOT AN INNOVATIVE STRATEGY TO EXPEDITE THE MOBILIZATION OF FINANCING FOR THE PROGRAM OR TO CONTAIN PUBLIC SECTOR SPENDING

Based on Table II - 15 the present capital program has the potential to attract at least \$105 million from non-government sources since they are direct economic wealth creating activities.

- **The purchase of garbage trucks for 49.4 million could be a Private Sector investment for the following reasons.**
  - The private sector is contracted to transport the garbage hence they should be encouraged to invest in the transport equipment which could be amortized from revenue they will receive from the Local Government's Parks and Markets organizations
  - It is a bankable proposal to seek commercial bank loans, since the market for transporting the garbage would have already been secured through a long term contract with the Parks and Markets organizations.
- **The upgrading and maintenance of markets for \$40.25 million should also be encouraged as a private sector initiative since the markets are leased to them. The justifications are:**
  - Improvement of the markets add significant value to their trades
  - Government's funding improvement program is high risk given the fact that many of the current leasees might not be willing to pay the consequential increases in rents, especially since many of them are already in arrears.

- The development and improvement of commercial real estate is one of the most profitable activities in which private entrepreneurs are engaged; hence they are likely to be very interested in joint venturing with Local Government in its market improvement program.

**TWO STRATEGIES COULD BE USED TO MOBILIZE RESOURCES FROM THE PRIVATE SECTOR FOR THE MARKETS.**

- i. The Parks and Markets could join venture with the leasees
  - The Parks and Markets as equity
  - The leasee could convert his lease into purchase option and secure financing for the improvement works
- ii. The ownership of the markets could be broadened to include all the tenants who could purchase shares on a strata plan
  - The Parks and Markets could hold the value of the buildings as they are as its equity or it could sell all of it to the tenants
  - The individuals could be encouraged to share in the equity by injecting funds into it to be used for financing the improvement program
- . The upgrading of the abattoir could also attract private financing especially from farmers and butchers who would like to be stakeholders in its operations

**THE LOCAL GOVERNMENT AS A RULE SHOULD TRY TO MOBILIZE ITS RESOURCES FROM A WIDER RANGE OF SOURCES, ESPECIALLY WHEN IT IS FOR FINANCING ECONOMIC PROGRAMS WHICH CAN BE SELF FINANCING.**

The environment for co-financing with the private sector is quite good.

- . It is the policy of government to divest or privatize economic activities
- . There are many government, private sector joint venture projects being executed especially in tourism, agricultural and financial sectors.

## 8. Financial Administration

There are two financial administration systems operating within the Local Government to match the legal status of each executing agency.

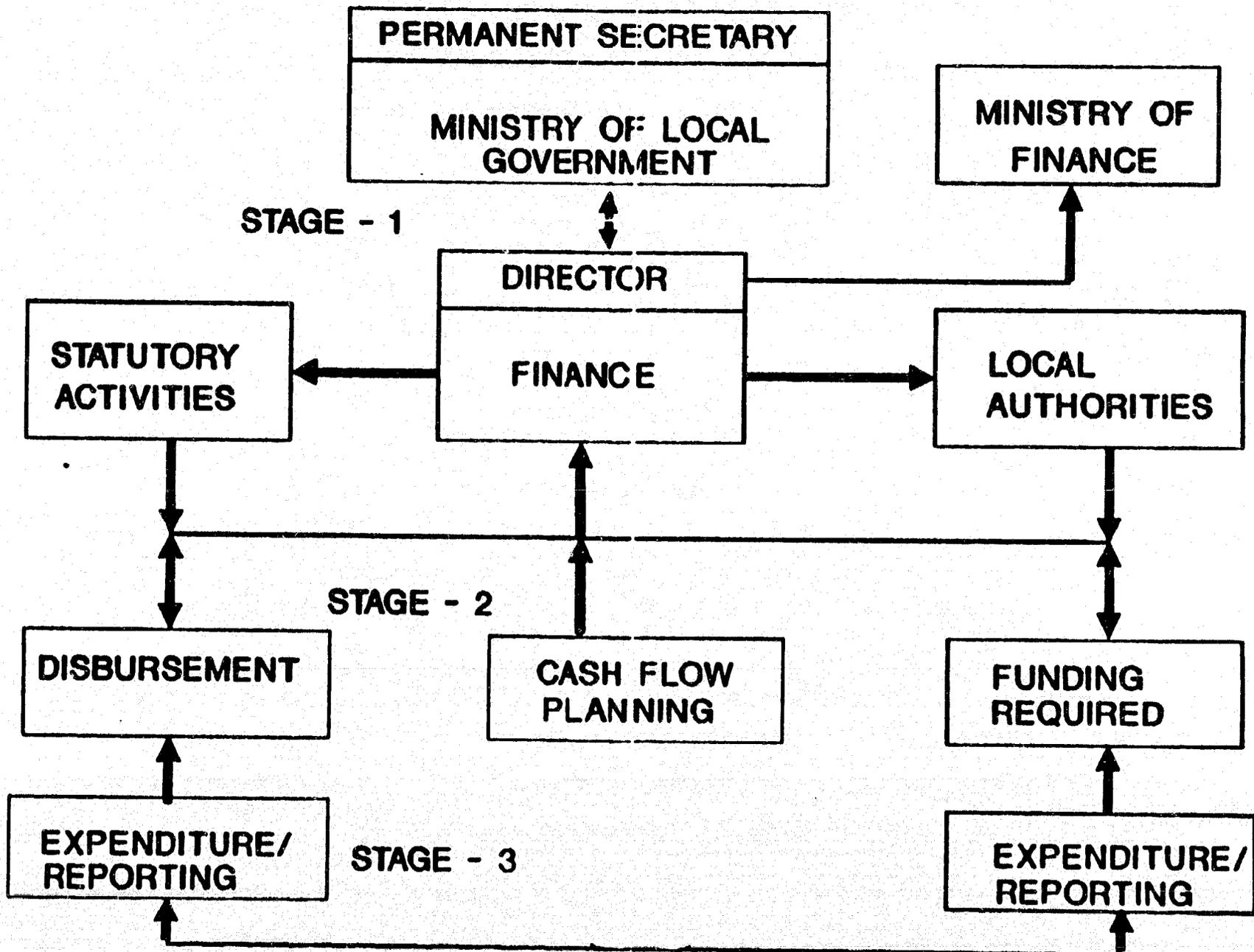
- . The first represents the Government system which under the provisions of Parliamentary Acts, the Auditor General audits the accounts of the Local Government Agencies
- . The second represents the limited liability companies registered under the Companies Act of Jamaica External Private audit firms are usually required to audit such enterprises.

Financial administration has four stages in the relationship between the Ministry and its agencies and Local Authorities. They are:

1. The budget planning stage
2. Cash flow planning
3. Disbursements stages
4. Reporting stages

Exhibit II - 6 sets it out schematically.

# EXHIBIT II - 6 JAMAICAN LOCAL GOVERNMENT: FINANCIAL ADMINISTRATION PROCESS



The Ministry, the statutory organizations and the Local Authorities are required to work with the standard principles of accounting and financial administration. Their organizational structures also allow for accounting to get very prominent status. For example

- . In MLG, the Director of Finance is the highest ranking officer in line with the Permanent Secretary, and he is supported by a staff of ten persons
- . In the Parish Council financial administration is coordinated by the Assistant Secretary/Manager

DESPITE THE SUITABLE ORGANIZATIONAL STRUCTURES AND APPOINTMENT OF STAFF IN THE AVAILABLE POSITIONS THERE ARE NO SYSTEMS IN PLACE TO MONITOR PERFORMANCE ON: COST-EFFECTIVENESS, PROJECT IMPLEMENTATION, REVENUE COLLECTIONS AND CASH FLOW, OR TO FACILITATE TIMELY DECISION MAKING.

As a result, there are numerous cases of budget overruns, shortfall in revenue collection, loss of revenue earning opportunities, and non-compliances with reporting requirements. Table II - 16 provides a list of the major adverse performance indicators and their respective dimensions, as a result of the lack of monitoring and management information systems.

THE BREADTH AND DEPTH OF MLG SERVICES, ITS VARIETY OF ORGANIZATIONS AND ITS WIDE GEOGRAPHICAL COVERAGE REQUIRE A MONITORING AND PROGRAM MANAGEMENT DIVISION.

Such a division should comprise a few seasoned personnel with expertise in:

- . Management systems
- . Planning and Policy
- . Program management
- . Financial analysis

The division should also be equipped with state-of-the art research and information procession and analysis technology

TABLE II - 16 JAMAICAN LOCAL GOVERNMENT: INDICATORS OF WEAK FINANCIAL ADMINISTRATION

MAJOR INDICATORS

DIMENSIONS

- |  |  |
|--|--|
| 1. Major budget overruns by 30%  | In F.Y 1988/89 Local Government expended \$147 million against an approved budget of \$113 million   |
| 2. Arrears in market fee collections in F.Y 1988/89 was \$610,000  | The \$610,000 arrears in market rental represents the equivalent of 78% of the target annual revenue from markets                                |
| 3. Loss of revenue earning opportunities from many inactive markets due to under investment in maintenance                   | 34% of market space is inactive and not earning revenue  |
| 4. The efficiency of collecting fines for traffic violation is very low  | Only 41.6% of the value of traffic fines is collected  |
| 5. Most Local Authorities are having difficulties investigating financial administration related investigations and analysis | Most Local Authorities are taking 3 or more years to investigate, analyse and respond to the Auditor General on financial administration matters |
| 6. Annual financial reports on appropriations are generally late.  | Annual reports are in 1 - 2 years late for about 40% of the Local Authorities  |

III. STRENGTHS AND WEAKNESSES

### III. STRENGTHS AND WEAKNESSES

This short chapter analyses the advantages and disadvantages of Local Government being organized to provide some selected services at the Parish level. We examined 15 categories of services when we executed the field work for the case studies.

There are many advantages of organizing to provide service from the localized level. The main advantages are:

- . Proximity to users
- . It builds on community self management
- . It creates employment for local personnel and businesses
- . It could create the opportunity for citizens to add value to the services they receive

Similarly, there are some disadvantages in organizing the delivery of services from the localized level. They revolve around:

- . Poor technical viability
- . Inadequate personnel to manage the system at all levels
- . Some services are not socially viable when organized at the parish level.
- . The requisite technical and institutional infrastructures for some services are inadequate at the parish level

Table III - 1 summarizes the advantages and disadvantages of organizing and delivering Local Government services from the local level.

THE MINISTRY OF LOCAL GOVERNMENT NEEDS TO COMMISSION AN IN-DEPTH FEASIBILITY STUDY ON WHAT SERVICES ARE SOCIO-ECONOMICALLY VIABLE AT THE COMMUNITY AND REGIONAL LEVELS

This study should be undertaken immediately so that the results and recommendations could be executed during the first year of the planned program for upgrading Local Government Authorities.

**TABLE III - 1 JAMAICA: LOCAL GOVERNMENT AGENCIES ADVANTAGES AND DISADVANTAGES IN LOCAL ORGANIZATIONAL ARRANGEMENTS TO PROVIDE SELECTED SERVICES**

<u>SERVICE</u>	<u>MAJOR ADVANTAGES (S)</u>	<u>DISADVANTAGES (S)</u>
Sub-division/building plans	Proximity for follow-up inspections	Not technically viable at parish level
Fire Fighting	Best arrangements for shortest response time	No alliance with provider of critical inputs, hydrants, water and roads
Urban Renewal	High impact service	Other agencies have comparative advantages.
Disaster Management	Builds community's for self management of disasters	Required technical and communications infrastructure prohibitive at local level
Garbage Collection	Localized: employment of small businesses truckers and land fills	None
Markets	Beneficiaries add value to service	Technically incompatible with the growing types of trades
Street Lighting	Requires only aggressive advocacy from Local Government	Local Government subsidizes business when it pays the bills
Poor Relief	Quick visibility of the needs	Service is not socially viable on quality control.
Parochial Roads	Strong local capacity to build	Inadequate technical capacity for standard

**TABLE III - 1 (CONTD) JAMAICA: LOCAL GOVERNMENT AGENCIES ADVANTAGES AND DISADVANTAGES IN LOCAL ORGANIZATIONAL ARRANGEMENTS TO PROVIDE SELECTED SERVICES**

<u>SERVICE</u>	<u>MAJOR ADVANTAGES (S)</u>	<u>DISADVANTAGES (S)</u>
Recreation Facilities	Opportunity for self management by frequent users	Expanded services not viable at local level
Community Water Tanks	It is high impact	None
Public Cemeteries	Best arrangements for maximum community participation in last rites	None
	Opportunity for community to add value to the service	
Animal Pounds	Most economical	Not viable with improved services such as veterinary
Low Income Housing	Opportunity for Local Government advocacy/representation	Not technically viable for Local Government execution
Community Enterprise Promotion	Opportunity for Local Government advocacy	None
	High impact	

IV. SERVICE FOCUS

#### IV. SERVICE FOCUS

##### 1. Selection Criteria

The candidate services have been determined on the basis of four analysis. This means that they should be compatible with the results of those analyses as much as possible.

##### i. OUR ANALYSIS OF THE FOCAL OBJECTIVE FOR LOCAL GOVERNMENT CONCLUDES THAT ITS SERVICES SHOULD STRENGTHEN ITS SOCIAL AND FINANCIAL VIABILITY.

This means that the candidate services should

- . Be high impact oriented
- . Facilitate community self management
- . Add value to economic activities in the community
- . Be bankable to attract resources from outside of Central Government
- . Have a large unmet demand
- . Facilitate working alliance between Local Government and the private sector

##### ii. THE PRIORITY SERVICE REQUIREMENTS IN THE COMMUNITIES SURVEYED IN THE FOUR CASE STUDIES.

Those services provide the following benefits ranked in order of priority needs

- Rank - 1 Employment opportunities
- Rank - 2 Facilitation of the farming community
- Rank - 3 Youth development

- Rank - 4 Facilitation of small businesses
- Rank - 5 Assistance to low income families
- Rank - 6 Improved traffic management
- Rank - 7 Facilitate urban upgrading
- Rank - 8 Protection of the environment

iii. THE SERVICES SHOULD HAVE TANGIBLE COMPARATIVE ADVANTAGES FOR EXECUTION AT THE PARISH LEVEL

The main attributes are:

- . Technical capacity is likely at the parish level
- . The requisite infrastructure is available
- . Probable scale of utilization at the local level is quite viable
- . Advocate local needs

iv. LOCAL AUTHORITIES ARE ALREADY PERCEIVED TO BE PERFORMING THE SERVICE SATISFACTORILY

Those services are related to:

- . Environmental protection
- . Protection of citizens from disasters
- . Beach site recreation

## 2. Screening

The screening of the opportunities is set out in Table - 1. Based on the frequency of compatibility with the attributes the ranking of the service opportunities is set out below.

Rank - 1	Rank - 2	Rank - 3
Number of Positives <u>10 Plus</u>	Number of Positives <u>7 - 9</u>	Number of Positives <u>Under 7</u>
Markets	Youth facilities	Low income housing
Urban renewal	City parking	Cemeteries
Investment promotion	Water tanks	Animal pounds
Abattoir	Street lighting	Public Health
Garbage collection	Parochial roads	Fire fighting
Sub division/ Building plans	Disaster management	Poor relief

JAMAICA: SCREENING OF OPPORTUNITIES FOR LOCAL GOVERNMENT SERVICES

SERVICES	FOCAL OBJECTIVES							COMMUNITY PRIORITIES							LOCAL ADVANTAGE						
	HIGH IMPACT	FACILITATES SELF MANAGEMENT	ADDS VALUE	BANKABLE	LARGE DEMAND	ALLOWS GOVT. PVT	EMPLOYMENT	SUPPORTS FARMING	YOUTH DEVELOPMENT	SUPPORTS BUSINESS SMALL	SUPPORTS THE LOW INCOME	REDUCED TRAFFIC	URBAN UPGRADING	PROTECTS ENVIRONMENT	TECHNICAL CAPACITY	INFRASTRUCTURE	HIGH UTILIZATION	RECREATION	DISASTER MANAGEMENT	TOTAL POST	
1. SUBDIVISION/BLDG APPROVAL	X		X	X	X	X	X			X		X	X			X	X				11
2. PAROCHIAL ROADS	X		X		X	X	X	X			X						X				7
3. FIRE FIGHTING					X									X				X			3
4. GARBAGE COLLECTION	X	X	X	X	X	X	X						X	X		X					10
5. MARKETS	X	X	X	X	X	X	X	X		X		X		X	X	X	X				13
6. POOR RELIEF					X					X				X	X	X					5
7. DISASTER MANAGEMENT	X	X	X		X								X	X	X	X		X			9
8. ABATTOIR		X	X	X	X	X	X	X						X	X	X					10

JAMAICA: SCREENING OF OPPORTUNITIES FOR LOCAL GOVERNMENT SERVICES

SERVICES	FOCAL OBJECTIVES							COMMUNITY PRIORITIES							LOCAL ADVANTAGE			TOTAL POS		
	HIGH IMPACT	FACILITATES SELF MANAGEMENT	ADDS VALUE	BANKABLE	LARGE DEMAND	ALLOWS GOVT. PVT	EMPLOYMENT	SUPPORTS FARMING	YOUTH DEVELOPMENT	SUPPORTS BUSINESS SMALL	SUPPORTS THE LOW INCOME	REDUCED TRAFFIC	URBAN UPGRADING	PROTECTS ENVIRONMENT	TECHNICAL CAPACITY	INFRASTRUCTURE	HIGH UTILIZATION		RECREATION	DISASTER MANAGEMENT
9. URBAN RENEWAL	X	X	X	X	X	X	X		X			X	X	X	X	X				13
10. LOW INCOME HOUSING	X	X		X	X					X						X				6
11. INVESTMENT PROMOTION	X		X		X	X			X			X		X	X	X				10
12. YOUTH FACILITIES	X	X			X			X						X		X	X			7
13. CEMETERIES		X			X					X				X	X	X				6
14. CITY PARKING		X		X	X	X					X			X	X	X				8
15. WATER TANKS			X		X		X			X				X	X	X				7
16. STREET LIGHTING	X		X		X	X			X			X		X	X	X				9
17. ANIMAL POUNDS			X		X			X						X	X	X				6
18. PUBLIC HEALTH				X	X					X				X	X	X				5

BASED ON THE PRECEDING ANALYSIS THERE ARE 12 CANDIDATE SERVICES WHICH SHOULD BE PROVIDED AS FIRST PRIORITY OR FOR THE IMMEDIATE TERM. THESE ARE SERVICES WHICH GOT RANK - 1 RATING AND ALSO THOSE IN RANKS - 2 AND - 3 WHICH ARE NOW BEING OFFERED BY LOCAL GOVERNMENT

They are:

- . Markets
  - fresh foods
  - for small business products
- . Urban renewal
- . Investment promotion
  - advocacy
  - facilitation
  - attraction of small business support services institutions in the parish
- . Garbage collection
- . Sub-divisions and building plans
- . Fire fighting
- . City parking
- . Pounds
- . Disaster management
- . Cemeteries
- . Animal pounds
- . Poor relief

THERE ARE ONLY TWO SERVICE OPPORTUNITIES WHICH SHOULD BE INITIATED IN THE MEDIUM TERM. THEY ARE:

- . Community water tanks
- . Parochial roads
- . Youth facilities

THERE ARE ALSO TWO AREAS WHICH COULD BE EXECUTED IN THE LONGER RANGE TERM

They are:

- . Low income housing
- . Public health

The main advantages for offering these services revolve around: the social and financial viability of the project and the priority list of the services.

Markets	Subdivisions/banking
Abattoir	Urban renewal
Collection	
Garments	

V. STRATEGIC PROGRAM

## V. STRATEGIC PROGRAM

The purpose of this chapter is to establish some optional frameworks for future Local Government Programs set out of indicative programs for Local Government to pursue in the medium term, and to recommend the strategy for financing such a program. This chapter will be presented in six (6) sections as follows.

1. Policy Framework
2. Institutional Framework
3. Program
4. Organizational Structure
5. Financing
6. Financial Analysis

### 1. Policy Framework

Our analysis of the policy environment in chapter - II section - 2 concluded that THE SOCIAL AND FINANCIAL VIABILITY OF LOCAL AUTHORITIES IN JAMAICA REQUIRE A POLICY ENVIRONMENT WHICH EXPANDS THE SCOPE FOR LOCAL GOVERNMENT TO ACCESS RESOURCES AND INITIATE COMMUNITY PROGRAMS.

A three-prong policy response will be required to improve the policy environment. They are:

The introduction of result oriented management systems as a policy commitment.

The following policy actions will have to be taken.

- i. THE SERVICES COMMISSIONS IN THE LOCAL GOVERNMENT SERVICE SHOULD BE UNIFIED.

This will set the stage for removing job functions and salaries disparities within the organization. It will also broaden the scope for competitive performance among employees to access promotion and career training opportunities.

ii. LOCAL AUTHORITIES SHOULD HAVE AUTONOMY TO ESTABLISH ALLIANCES WITH OTHER COMMUNITY AGENCIES.

This will help to broaden their institutional capacity to implement community services programs more successfully. In addition, it will give the community an opportunity to grow towards self management, as well as to add value to the services they receive.

The second element of the policy framework should be to expedite legal reform in Local Government. The two major categories of reform that should be undertaken are:

i. REFORM TO MAKE THE MODIFICATION OF SERVICE CHARACTERISTICS AN ADMINISTRATIVE MATTER.

This will give Local Authorities the autonomy to redefine services and modify the use of facilities such as markets without the excessive layers of bureaucratic and legislative procedures.

ii. REFORM TO MAKE ADJUSTMENTS TO FEES AND ADMINISTRATIVE MATTERS.

This will give the Council or the Boards the authority to modify fees in consultation with the Minister.

There should be a policy commitment to removing the rural inequities to enhance the viability of Local Authorities which are integral links between communities and Central Government.

Three specific policy responses will be required.

i. A LARGER PORTION OF LOCAL GOVERNMENT BUDGET SHOULD BE ALLOCATED OUTSIDE OF KINGSTON.

This will improve the share of the allocation to over 40%. This will be a very justifiable policy measure, particularly since the rest of the island is much larger than Kingston and have less sources of alternative financing for community type services.

ii. LOCAL AUTHORITIES WILL HAVE THE MANDATE TO PROMOTE INVESTMENTS IN THEIR COMMUNITIES.

Their new mandate should require them to work closely with the private sector, JAMPRO, UDC, Jamaica Tourist Board Community Enterprise organizations and other economic development agencies, to promote their parishes as investment locations. This means they should have the authority to joint venture with such agencies in areas such as:

- . Development of commercial centers, landlords in their respective parishes.
- . Development of tourist attractions.
- . Development of markets for small businesses.

iii. A GUARANTEED SHARE OF LAND TAXES SHOULD BE SET ASIDE TO SUPPORT COMMUNITY SERVICES PROVIDED BY LOCAL AUTHORITIES.

This is a justifiable policy, given the fact that 41% of Central Government revenue is generated from land tax. Further, one of the main justification for property tax is to pay for community services.

WE FEEL THAT IF THE POLICY ENVIRONMENT IS IMPROVED ALONG THESE LINES, THE INSTITUTIONAL CAPACITIES OF LOCAL AUTHORITIES WILL IMPROVE, COMMUNITY SERVICES WILL BE MORE ADEQUATELY FINANCED, SERVICES WILL IMPROVE AND EVENTUALLY THE PUBLIC PERCEPTION OF LOCAL GOVERNMENT WILL BE VERY POSITIVE, AND THEY WILL ALSO BE MORE FINANCIALLY VIABLE.

## 2. Institutional Framework

Based on our analysis of the existing Jamaican Local Government framework as set out in chapter II, we have concluded that a revised framework is urgently required. It should be strategically designed to achieve 4 key objectives.

i. IT SHOULD FACILITATE POWER SHARING BETWEEN CENTRAL GOVERNMENT AND LOCAL GOVERNMENT.

The specific institutional characteristics should include the increased role of Local Government;

- . Accessing resources from broader sources.
- . Making impact on policies affecting communities.
- . Tax collection.

ii. IT MUST BE PEOPLE FOCUSED, CONSEQUENTLY, IT SHOULD BE DESIGNED TO MAKE COMMUNITIES AND THEIR REPRESENTATIVES MAJOR PARTNERS WITH LOCAL AUTHORITIES.

- . The establishment of Community Councils should be encouraged to work with councillors, citizens associations, the business community, social clubs, PVOs and other interest groups.
- . The councillors should be required to work closely with designated interest groups to advocate for the satisfaction of community needs.
- . The interest groups such as citizens associations, The Chamber of Commerce, The Hotel Associations and youth clubs should be well placed in the institutional setting to pressure councillors and community councils to effectively advocate and address community development issues.

Exhibit V - 1 schematically illustrates the requisite institutional framework for power sharing and democracy at all levels.

- iii. LOCAL GOVERNMENT SHOULD EXPAND ITS ROLE BEYOND BEING A TOTAL DIRECT SERVICE PROVIDER BY WORKING WITH AN INSTITUTIONAL FRAMEWORK WHICH ALLOWS FOR THE COMMUNITY TO ADD VALUES TO THE SERVICES THEY NEED AND ALSO PARTICIPATE WITH SELF MANAGEMENT OF SUCH SERVICES WHERE POSSIBLE.

Some specific mechanisms that could be used are:-

- . **Advocacy** : The Local Government could be an advocate for the delivery of services to the community, by making the necessary on-going representation to the various "centers of influence".
- . **Broker** : The Local Government could act as a broker on behalf of approved community interest groups to mobilize resources.



- Co Sponsors** : Many opportunities exist for Local Government to work with non-government organizations such as Food For The Poor, The Red Cross, The Parish Investment Committee to deliver overlapping services in order to maximize the cost effectiveness of resources available to the community.
- Contractor** : Local Government can hire contracted services for several quantifiable services especially those which require large scale capital outlays and intensive every-day on the spot management, particularly since the Local Government Authorities might not have significant capacities in those types of services.

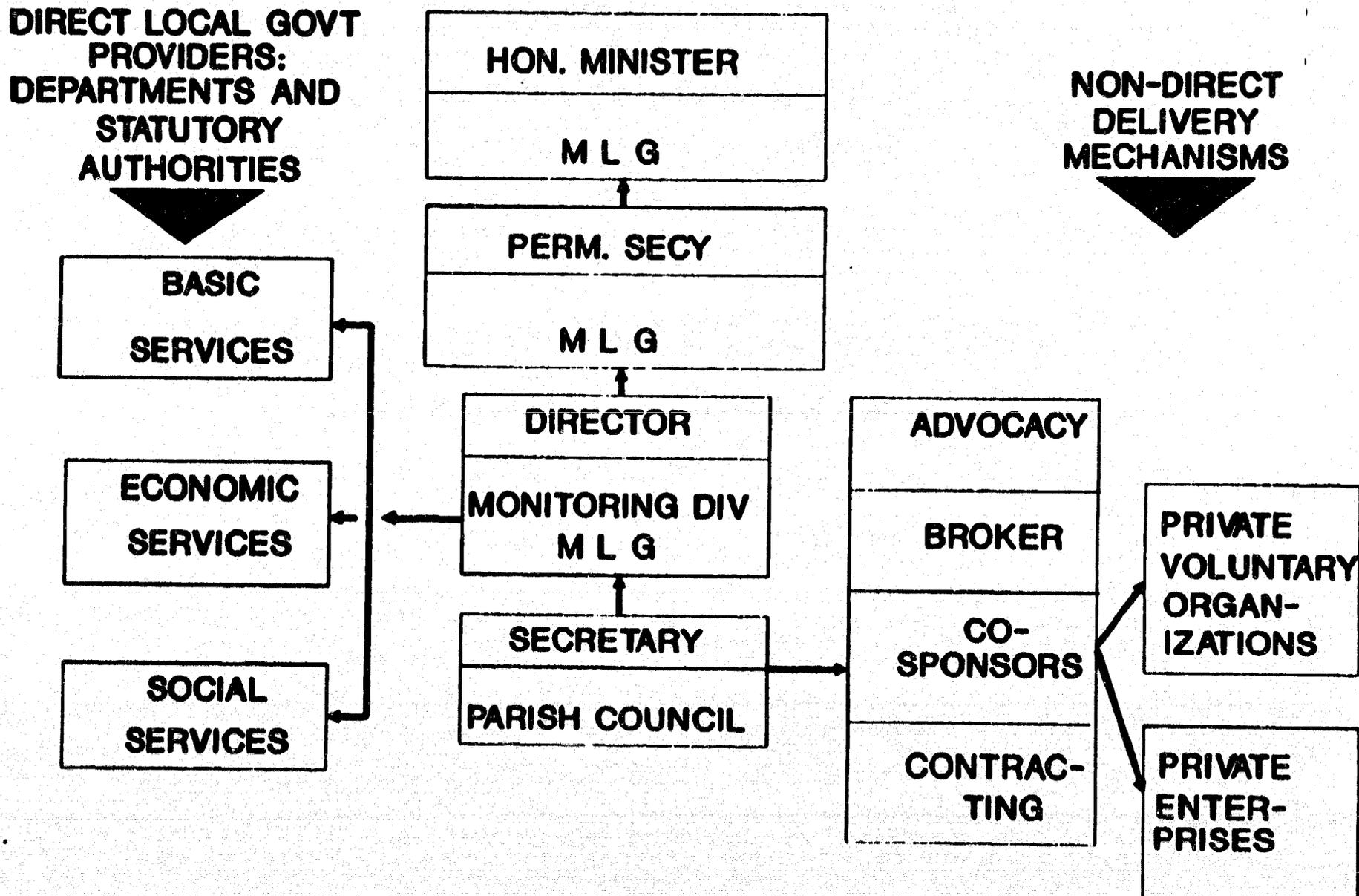
iv. LIKE ALL SERVICE BUSINESSES, THE PERSONNEL DELIVERING THE SERVICE SHOULD ENJOY: HIGHER STATUS, BE MORE QUALIFIED, AND PAY ADVANTAGES THAN THOSE WHO INDIRECTLY ADMINISTER THE SERVICE.

Consequently:

- . Local Government Personnel should be upgraded/retrained.
- . The staff of MLG and Local Authorities should be regraded.

Exhibit V - 2 illustrates the requisite institutional relationships for Local Government services.

# EXHIBIT V - 2 PROPOSED INSTITUTIONAL FRAMEWORK FOR DELIVERING COMMUNITY SERVICES IN JAMAICA



Our specific service recommendations for: director provider, advocacy, advocacy broker, co sponsorship, and contractor arrangements are set out in Table V - 1. This will however vary from parish to parish depending on the level of institutional infrastructure of each. Co sponsorship of programs has the largest number of opportunities while direct providing is second.

### 3. Institutional Program

The Ministry has a 4 stage program to execute in the next 12 months commencing May 1990. They are:

- Stage - 1: Strengthen MLG with Program Management, Management Systems Policy, Planning Capabilities and Strengthened Local Authorities in Financial Administration and Social Marketing.
- Stage - 2: Execution of a Revised Policy Framework as set out in Chapter V section 1.
- Stage - 3: Modification of its institutional framework as set out in chapter V section 2.
- Stage - 4: Quantify the level and standards specifications of services it will be offering in the medium term.

**TABLE V - 1: JAMAICAN LOCAL GOVERNMENT: RECOMMENDED INSTITUTIONAL ARRANGEMENTS FOR SELECTED SERVICES**

<u>SERVICES</u>	<u>DIRECT PROVIDER</u>	<u>ORGANIZATIONAL ARRANGEMENTS</u>			<u>CONTRACTOR</u>
		<u>ADVOCACY</u>	<u>BROKER</u>	<u>CO SPONSORS</u>	
MARKETS				X	
URBAN RENEWAL		X		X	
INVESTMENT PROMOTION		X		X	
ABATTOIR					X
GARBAGE COLLECTION					X
SUB DIVISION/BUILDING PLANS	X				
FIRE FIGHTING	X				
CITY PARKING	X				
ANIMAL POUNDS				X	
DISASTER MANAGEMENT				X	
CEMETARIES	X				
POOR RELIEF				X	
PAROCHIAL ROADS	X				X
YOUTH FACILITIES		X		X	
LOW INCOME HOUSING		X			

Stage - 5: "Kick off" implementation of medium term program.

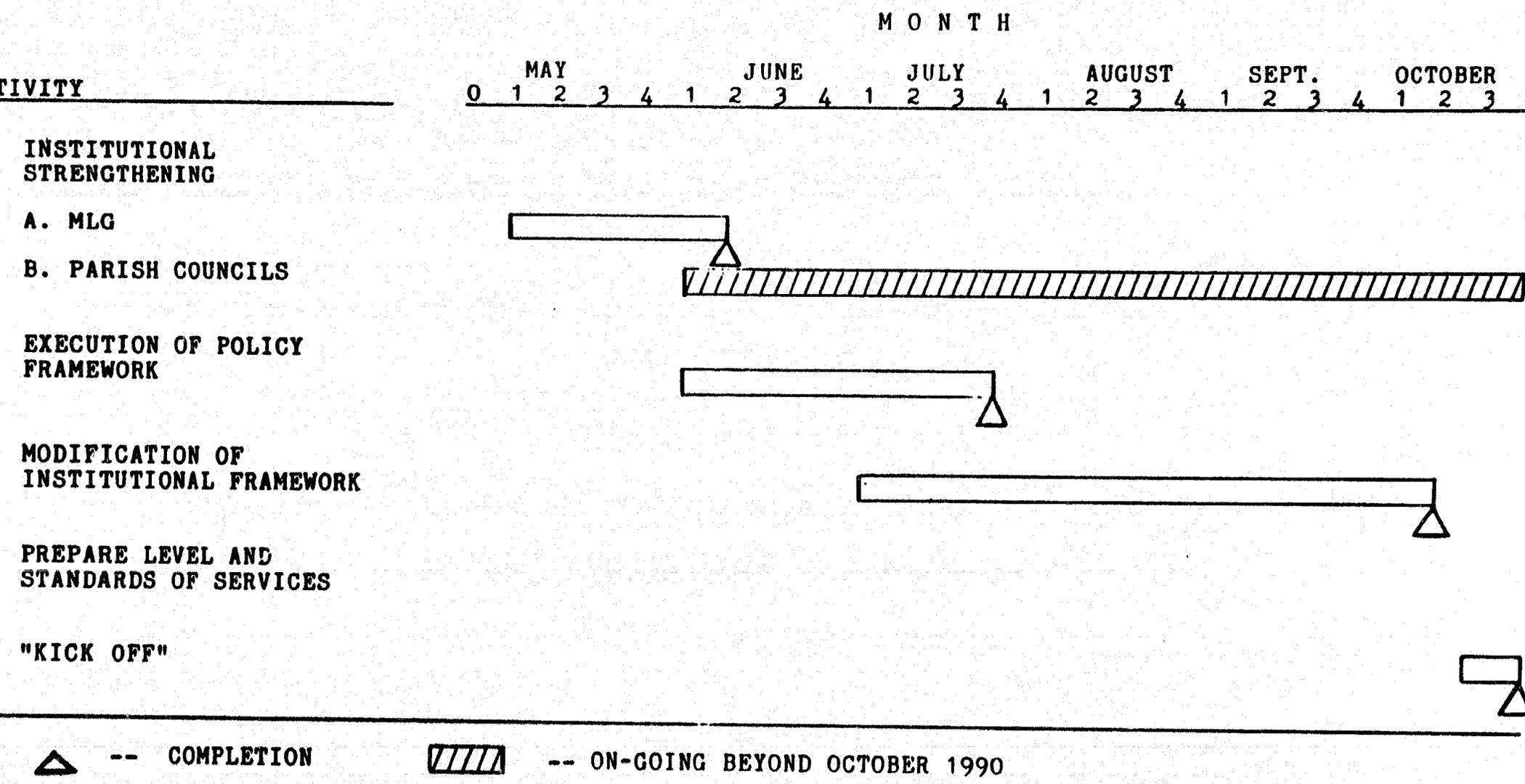
Exhibit V - 3 sets out the requisite time table for implementing the program in 9 months starting May 1, 1990.

#### 4. Proforma Service Program

We are preparing a proforma service program with the following assumptions.

- i. The program period is April 1, 1991 to March 31, 1993.
- ii. The recommended policy framework is acceptable.
- iii. Execution of the institutional program is realized by December 1990.
- iv. Local authorities will aim to meet and satisfy 60% of all service needs through direct provisory advocacy, co sponsorship or contracting.
- v. Services that are now satisfying 60% or more of requirement, will remain constant in the plan period.
- vi. The demand for services will grow by about 3% annually given that the population grows by about 1% and the economy should be growing by at least 2.5%.
- vii. Inflation will be about 20% annually.
- viii. The estimated recurrent expenditure on Local Government services in Fiscal year 1989/90 will be about \$165 million as against \$147.5 million in Fiscal year 1988/89.
- ix. Internally generated revenue is about \$8.1 million in in fiscal year 1990/91. We assume it with increased collectability from 45% to 80% and an average of 300% increase in fees after the legislative reform revenue for base year 1991/92 could be \$43.2 million.
- x. Control government's subvention will be fixed at the 1990/91 level but due to price increases, it will be adjusted at only 10% annually.
- xi. The incremental costs associated with incremental services will be underwritten by: joint sponsorship with PVOs (50%) private businesses 25% and Individuals value added (contribution in kind 25%)

**EXHIBIT V - 3: JAMAICA: SIX MONTH TIME TABLE FOR EXECUTING LOCAL GOVERNMENT MEDIUM TERM PROGRAM**



#### 4. Program Output

The level of services is targeted to grow at an average of 9.2% annually for the planned period with the fastest growing services being the ones that are presently least provided. Table V - 2 provides the details.

#### 5. Recurrent Budget

The recurrent budget of Local Government will increase because the output of services will be increasing. However, output will increase much faster than cost, therefore there will be improved cost-effectiveness. The budget is projected to grow from \$165 million in fiscal year 1990/91 to \$285 million in 1993/94 without improved services. It will however grow to \$312 million with improved services. The details are presented in table V - 2.

TABLE V - 2: JAMAICAN LOCAL GOVERNMENT: PLANNED SERVICES  
1990/91 - 1993/94 IN \$000

SERVICE	PRESENT DEMAND ‡ SATISFIED	PLANNED PERIOD				
		1989/90	1990/91*	1991/92	1992/93	1993/94
1. MARKETS	55	1261	702	738	780	819
2. URBAN RENEWAL	n.a	n.a	-	0.1	0.1	0.1
3. INVESTMENT PROMOTION	n.a	n.a	600	640	680	720
4. ABATTOIR	56	460	257	205	310	340
5. GARBAGE COLLECTION	82	1020	1044	1069	1086	1108
6. SUBDIVISION/ BLDG. PLANS	48	78	90	103	118	121
7. FIRE FIGHTING	55	702	716	782	855	932
8. CITY PARKING	42	44	18	21	23	29
9. ANIMAL POUNDS	n.a	n.a	n.a	n.a	n.a	n.a
10. DISASTER MANAGEMENT	30	550	693	673	840	1057
11. CEMETERIES	36	0.8	0.8	0.9	.11	1.5
12. POOR RELIEF	47	16	17	19	21	22
13. PAROCHIAL ROADS	21	197	256	358	509	563
14. YOUTH FACILITIES	n.a	n.a	n.a	n.a	n.a	n.a
15. LOW INCOME HOUSING	n.a	n.a	n.a	1	1.1	1.4
<b>TOTAL</b>	<b>000</b>	<b>4328.8</b>	<b>4393</b>	<b>4694.1</b>	<b>5223.3</b>	<b>5714</b>
<b>‡ GROWTH</b>			<b>1.5</b>	<b>6.8</b>	<b>11.3</b>	<b>9.4</b>

TABLE V - 3: JAMAICAN LOCAL GOVERNMENT SERVICES: PROJECTED  
 RECURRENT COST F.Y 1990/91 - 1993/94 IN \$000

<u>YEAR</u>	<u>WITHOUT IMPROVEMENT IN SERVICES</u>	<u>WITH IMPROVEMENT IN SERVICES</u>	<u>INCREMENTAL COST</u>
1990/91	165,000	n.a	
1991/92	198,000	212,000	14,000
1992/93	238,000	265,000	27,000
1993/94	285,000	312,000	27,000

## 6. Financing The Medium Term Plan

In the section on Institutional Strategies we recommended that Local Authority services be funded by four sources: Central Government, user fees, joint sponsorship with PVO's, private enterprises and through contributions in kind when citizens participate in the production of the service. Table V - 4 sets out the projected financing for the medium term program. The main features are:

- . User fees will play an increasing role in financing Local Authorities. It is projected to increase its contribution from 4.3% to 13%. The requisite legislative reform will be the critical factor to the realization of the modest target.
- . Private voluntary organizations working with Local Authorities could contribute about \$13.5 million or about \$1 million per parish in value added to the service or joint funding.
- . Private enterprises will contribute about 2% to the budget. This could be provided as co financing of projects or sponsorship of a project in which the private sector has keen interest.
- . Communities will also make a small contribution because of the special institutional design which will allow them to add value to the service by giving them the opportunity to participate in the production of the service. Their participation could come in the following ways:
  - Self management of some services.
  - Participating in various stages of the service delivery. For example, preparing burial sites for their loved ones.

**THE MAJOR FINANCIAL IMPACT OF THIS RECOMMENDED STRATEGY IS THAT LOCAL AUTHORITIES' DEPENDENCE ON CENTRAL GOVERNMENT'S FINANCING IS PROJECTED TO DECLINE FROM 95.7% TO 70.2%**

TABLE V - 4: JAMAICA FINANCING LOCAL GOVERNMENT'S CURRENT ACCOUNT BUDGET F.Y. 1990/91 - 1993/94  
IN \$ MILLION

<u>CAL YEAR</u>	<u>TOTAL</u>	<u>CENTRAL GOVT.</u>	<u>USER FEES</u>	<u>SPONSORSHIP WITH PVOs</u>	<u>PVT ENTERPRISES</u>	<u>COMMUNITY VALUE ADDED</u>	<u>TOTAL</u>	<u>GOVT. SUBVENTION AS % AGE</u>	<u>(DEFI SURP</u>
9/90	165	156.9	8.1	-	-	-	-	94.8	0
0/91	189	172.6	8.1	-	-	-	-	95.7	(8.
<u>PLAN PERIOD</u>									
1/92	227	189.8	43.2	7.0	3.5	3.5	247.0	83.6	20.
2/93	272	208.8	43.2	13.5	6.5	7.0	279.0	76.8	7.
3/94	327	229.7	43.2	13.5	6.5	7.0	299.9	70.2	(27.

## 7. Capital Budget

The capital budget for the planned period is estimated at \$379 million with Central Government funding being \$278.5 million or 73% and private sector funding \$100.5 million.

Private sector funding of the capital budget for Parks and Markets is quite justifiable on the following basis.

- . They will be contracted by parks and markets to haul the garbage. Consequently, they should make the capital investment necessary to secure the business.
- . The public sector is restricted from unnecessary credit.

Table V - 5 sets out the capital budget and its sources of financing.

## 8. Technical Assistance

The Ministry and its agencies will require technical assistance commencing F.Y 1990/91 to upgrade its institutional capabilities during the planned period. The specific areas of upgrading and assistance that will be required are:

- . The establishment of a Policy Program Monitoring Unit to perform specific functions.
- . Develop and execute a Management Training Program for Local Government Authorities and selected councillors/community leaders.
- . Strengthening the twelve Parish Council offices in Financial Administration and Program management.

The details follow:

TABLE V - 5: JAMAICAN LOCAL GOVERNMENT: CAPITAL BUDGET FOR MEDIUM TERM 1990/91 - 1994/95 IN \$ MILLION

<u>PROJECT/PROGRAM</u>	<u>ESTD. COST</u>	<u>CENTRAL GOVT.</u>	<u>PRIVATE SECTOR</u>
A. <u>JAMAICAN FIRE BRIGADE</u>	<u>159.25</u>	<u>159.25</u>	
1. Replacement of trucks	61.75	61.75	
2. Purchasing of fire boats	91.0	91.0	
3. Establishing training schools	6.5	6.5	
B. <u>PARKS AND MARKETS</u>	<u>90.05</u>	<u>0</u>	<u>90.05</u>
1. Replacement of trucks	49.4		49.4
2. Study of recycling waste	0.4		0.40
3. Upgrading and maintenance of markets	40.25		40.25
C. <u>UPGRADING ABATTOIRS</u>	<u>10.0</u>		<u>10.0</u>
D. <u>GENERAL AMENITIES</u>	<u>129.7</u>	<u>129.7</u>	<u>0</u>
<hr/>			
GRAND TOTAL \$000	379.0	278.5	100.05
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**The establishment of a Policy and Program monitoring unit to perform the following functions**

1. Development of policies for Local Government.
2. Develop detailed service standards.
3. Prepare general programs for the MLG and its agencies.
4. Develop performance management systems.
5. Perform on-going research on communities and their institutions.
6. Monitor performance of each Local Authority and agency.
7. Advise the Ministry on policies.
8. Assist the Local Authorities to develop and execute community outreach programs and fund raising.
9. Develop reporting procedures and systems.
10. Provide data banking service on the sector.

The unit should be staffed as follows:

- . A Divisional Director who has over 10 years hands on experience in program management, management systems, and policies.
- . Two Senior Research Officers with experience in community development, marketing, policy analysis, socio economic and public administration.
- . A Policy and Planning Specialist with over 5 years of experience in public administration, economics and planning.
- . A Social Marketing/Fund raising Specialist with over 5 years experience in marketing.
- . Three Administrative Support Personnel for secretarial, data entry and clerical.

The unit should be equipped with two 386 computers.

**Develop and Execute a management training program for Local Authorities and selected councillors/community leaders**

The Program will involve: two weeks training and exposure in a reputable Local Government administration department, and two weeks in Jamaica concentrating on establishing strategic programs to match their own environments.

The four weeks training program will focus on:

- . Managing services
- . Service delivery systems
- . Program designs and management systems
- . Designing and executing community/business outreach programs
- . Institution building at the community level
- . Resource mobilization
- . Establishment of a specific plan to match the needs of the environment of each parish (field work to be done in Jamaica)

**Strengthening the 12 - Parish Council Offices in Financial Administration and Program Management**

The MLG should seek technical assistance to support the following:

- . Two workshops on financial administration and program management for Secretaries/Managers and Assistant Secretaries of Parish Councils.
- . Two weeks of on-the-job guidance and establishment of the relevant systems and procedures in the 12 - Parish Councils.
- . Procurement and installation of one 286 or equivalent computer in each Parish Council office.
- . Procurement of 12 jeeps to support the work of the 12 - Parish Councils.

9. Technical Assistance  
Funding

The budget for the technical assistance is US\$1.48 million or J\$10.36 million which should be sought from an international agency. This will require about J\$2.5 million in counterpart support services which the Government of Jamaica could provide. Table V - 6 sets out the details on the technical assistance budget of US\$1.48 million.

**TABLE V - 6: JAMAICA LOCAL GOVERNMENT INSTITUTIONAL STRENGTHENING  
SUPPORT BUDGET 1990/91 TO 1992/93 IN \$000**

<u>COMPONENTS</u>	<u>JUSTIFICATION</u>	<u>US\$</u>	<u>J\$</u>
1. Establishment of a policy and program monitoring unit		715	5,005
i. Project Manager for three years	Responsible for coordinating programs for 3 years	180	1,260
ii. Two Senior Researchers for 3 years	Policy analysis, market research, socio economic research	150	1,050
iii. A Policies and Planning Specialist for 1 year	To prepare a detailed program for the MLG	55	385
iv. A short term Consultant for 6 months	To study feasibility and framework for regionalizing Local Government	50	350
v. A Computer Programmer for 3 years	Perform programming work in the division and Local Authorities	120	840
vi. A Social Marketing Expert for 6 months	To develop a social marketing strategy and train Local Authority Personnel	40	280
vii. Three Clerical/Admin Support Personnel for 3 years		84	588
viii. Computer Hardware	For management information of systems	36	252
	<b>\$000</b>	<b>715</b>	<b>5,005</b>

TABLE V - 6 (CONT'D): JAMAICA: LOCAL GOVERNMENT INSTITUTIONAL STRENGTHENING SUPPORT BUDGET 1990/91 TO 1992/93 IN \$000

<u>COMPONENTS</u>	<u>JUSTIFICATION</u>	<u>US\$</u>	<u>JS</u>
2. Management training for 60 persons for 4 weeks each	Management of services, service delivery systems		
		<u>423</u>	<u>2,691</u>
i. Overseas for two weeks	Community relations etc.	240	1,680
ii. Locally for two weeks		133	931
iii. Follow-up services by institution or consultant		50	350
3. Transportation for 12 Parish councils	To facilitate community institutional building program	<u>204</u>	<u>1,428</u>
4. Strengthening of the 12 Parish council offices in Financial Administration and Program Management		<u>138</u>	<u>966</u>
i. Training of 30 persons in a two-week workshop	Workshop on Financial Administration and Program Management	66	466
ii. Two weeks on-the job guidance and establishment of relevant systems and procedures for the 12 parishes	Establishment and familiarization of systems	72	504

<u>COMPONENTS</u>	<u>JUSTIFICATION</u>	<u>US\$</u>	<u>J\$</u>
iii. Procurement of 12 computers	To support manage- ment systems	120	840
<hr/>			
GRAND TOTAL (1+2+3+4)		1,480	10,360
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**VI. CONCLUSIONS AND RECOMMENDATIONS**

## VI. CONCLUSIONS AND RECOMMENDATIONS

### 1. Conclusions

The following conclusions can be made from the preceeding analysis.

- i. MOST OF THE EXISTING LAWS AND REGULATIONS OF LOCAL GOVERNMENT ARE NOT COMPATIBLE WITH THE FINANCIAL SERVICES, OR RESOURCE MOBILIZATION STRATEGIES THAT ARE REQUIRED TO BRING ABOUT THE SOCIAL AND ECONOMIC VIABILITY OF LOCAL GOVERNMENT, FOR EXAMPLE:
  - . Many fees for high value services are below their economic costs because the legal process for adjusting fees is very tedious.
  - . Industrial wastes are being discharged without any proper regulations to protect the environment.
  - . Many unsafe buildings continue to be a threat to people because Local Authorities have to go through long court proceedings to remove unsafe buildings.
  - . Employee's morale is very low because the conditions of services vary within Local Government and it is also less attractive when compared with the Central Government staff.
  
- ii. THE DEPENDENCE ON CENTRAL GOVERNMENT FOR OVER 90% OF ITS FINANCING ESPECIALLY AT A TIME OF TIGHT FISCAL MANAGEMENT HAS LANDED LOCAL AUTHORITIES INTO A NEGATIVE ENVIRONMENT MARKED BY THE FOLLOWING:
  - . Many programs are underfinanced.
  - . Service standards are poor.
  - . Some authorities are operating with large deficit financing.
  - . Public perceptions of Local Authorities are very negative.

iii. CENTRAL GOVERNMENT HAS HELD ONTO POWER THROUGH FIVE STRATEGIC SOURCES. THEY ARE EVEN EXTERNAL TO THE MINISTRY OF LOCAL GOVERNMENT. THEY ARE:

- . Central Government collects over 95% of the tax revenue.
- . Local Government depends on Central Government for over 90% of its financing.
- . Members of Parliament are given \$0.5 million as discretionary spending within the territory of Local Government. This has helped the Local Authorities.
- . Central Government's administration through the Ministry of the Public Service offers better conditions of employment than those approved for Local Government personnel through their Parish Council Service Commissions.
- . Policy making is concentrated in Central Government.

iv. THE RETENTION OF TECHNICAL PERSONNEL IN THE SUBDIVISION SERVICES UNIT, AND FINANCIAL ADMINISTRATION IS VERY LOW IN LOCAL AUTHORITIES. CONSEQUENTLY:

- . Subdivision approvals can take up to 24 months.
- . Financial administration is very weak in Local Authorities.

v. THE MLG AND ITS LOCAL AUTHORITIES HAVE NO CAPABILITY IN POLICY PLANNING, PERFORMANCE MANAGEMENT AND MANAGEMENT SYSTEMS

- . Only two of its 1791 personnel are engaged in any form of planning and monitoring.
- . Accountability and performance standards are marginal.

vi. LOCAL GOVERNMENT IS PRODUCING ONLY THREE OF ITS SERVICES AT HIGH STANDARDS. THEY ARE:-

- . Public Cleansing
- . Abattoir
- . Poor Relief

vii. LOCAL GOVERNMENT OPERATIONS COST \$148 MILLION ANNUALLY WITH ONLY \$6.7 MILLION BEING FUNDED INTERNALLY BECAUSE

- . Fees are set far below costs.
- . It depends only on Central Government for funding.

viii. THE \$389 MILLION MEDIUM TERM CAPITAL BUDGET PROPOSED BY LOCAL GOVERNMENT IS TOTALLY DEPENDENT ON CENTRAL GOVERNMENT FINANCING, HOWEVER:

- . The public cleansing and market component which cost \$90.5 million could be financed by private sector since they are the contractors for the service.
- . The abattoir up-grading program could also be financed by the private sector.

ix. THE FINANCIAL ADMINISTRATION OF LOCAL AUTHORITIES IS VERY WEAK E.G.

- . Budget overruns are as high as 30% in some cases.
- . Arrears in market fee is equivalent to 9 months revenue from markets.

x. THERE ARE 12 PRIORITY SERVICES THAT LOCAL AUTHORITIES SHOULD PROVIDE IN THE SHORT TERM BASED ON: COMMUNITY STATED NEEDS, THEIR PRESENT LEVEL OF PERFORMANCE, AND COMPARATIVE ADVANTAGES. THEY ARE:

Markets	sub divisions	Disaster management
Urban renewal	City parking	Garbage collection
Fire fighting	Pounds	Cemetaries
Poor relief	Advocacy for investment projects	

xi. LOCAL GOVERNMENT HAS THE POTENTIAL TO INCREASE SERVICES BY ABOUT 30% IN THE PERIOD 1991/92 - 1993/94 AT A MORE COST-EFFECTIVE RATE; AND LESS FINANCIAL DEPENDENCE ON CENTRAL GOVERNMENT IN THE PERIOD.

- . It could reduce its recurrent financial dependence on Central Government from 95.6% to 70%
- . It could reduce its capital budget financial dependence from 100% to 73%

## 2. Recommendations

Our recommended strategies for effectively addressing the issues raised in this report are set out in Chapter - V and the conclusions are designed to improve: the social and financial viability of Local Government in Jamaica. The strategic actions that we are recommending are summarized in Table VI - 1.

**TABLE VI - 1 (CONT'D): JAMAICA STRATEGIC ACTIONS REQUIRED TO MAKE LOCAL GOVERNMENT SOCIALLY AND FINANCIALLY VIABLE**

**AREAS 3.0: ORGANIZATION**

**OBJECTIVES**

**ACTIONS TO BE TAKEN**

- |  |  |
|--|--|
| <p>i. Operate local services cost-effectively</p> <p>ii. MLG should have organizational capability for planning, policy design, performance monitoring and providing management assistance to its Local Authorities</p> <p>iii. Local Government should introduce a 2-year technical assistance program to strengthen its organization</p> | <p>. Undertake a feasibility analysis of the services to determine the viable ones for delivery from the Parish and regional levels.</p> <p>. Establish a planning and monitoring unit in MLG with the following key personnel;</p> <ul style="list-style-type: none"><li>- Program Management Specialist</li><li>- Policy and Planning Specialist</li><li>- Computer Programmer</li><li>- Management Systems</li><li>- Social Marketing Specialist</li><li>- Two Social Researchers</li></ul> <p>. Establish a policy and program monitoring unit</p> <ul style="list-style-type: none"><li>- Develop Local Government policies</li><li>- Prepare general programs for MLG and its agencies</li><li>- Monitor performance of each Local Authority</li><li>- Develop management systems etc.</li></ul> <p>. Develop and execute a management training program for Local Authorities, selected councillors and community leaders</p> <p>. Strengthening of 12 Parish Council offices in financial administration and program management</p> |
|--|--|