

PD-ABD-241  
73726

Project No. 532-0166

**PROJECT GRANT AGREEMENT**  
Between the  
**GOVERNMENT OF JAMAICA**  
and the  
**UNITED STATES OF AMERICA**  
for the  
**NORTH COAST DEVELOPMENT SUPPORT PROJECT**

Date: **AUG 27 1991**  
Appropriation: **LDSA91-25532-KG13**  
BPC: **LDSA91-25532-KG13**  
Amount: **\$1,738,000**  
and  
Appropriation: **LDSA91-25532-KG13**  
BPC: **LDSA91-25532-KG13**  
Amount: **\$1,532,000**

**FUNDS AVAILABLE**

*W. A. Lewis*  
SIGNATURE

8/19/91 DATE

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**PROJECT GRANT AGREEMENT**

**Between**

**The Government of Jamaica ("Grantee")**

**And**

**The United States of America, acting through the Agency for International Development ("A.I.D.") as Grantor**

**ARTICLE 1: The Agreement**

**The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described below and with respect to the financing of the Project by the Parties.**

**ARTICLE 2: The Project**

**Section 2.1.: Definition of the Project. The Project, which is further described in Annex I, will provide technical assistance and other support for the North Coast Development Project being co-financed by the OECF (Japan), USAID and the Government of Jamaica. The project will consist of support for the Project Management Unit, an Environmental Monitoring Program as part of the Montego Bay Sewerage Plant subproject, and a water loss management program for the Luces-Negril Water Supply system subproject.**

**Annex I attached, amplifies the above description of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2. without formal amendment of this Agreement.**

**Section 2.2.: Incremental Nature of Project.**

- (a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1. of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to mutual agreement of the Parties, at the time of a subsequent increment, to proceed.**

- (b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Cooperating Country, may specify in Project Implementation Letters appropriate time periods for the utilization of funds provided by A.I.D. under an individual increment of assistance.

**ARTICLE 3: Financing**

**Section 3.1.: The Grant.** To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement an amount not to exceed Three Million Two Hundred and Seventy Thousand UNITED STATES DOLLARS (\$3,270,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local currency costs, when A.I.D. agrees in advance, as defined in Section 6.2., of goods and services required for the Project.

**Section 3.2.: Grantee Resources for the Project.**

- (a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.
- (b) The resources provided by the Grantee for the Project will be not less than the equivalent of US\$15,055,000.00, including costs borne on an "in-kind" basis.

**Section 3.3.: Project Assistance Completion Date**

- (a) The Project Assistance Completion Date (PACD) which is July 31, 1996, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.
- (b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

- (c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1., no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

**ARTICLE 4: Conditions Precedent to Disbursement**

**Section 4.1.: First Disbursement.** Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2., and of any additional representatives, together with a specimen signature of each person specified in such statement.
- (b) Evidence of agreement between the OECF and the Government of Jamaica (GOJ) for the furnishing of assistance to the GOJ for the North Coast Development Project.

**Section 4.2.: Notification.** When A.I.D. has determined that the conditions precedent specified in Sections 4.1. have been met, it will promptly notify the Grantee.

**Section 4.3.: Terminal Dates for Conditions Precedent.** If the conditions specified in Section 4.1. have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

**ARTICLE 5: Special Covenants**

**Section 5.1.: Project Evaluation.** The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter:

- (a) Evaluation of progress toward attainment of the objectives of the Project;
- (b) Identification and evaluation of problem areas or constraints which may inhibit such attainment;

- (c) Assessment of how such information may be used to help overcome such problems; and
- (d) Evaluation, to the degree feasible, of the overall development impact of the Project.

Section 5.2.: Other Covenants. The Grantee agrees that:

- (a) it will undertake to complete the Ocho Rios bypass road, with other donor assistance, in an expeditious manner so that traffic congestion in Ocho Rios will be minimized, and
- (b) it will undertake to accomplish land acquisition for the proposed sub-projects as quickly as possible in order to avoid delay and potential cost increases.

Section 5.3.: Exemptions. For purposes of this section, Project refers to the North Coast Development Project being co-financed by the OECF (Japan), USAID and the Government of Jamaica. The Grantee agrees that it will exempt:

- (a) U.S. companies operating as contractors and/or consultants from all duties and related fiscal charges imposed in Jamaica with respect to the import and re-export of their own materials and equipment needed for the implementation of the Project;
- (b) U.S. companies operating as suppliers, contractors, and/or consultants from all fiscal levies or taxes imposed in Jamaica with respect to the income accruing from the supply of products and/or services to be provided under the Project; and
- (c) employees of U.S. nationality engaged in the implementation of the project from all fiscal levies or taxes imposed in Jamaica on their personal income derived from U.S. companies, provided that these companies operate as suppliers, contractors and/or consultants for the implementation of the Project.

**ARTICLE 6: Procurement Source**

Section 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services, including ocean shipping, required for the Project having, with respect to goods, their source and origin, and with respect to services, their nationality, in the United States of America (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into

for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean transportation costs will be financed under the grant only on flag vessels under flag registry of the U.S., except as A.I.D. may otherwise agree in writing.

Section 6.2.: Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Jamaica ("Local Currency Costs").

**ARTICLE 7: Disbursement**

**Section 7.1.: Disbursement for Foreign Exchange Costs.**

- (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods and services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:
- (1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for disbursement or reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services on Grantee's behalf for the Project; or,
  - (2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.
- (b) Banking charges incurred by the Grantee in connection with Letters of Commitment and Letters of Credit will be financed under the Grant unless the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Grant.

**Section 7.2.: Disbursement for Local Currency Costs.**

(a) After satisfaction of conditions precedent and if A.I.D. agrees in advance, the Grantee may obtain disbursements of funds under the Grant for local currency costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase; or

(2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which dollars will be utilized for the procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

**Section 7.3.: Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.**

**Section 7.4.: Rate of Exchange. Except as may be more specifically provided under Section 7.2., if funds provided under the Grant are introduced into Jamaica by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Jamaica at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Jamaica.**

**ARTICLE 8: Miscellaneous**

**Section 8.1.: Communications.** Any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

**To the Grantee**

**Mail Address**

The Minister of Finance  
Ministry of Finance  
30 National Heroes Circle  
Kingston 4, Jamaica

**Cable Address**

The Minister of Finance  
Ministry of Finance  
30 National Heroes Circle  
Kingston 4, Jamaica

**To A.I.D**

**Mail Address**

Director  
USAID/Jamaica  
P.O. Box 541  
6b Oxford Road  
Kingston 5, Jamaica

**Cable Address**

USAID/Jamaica

Other addresses may be substituted for the above upon giving of notice. The Grantee, in addition, will provide the USAID Mission with a copy of each communication sent to A.I.D.

**Section 8.2.: Representatives.** For all purposes relevant to this Agreement and its amendments, the Grantee will be represented by the individual holding or acting in the office of Minister of Finance and A.I.D. will be represented by the individual holding or acting in the office of the Mission Director, USAID/Jamaica, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description in Annex I.

The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 8.3.: Standard Provisions Annex. A "Standard Provisions Annex" (Annex II) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

GOVERNMENT OF JAMAICA

UNITED STATES OF AMERICA



P.J. Patterson  
Minister of Finance,  
Development & Planning



Robert S. Queener  
Director  
USAID/Jamaica

Date: August 26 1991

## Amplified Project Description

### I. Background

The North Coast Development Support Project is part of an \$85 million effort being jointly financed by the Governments of the United States, Japan and Jamaica. The overall effort, called the North Coast Development Project, will finance the design and construction of five infrastructure projects along Jamaica's North Coast, the heart of the tourism industry, Jamaica's key foreign-exchange earning sector. These subprojects were selected from a list of 12 originally proposed by the Planning Institute of Jamaica, and have been thoroughly examined and found to be economically, socially, technically, financially and environmentally feasible.

The five subprojects selected for financing are: a) Montego Bay Sewerage Treatment Plant Improvement; b) Luces-Negril Water Supply Improvement, c) North Coast Highway Improvements, d) Montego Bay Drainage and Flood Control, and e) Ocho Rios Port Expansion. The completed subprojects will greatly improve Jamaica's ability to support the continued expansion of its tourism industry in an environmentally sound manner. In addition to the foreign exchange benefits that this project will yield for all of Jamaica's citizens, the activities will bring direct benefit to the residents of the North Coast in the form of improved water and sanitation facilities, better highways, and an expanded port. The project will also result in increased employment opportunities for Jamaicans in tourism and related service industries.

A yen loan from the OECF of Japan will finance approximately US\$63 million of foreign exchange and local currency costs of the project, to include engineering design and construction management services, construction, procurement and a limited amount of technical assistance to the Project Management Unit.

### II. USAID Project

The broad goal to which the USAID Project contributes is to enhance Jamaica's ability to increase employment and foreign exchange earnings through the tourism industry. The specific purpose of the USAID assistance is to support the provision of adequate infrastructure facilities in Jamaica's key tourist areas to permit tourism growth to continue at a minimum of 5% per annum until 2000. The anticipated outputs are five infrastructure subprojects in operation and contributing to the tourism industry.

USAID's \$5 million Project will cover four elements:

- 1) The locally hired project manager and support staff for the Project Management Unit (PMU) to be located at the Planning Institute of Jamaica (PIOJ) to coordinate overall project management. In addition, some limited commodity support (e.g., MIS equipment) will be provided.
- 2) The U.S.-hired project advisor to assist the project manager and other short term technical assistance as required for the smooth and effective implementation of the project.
- 3) The environmental monitoring program to monitor the effect of the Montego Bay sewerage improvement project on the environment and assure that any necessary corrective measures are identified and undertaken, and conduct a public awareness and education program; and
- 4) The design and implementation of a water loss management program for the Lucea-Negril water supply system to improve system efficiency and complement construction activities financed by the OECF.

The Project may also finance the services of a PSC engineer to advise the Mission on the project's implementation status and any problems and to provide direct implementation assistance to the GOJ when necessary. In addition, the Project will provide funding for evaluation(s) of the entire program and audit(s) of the USAID-financed portion.

Each element is described in more detail below:

1. Locally hired Project Management staff

USAID will provide assistance to the Project Management Unit to assure that the project is implemented effectively. This assistance will consist of a locally hired project management staff such as a project manager, project accountant and secretary. The Project Manager will serve as overall project manager and will be the key contact between technical assistance personnel and the relevant government agencies. The Project Manager will report to the Director-General of the PIOJ or his designee. He or she will facilitate the timely and effective implementation of the project in accordance with Jamaican laws, regulations, policies and practices. In order to facilitate the speedy implementation of the project, AID will permit the PIOJ to begin recruitment and hiring of the three PMU staff prior to the project authorization, for subsequent retroactive reimbursement by AID, subject to all appropriate AID guidelines being followed and AID approval of the draft contracts before they are executed.

2. Project Advisor and other TA

The expatriate Project Advisor will advise the PMU on an array of implementation matters. He or she will provide advice to the Project Manager to ensure effective and efficient management of the project, i.e., to serve as a troubleshooter and general resource person for review of designs and bid evaluation, oversight of construction, maintenance of the Project's management information system (MIS), financial management matters, and coordination of environmental monitoring and water loss management activities. Other specialized short term technical assistance will be provided on an as-needed basis. It is anticipated that such assistance could cover, but not be limited to, specialized bid evaluation requirements, MIS advice, specific engineering reviews or analyses.

3. The environmental monitoring program for the Montego Bay Sewerage subproject

The feasibility study for the Montego Bay Sewerage subproject did not anticipate significant negative environmental impact as a result of the planned improvements to the facilities but recommended that additional environmental studies be undertaken. The SAPROF consultants endorsed this recommendation and broadened it. USAID's project will finance the five year baseline change study and public education and community awareness campaign arising from these recommendations.

USAID will finance a five year biomonitoring program to examine potential impacts of the proposed release of treated sewage effluent into Bogue Lagoon. This program will:

- a. Establish baseline (existing) conditions within the area environment;
- b. Determine if existing environmental conditions would suggest modifications to the final proposed sewerage treatment design prior to completing the new treatment system project;
- c. Monitor changes (negative and positive) to the lagoon and surrounding region resulting from effluent discharges; and
- d. Propose treatment criteria such as advanced nutrient removal to mitigate any measured negative environmental impacts.

The program will look at two primary constituents of the mangrove/lagoon complex. The first is water quality within the mangrove swamp, the lagoon, and other regions of the Montego Bay Harbor. Particular emphasis will be placed on monitoring water depth, salinity and nutrient levels of water entering and leaving the mangrove forest. Monitoring of contamination of poorly treated human wastes (e.g., fecal coliforms, E. coli) will also be emphasized.

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The second constituent is the existing and resultant productivity and health of the various biotic communities. Parameters which will be monitored include mangrove growth and productivity, phytoplankton, benthic invertebrate and fish communities within the Bogue Lagoon, and through an independent assessment, health of the local and regional coral reef communities.

4. The water loss management program for the Lucea-Negril Water Supply subproject

This element will reduce water losses in the Lucea-Negril water supply system by improving the condition of the water mains, installing meters and repairing leaks, and is viewed by USAID/Jamaica as an integral part of the overall effort to increase Negril's water supply. The feasibility study estimated the potential for water losses at 40-50% of system flow and strongly recommended a leakage control program. AID will finance the engineering services to design and implement the program, and as much of the actual construction and commodity procurement to implement the program as our funds allow.

The water loss management program will be implemented by the National Water Commission with the assistance of the major engineering contractor. Services to be provided by the U.S. engineering firm include:

- a. overall detailed field inspection with recommendations for water loss reduction program; and
- b. oversight of the implementation of the program, including an on-the-job water distribution system maintenance training program, development of water system maintenance records system, water system maintenance manuals, and other services as required.

The NWC will be responsible for providing

- a. the staff for on-the-job maintenance training, training venue, and storage space for materials and equipment;
- b. contracting with local contractors to implement portions of the water loss reduction program; and
- c. updating the map of the water distribution system.

In addition, the NWC will be responsible for financing any further water loss management activities not covered by this grant.

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5. Other Activities

In addition to the above elements, the project will provide financing for audit and evaluations, and may provide financing to procure the services of an engineer to assist AID and the GOJ to review project implementation and provide advice on project implementation matters. It is envisioned that this person will not be part of the larger institutional contract, and will instead be hired as a Personal Services Contractor (PSC). The PSC will fill a "troubleshooter" role.

III. Project Implementation Arrangements

Overall responsibility for implementation of the co-financed project will be assigned to a Project Management Unit (PMU) at the Planning Institute of Jamaica (PIOJ). The PMU will be established within the legal jurisdiction of the Ministry of Finance, Development and Planning (MFDP). The PMU will be the project implementation arm of PIOJ for this scheme and will be comprised of the technical assistance personnel provided by USAID and OECF. It will be assisted by a Project Coordination Committee made up of relevant GOJ entities and Jamaican Private Sector interests. The GOJ representatives are presently expected to be Ministry of Finance, Ministry of Construction, Jamaica Tourist Board, Port Authority, Ministry of Public Utilities and Transport, National Water Commission, Natural Resources Conservation Department and PIOJ. Private sector representatives will be from the Tourism Action Plan and the Chambers of Commerce. Individual subproject implementation will be the responsibility of the relevant GOJ line agency. Post project operations and maintenance (O & M) will be financed by the GOJ through the annual budget for each of the implementing agencies.

The key implementing entities for the USAID grant are described below.

- PMU - The project management unit will manage the overall North Coast Development Project for the GOJ and will be the key implementing agency for USAID's North Coast Development Support Project. Its main responsibilities will be the overall coordination of design, contracting, procurement and construction for the co-financed project. It will also serve as the central coordination point for monitoring, reporting, transmitting reimbursement requests and conducting inter-agency reviews.
- NWC - The National Water Commission will be the implementing agency for the Montego Bay Sewerage subproject and the Lucea-Negril Water Supply subproject. On the environmental monitoring in Montego Bay, PIOJ and USAID will work out close coordination roles with appropriate Government of Jamaica environmental agencies, particularly with the newly established National Resources Conservation Agency.

#### IV. Contracting Arrangements

The technical assistance to be provided under element one will be implemented using host country contracting performed by the PIOJ. The technical assistance under elements two to four will be implemented through a single AID-direct contract with a U.S. firm (with up to \$250,000 of local subcontracting permitted). It is anticipated that the physical repairs to be financed under element four will be carried out through host country contracts or Fixed Amount Reimbursement Agreements (FARAs) with the National Water Commission.

Evaluation, audit and any personal services contracting will be performed directly by AID. USAID may enter into a personal services contract with an engineer to assist the Mission and the GOJ to review project implementation progress and serve as a troubleshooter when the project is at a critical implementation stage. A total of \$240,000 has been budgeted for this. If these funds are not used under the PSC line item, they will be rebudgeted within the other elements of the project.

In order to have the major TA contractor on board as quickly as possible to facilitate speedy project implementation USAID/Jamaica advertised in the CBD on April 19, 1991 prior to project authorization. However, contractor selection will not be finalized until the project is authorized and funds are available. It is planned that contractor selection, negotiation, and award will take place immediately afterwards. The target date for having a technical advisor in country is the end of Sept. 1991.

Procurement of limited commodity support items for the PMU will be conducted either by AID or by the PIOJ once the major TA contractor is on board and makes recommendations for MIS support requirements.

All engineering design, construction monitoring, construction and commodity procurement for the co-financed project will be financed by the OECF. Procurement will be accomplished using international competitive bidding procedures with worldwide eligibility, following OECF's standard procurement guidelines. The OECF pledge was made on a general-untied basis. The OECF has agreed that advertisement should be used to develop all shortlists under the project.

Land acquisition will be the responsibility of the line agencies, namely, the National Water Commission and the Ministry of Construction. The NWC has begun the process of acquiring the privately held lands required for the expansion of the sewerage treatment plant. J\$5 million have been set aside in the NWC's 1991 budget for this acquisition. Land evaluations have been received and it expected that agreement will be received before the end of the GOJ's fiscal year.

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It is important to quickly conclude the negotiations for the land. The PIOJ has budgeted J\$6 million in the JFY 1991 budget for this project, most of which will be allocated to land acquisition costs. The Ministry of Construction will undertake land acquisition for the highways subproject once the detailed design work is completed; at this point, it is too early to know which lands must be acquired.

#### V. Evaluation, Audit and Monitoring

The PMU will have principal responsibility for monitoring the progress of the project. The PMU will be responsible for submitting quarterly progress reports to USAID as well as to the OECF. While USAID will exercise more rigorous oversight of the technical assistance provided by the AID North Coast Development Support (NCDS) Project, it will also perform routine monitoring of the implementation of the entire program and will promptly alert the PMU if any problems are observed. If USAID judges the problems to be of sufficient magnitude to warrant OECF involvement, it will also notify the OECF.

It is anticipated that the GOJ will constitute a Project Coordination Committee to meet on an ad hoc basis to resolve issues which may arise during the implementation of the program. The PCC will be made up of the heads of the various subprojects' implementing agencies, together with senior representatives from the Ministry of Finance, Tourism, and Development Planning and Production. Quarterly progress reports will be sent to the members of the PCC.

It is expected that the quarterly progress reports will be prepared based on information submitted to the PMU by the implementing agencies, and will contain the following types of information: subproject workplans with milestones or key decision points highlighted and progress indicated; financial commitment and expenditure data; indication of management issues requiring resolution; and gender-disaggregated beneficiary information, to the extent possible.

The NCDS Project will provide a limited amount of commodity assistance to the PMU to carry out this monitoring and reporting function.

USAID, the Government of Jamaica and the OECF will jointly perform two independent evaluations, one mid-term and one final, to assess the overall program. The first evaluation will look at the process for providing program inputs, and make a preliminary determination of the effectiveness of implementation mechanisms. It will also measure progress in producing anticipated outputs, identify problem areas and make recommendations for needed improvements. This first evaluation will most likely take place towards the end of year two of the project. The final evaluation will examine program impact and the degree to which program objectives were met. It will also look at the overall effectiveness of the co-financing mode, and

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make recommendations for any future USAID-OECF Co-financing efforts. It is expected that this evaluation will be conducted at the end of year four of the program. The PIOJ will participate in the design, review and subsequent follow-up discussions for both of these evaluations.

USAID will maintain audit rights for the NCDS Project. A portion of the funds under the NCDS Project will be set aside to finance any needed non-federal audits of the project.

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**ILLUSTRATIVE BUDGET**

(\$000's)

	<u>This Obligation</u>		<u>Future Obligation</u>		<u>Life of Project</u>	
	<u>AID</u>	<u>GOJ</u>	<u>AID</u>	<u>GOJ</u>	<u>AID</u>	<u>GOJ</u>
Project Management Unit	40	10	260	40	300	30
Technical Assistance	1400	-	-	-	1400	-
Environmental Work	300	-	600	-	900	-
Water Loss Management	1500	-	600	-	2100	-
Evaluation & Audit	-	-	150	5	150	5
Land Acquisition	-	1500	-	3500	-	5000
Local Procurement & Construction Costs	-	2000	-	8000	-	10000
Contingency	30	-	120	-	150	-
	<u>3270</u>	<u>3510</u>	<u>1730</u>	<u>11545</u>	<u>5000</u>	<u>15055</u>