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

JAMAICA

PROJECT PAPER

LOW COST SHELTER DEVELOPMENT
(Amendment #1)

AID/LAC/P-287 &
LAC/P-089

Project Number:532-0067

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

A A = Add
C = Change
D = Delete

Amendment Number
No. 1

DOCUMENT CODE
3

2. COUNTRY/ENTITY

USAID Jamaica

3. PROJECT NUMBER

532-0067

4. BUREAU/OFFICE

Latin America and the Caribbean

LAC

5. PROJECT TITLE (maximum 40 characters)

Low Cost Shelter Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
09 30 89

7. ESTIMATED DATE OF OBLIGATION

(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 82 B. Quarter 2 C. Final FY 89

8. COSTS (\$000 OR EQUIVALENT \$1 = J\$5.46)

A. FUNDING SOURCE	FIRST FY 86			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	270	130	400	2,023	362	2,385
(Grant)	(270)	(130)	(400)	(2,023)	(362)	(2,385)
(Loan)	()	()	()	()	()	()
Other U.S. 1.						
Other U.S. 2.						
Host Country		134	134	-	795	795
Other Donor(s)						
TOTALS	270	264	534	2,023	1,157	3,180

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SD	729	866		985	-	1,400	-	2,385	-
(2)									
(3)									
(4)									
TOTALS				985	-	1,400	-	2,385	-

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

721 861 862

11. SECONDARY PURPOSE CODE

660

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

A. Code BU
B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

Purpose is to assist the GOJ to improve the planning, coordination and delivery capacities of selected public and private shelter institutions.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
01 88 09 89

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

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

This amendment provides an additional \$1.4 million of grant funding in order to extend the technical assistance for an additional three years, provide in-country and U.S. training, and procure a limited amount of commodities.

Mission Controller has reviewed and concurs with the methods of implementation and financing included herein. Signed:

Robert Leonard, Controller

17. APPROVED BY

Signature: William R. Joslin
Title: Director
USAID/Jamaica

Date Signed MM DD YY
06 20 86

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

MM DD YY
07 10 86

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Clearance

OPEP:JJones

CONT:RLeonard

OPDS:EKadunc

DDIR:JSchlotthauer

[Handwritten signatures and dates]
6/4
6/13
6/18

PROJECT AUTHORIZATION

AMENDMENT NUMBER 2

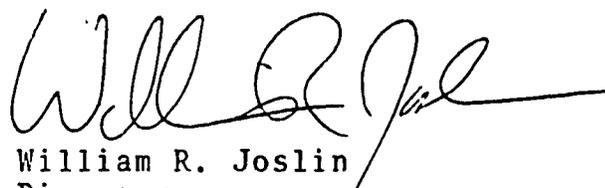
Name of Country: Jamaica
Name of Project: Low Cost Shelter Development
Number of Project: 532-0067

1. Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, the Low Cost Shelter Development Project for Jamaica was authorized on June 30, 1982. The authorization was amended on July 6, 1984. That Authorization is hereby further amended in the first paragraph to read:

Pursuant to Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Low-Cost Shelter Development Project for Jamaica involving planned obligations of not to exceed \$2,385,000 in grant funds to help in financing foreign exchange and local costs for the Project, subject to the availability of funds in accordance with the AID/OYB allotment process, to help in financing foreign exchange and local currency costs of the Project.

The new Project Assistance Completion Date (PACD) is September 30, 1989.

2. The authorization cited above remains in force except as hereby amended.


William R. Joslin
Director
USAID/Jamaica

Date: 6/20/86

Clearances:
OPDS:EKadunc 
OPEP:SSkogstad 
CONT:RLeonard 
RHUDO:SFrankel 
RLA: TCarter (In draft)
DDIR:JSchlotthauer 

Drafted:OPDS:DDarby:edt:6/13/86:0294P

1

PROJECT PAPER SUPPLEMENT

Jamaica Low Cost Shelter Development Project
(532-0067)

I. SUMMARY, BACKGROUND, AND RATIONALE

A. Shelter Program Goal

The goal of the AID shelter program in Jamaica is to improve the living conditions of low-income families by increasing the provision of affordable shelter and related services. This is to be achieved through effective coordination and utilization of public and private resources by:

1. increasing private sector production of shelter and related services for families below the median income level;
2. improving the efficiency and effectiveness of public sector shelter delivery for lower-income families;
3. encouraging participation of private sector financial institutions (building societies, commercial banks, trust companies, credit unions) in shelter markets traditionally served only by the Government of Jamaica (GOJ);
4. providing a basic shelter solution that is within the capacity to pay of lower-income households; and
5. fostering the establishment of a network of institutions for effectively managing and generating financial resources for shelter.

B. Overall HG Program Status

Jamaica has been making significant efforts to improve shelter sector performance since 1982. AID, through its Housing Guaranty (HG) loan program and this technical assistance project, has been closely involved in these efforts, which have produced effective results to date.

Almost \$30 million in HG loans have been disbursed in recent years within three projects (HG 010, 011, and 012) for settlement upgrading, starter homes, and credit union mortgage and home improvement programs. Over 8,500 low-income households have benefited from these programs so far.

The \$15 million HG-011 project, contracted in March 1983, provides financing for starter homes, upgrading, and credit union-sponsored mortgage and home improvement loans. This project, to be completed in 1986, is almost fully disbursed.

HG-012, authorized in two tranches in September 1983 and September 1985, finances a \$10 million accelerated starter home program (12A), a \$10 million private sector program providing construction and take out financing for shelter projects benefitting below-median income families (12B), and a \$20 million program covering upgrading, sites and services, and additional starter homes (12C). The first of these three programs was authorized in late 1984. Eighty percent of the units will have been constructed and sold by the end of calendar 1986. The remainder will be finished and sold by March 1987. The other two components are presently being designed. The private sector program and the second public sector program are scheduled to start in September 1986. These upcoming programs are expected to benefit over 6,000 households.

Complementing and closely integrated with the capital activities has been this technical assistance project. Encouraging progress has been made in a number of areas, including: adoption of a national housing policy that clarifies institutional roles and establishes a framework for coherently addressing sectoral problems; reduction of direct governmental involvement in production and mortgage servicing; initiation of measures to rationalize the housing finance system in order to foster greater private sector participation; introduction of basic planning, design, and affordability criteria for new shelter programs; and improvement of planning and management systems. Specifics of these activities are described in Section D.

C. Background to the Grant

The Jamaica Low Cost Shelter Development Project (532-0067) was originally designed to provide technical assistance and training in conjunction with Housing Guaranty Project 532-HG-011 (\$15 million) in 1982. The purpose of the grant is to assist the GOJ to improve the planning, coordination, and delivery capacities of selected public and private shelter institutions. The original grant provided \$453,000 for one long-term resident adviser to the Government of Jamaica (GOJ), plus other local support and short-term TA. In 1983 the project was amended to provide an additional long-term resident adviser in response to the expansion of the HG program and a GOJ request for a senior adviser in housing policy and finance. Grant funding currently totals \$985,000.

Of the \$985,000 in the current grant, 90 percent has been disbursed. The AID direct contract with Planning and Development Collaborative (PADCO) for the resident advisers and short-term TA is due to terminate in July 1986. The present PACD of the grant is September 30, 1986. This PP supplement proposes a three year

extension of the grant. AID and the GOJ would prefer to retain the current resident advisers, and a waiver has been approved (Annex I) to allow renewal of the contract with PADCO without competitive bidding.

D. Project Progress and Achievements

The project has been providing technical assistance for the following specific activities: 1) shelter sector policy analysis and formulation, 2) dealing with the institutional and administrative aspects of policy implementation, 3) development and improvement of systems, procedures, and institutions for shelter delivery, 4) HG program implementation, and 5) increased private sector participation. The Ministry of Construction/Housing (MOC/H), which is responsible for national shelter policy and low income shelter programs, has been the primary recipient of the technical assistance.

In addition, the Jamaica Mortgage Bank, the National Housing Trust, the Jamaica Cooperative Credit Union League, the utility companies, the Caribbean Housing Finance Corporation, the Estates Development Company, and the Building Societies Association have received assistance.

Technical assistance has been supplied under the grant through a senior housing policy and finance adviser and a senior technical adviser attached to MOC/H, short-term consultants supplied by the contractor, and training, in the form of various short courses in the U.S. for Jamaican staff and seminars conducted by the resident advisers.

The technical assistance project has achieved results in three main areas: shelter policy, shelter planning and programming, and project execution. Some of the main achievements are summarized below.

1. Shelter Policy

The TA project helped establish a Policy and Planning Secretariat in MOC/H as called for in the 1982 Housing Policy. The Secretariat was set up in 1984 with two Jamaican staff members. Since then, the Secretariat has integrated itself effectively into MOC/H and has been instrumental in promoting several policy reforms.

AID TA has been instrumental in the successful divestiture of MOC/H's mortgage portfolio to commercial institutions, particularly the Caribbean Housing Finance Corporation (CHFC), for servicing. This was a key part of a policy to remove the Ministry from direct housing finance activities so it could concentrate its efforts on overall policy and sector management.

The project has also fostered a transfer of responsibility for the origination of mortgages from MOC/H to specialized institutions, principally the National Housing Trust (NHT) and CHFC.

The resident advisers helped establish affordability as a key design criterion for shelter projects and instituted affordability guidelines for project development and review. Part of this effort also involved introduction of graduated payment mortgages, which are now in use.

TA has promoted financial soundness of shelter programs through cost recovery. The inclusion of full development costs in program financing has become standard policy. Speeches and public information campaigns now stress the importance of repayments by beneficiaries.

AID assistance was critical in changing the GOJ's policy on housing tenure. Previously, most public sector programs made housing available on a leasehold basis only. In just over three years, most leasehold titles have been converted to freehold, and new programs have been entirely freehold, thereby promoting individual land and home ownership.

2. Shelter Planning and Programming

TA has played a key role in the drafting of a two-year National Housing Plan. This Plan represents the first time a coherent set of objectives has been set forth in the sector for a period beyond the immediate weeks or months.

The resident advisers have helped ensure that the above Plan includes annual construction and marketing plans for NHT and CHFC, covering new projects, squatter upgrading, and build-on-own-land schemes.

3. Project Execution

AID TA was responsible for instituting a computerized Project Reporting and Management System within MOC/H. Under this system, each project manager completes and sends in a standard reporting form. Summary reports are prepared from these forms for the Minister and the Permanent Secretary. Monthly project managers' meetings are also held.

The resident advisers helped establish a review process, through the Secretariat, to check new programs and projects for consistency with affordability and cost recovery criteria.

The advisers have also established a set of criteria for AID acceptability of projects. These criteria, which have smoothed execution of HG-funded projects, cover various steps that must be completed prior to project authorization, including land purchase, confirmation of availability of off-site infrastructure, and approvals from other relevant agencies (i.e. Town Planning, Ministry of Health, etc.).

The resident advisers have monitored HG project implementation on a regular basis. In addition to helping solve immediate implementation problems, this has had the effect of transmitting a large amount of valuable experience to staff of MOC/H and other agencies.

E. Rationale for Additional Funds

The achievements of the grant project have taken place in an environment troubled by continuing economic stagnation, the strains of a major structural adjustment program, high unemployment, and general weakness in the public sector.

Despite progress in improving low-income shelter delivery and finance, much still remains to be done. The country is producing less than half the shelter units needed to meet annual needs based on population growth, replacement of obsolete stock, and reduction of the existing deficit. Besides being a reflection of Jamaica's general economic problems, this situation is the product of various specific problems in a sector that until recently lacked basic policy guidelines and institutional definitions. These problems include a shortage of competent high-level managers, too few trained supervisors, high costs, poor resource mobilization and allocation, inadequate planning, and ineffective financial control systems. These have been aggravated by institutional rivalries, too much dependence on government, and a lingering view of housing as a socio-political benefit rather than an economically productive asset.

Removing key constraints and introducing improvements is difficult, but the work done so far under this grant has established a framework, the motivation, and a momentum that should be sustained and reinforced. Continuation of this technical assistance, parallel with the use of already authorized HG capital funds, is critical to support current housing production and make further progress with needed sectoral reforms.

The key factors that justify continuation of this technical assistance project are the following:

Accelerated Implementation of HG Portfolio: The nearly \$30 million in HG funds disbursed over the past three years have directly assisted Jamaica with its foreign exchange cash flow, while the equivalent J\$125 million have produced tangible benefits to over 8,500 low-income households. The successful disbursement and implementation of the HG program to date is largely attributable to AID technical assistance received by the various institutions. USAID/J and the GOJ want to ensure that such implementation support continues for the remaining \$30 million in HG funds that are available.

Support for New Private Sector Initiative: An Implementation Agreement is expected to be signed in September of 1986 for a

\$10 million private sector shelter program to be funded out of HG-012. This program will finance a "loans to lenders" program in which private entities, including banks, credit unions, builders, and developers, may obtain, through a designated private sector management unit, both construction and long-term mortgage financing for lower-income housing. The program will also provide resources to lenders for mortgage-collateralized home improvement loans. The TA project will provide support for the establishment of a management unit, probably linked to an existing institution, for carrying out this initiative. The new program will set a badly needed precedent of private sector participation in low-cost shelter and create thousands of jobs in a severely depressed industry.

Support for Policy and Administrative Reforms: Policy changes in the shelter sector are being accompanied by administrative reforms. Policy and administrative change are practically inseparable, and in Jamaica they form part of an ongoing process that has had a promising start but that will require much additional effort. The policy initiatives that have been undertaken by the GOJ include rationalization of public sector institutional roles among policy/planning, financing, and implementation entities; increase of private shelter finance and construction; and adoption of affordability and cost recovery principles. To implement these policies and improve the efficiency of public sector shelter programs, a number of administrative changes have been introduced. First, MOC/H's Policy and Planning Secretariat was established.

Second, a Task Force was set up to take charge of numerous critical "non-construction" matters including marketing, site selection, land titling, and coordination with utilities. Third, as part of the government-wide Administrative Reform Program (ARP), MOC/H is undergoing reorganization, including major reforms in finance and accounting procedures. Further reforms related to program management, rationalization of staff positions, management information systems, and human resource development will be adopted as a result of the ARP management audit of MOC/H.

Undertaking major policy and institutional reforms in the shelter sector, while at the same time managing a large low income shelter program, puts great stress on the limited number of able managers and technicians in the GOJ. This stress is compounded by Jamaica's economic difficulties and overall institutional limitations. Probably the biggest problem affecting the shelter sector in Jamaica now is the GOJ's difficulty in attracting and retaining a sufficient number of well-qualified, capable top managers and technicians.

Continuation of AID technical assistance through this amendment will reinforce the policy and administrative reforms by providing experienced, senior-level personnel, both long and short-term, while the policy and institutional reforms are further developed and consolidated over the next two to three years. Without this support, it is doubtful that further progress can be made, as the

GOJ simply lacks the resources to obtain this capacity on its own at a time of government retrenchment, personnel reductions, and structural adjustment.

Promotion of Greater Local Resource Utilization: The new technical assistance program will tap into Jamaican individuals, firms, training facilities, and professional groups for support in program design, implementation and management, policy adjustment, and institutional reform. Some technical assistance will be provided by Jamaicans from the private sector with the expectation that greater use by the government of private sector resources will establish this as a procedure by which the GOJ augments capabilities as required without increasing the number of public sector employees. It will also allow the private sector additional input into the design and implementation of public sector programs. It is hoped that this will become a well established procedure for the MOC/H.

Thus, by sustaining a technical assistance role for another two to three years, AID will accomplish the following: First, it will help assure that its policy agenda in the shelter sector is carried through. Second, it will help guarantee the timely and effective implementation of the remaining \$30 million HG portfolio. This is important for various reasons, the most important of which are: alleviation of the housing shortage, employment generation, and support for Jamaica's ailing economy. Third, it will support the consolidation of administrative reform in GOJ institutions. Finally, use of Jamaican personnel and firms, will help multiply local involvement in the issues, broaden professional interest and debate, reinforce local technical capacity, and formalize the use by the Government of the private sector to assist in the implementation of public sector programs, all of which are needed for progress in shelter development.

II. PROJECT DESCRIPTION

A. Goal and Purpose

The goal of the Housing Guaranty program is to improve the overall quality of life of low income families by improving their shelter conditions. These conditions will not be achieved without corresponding improvements within the institutions responsible for shelter planning development and financing. Thus, the purpose of this grant project is to assist the GOJ to improve the planning, coordination and project delivery capacities of selected public and private sector shelter institutions.

B. Proposed Project Activities

The extended grant will finance five types of assistance: 1) two long-term expatriate resident advisers to the GOJ, 2) approximately seven long-term Jamaican TA positions in GOJ agencies,

3) short-term technical services to be contracted as needed, 4) training, including formal short courses in Jamaica and overseas for Jamaican personnel, and 5) goods and equipment.

Technical assistance will include:

1. The long-term contract will provide two long-term resident advisers who will continue to advise and assist the GOJ in the areas of institutional change, policy development, planning and monitoring, training, housing design and production, and HG implementation. The contract will also include approximately 14 months of short-term TA of which about six months will be for Jamaican professional services.
2. Approximately six long-term Jamaican personnel to work in association with MOC/H. These positions may include, but are not limited to, a Project Coordinator, a Construction Adviser, two full-time Advisers on the non-construction aspects of project delivery, a Director for the Planning and Policy Secretariat and a Socio-Economic Analyst. These are the positions most likely to be proposed for MOC/H as a result of the Administrative Reform Program.
3. Another long-term local hire position will be a Project Adviser for the private sector "loans to lenders" program. The position will be connected to a housing-related organization or finance institution involved with the HG loan.
4. Intermittent local and external technical support will also be provided to the new private sector HG program for its development, monitoring, and management activities.
5. Short-term assistance will be devoted to carrying out various types of feasibility studies needed to implement the new sites and services and comprehensive settlement upgrading components of HG-012. In addition, short-term TA will include, but not be limited to the following: the reorganization of the finance and accounts operations in the MOC/H and Estate Development Company (EDCO); new guidelines and regulations for GOJ pre-qualification and selection of contractors through competitive bidding; establishment of a demand study process by NHT and MOC/H; strengthening the coordinating mechanism between MOC/H, the utilities and the Town Planning Department.
6. Technical support will be given to the expanded credit union mortgage program.
7. Training activities will be directed at improving the skills and techniques of personnel in place and primarily targeted on those identified for new and/or increased responsibilities in key planning and implementing agencies. The training will be provided through a combination of external and local courses.

This includes in-service training to support the administrative, personnel, and technical adjustments required for the MOC/H reorganization. The TA and training funds will also finance workshops, seminars and courses, some of which will focus on relieving constraints to greater private sector participation in low income housing.

8. Commodities and equipment will be provided to assist the MOC/H modernization and management of planning, administration and financing operations and to accelerate HG implementation. Data processing equipment will be upgraded at the Policy Secretariat and basic word processing and/or small computer capacity will be established in the key shelter management, planning and administrative offices. This will include a small computer for the private sector program. Small amounts of technical supplies will be purchased to supplement Task Force and Policy Secretariat needs. Commodity procurement may include vehicles needed for MOC/H project support and monitoring.

The additional activities to be financed by the grant amendment are an extension of the activities financed initially. One additional activity to be financed is the initiation of technical support for the new private sector program, the \$10 million component of HG-012. This initiative had been contemplated within the project, but, given slower than anticipated initiation of this program, only now has it been possible to get it underway.

C. Administrative Arrangements for the Grant

GOJ will be grantee for all project funds. The MOC/H will continue to be the implementing agency for all of the funds except those which support studies, commodities, training and services directly related to establishment and implementation of a private sector HG loan program. Funding for this program will not exceed \$160,000. The implementing institution will be determined when HG project activities are ready for implementation. Two MOC/H resident adviser positions and some short-term TA will continue to be provided through an AID direct contract. The MOC/H will designate a project administrator who will devote approximately thirty percent of his/her time to project management including liaison with AID and the procurement of goods and services. The GOJ will use host country contracting procedures to fill approximately seven senior technical assistance positions. Intermittent professional support and short-term technical inputs under the grant will be provided through normal AID and host country contracting mechanisms including purchase orders, personal services contracts, and Indefinite Quantity Contracts (IQC).

AID expects to retain the two resident advisers who are currently working under the project. They have established excellent relations with the GOJ. A waiver has been granted to permit non competitive negotiation with the firm now under contract in order to avoid disrupting the shelter program.

MOC/H and the implementing institution for the private sector HG program will provide AID with quarterly projections of their respective grant expenditures and documentation of the previous quarter's actual expenditures. Based on these submissions AID will advance needed funds to the grantees. Some procurement of training and goods and equipment (e.g. microcomputers and word processors) will take place under the amendment. Foreign procurement will be handled by USAID/Jamaica. Local procurement will be handled by the GOJ.

The starting date of the new amendment will be July 1, 1986. The contracts of the resident advisers will be for approximately 30 months and of the long-term Jamaican positions for approximately 30 to 36 months.

D. Schedule of Project Activities

As stated above, the current resident advisers will be retained. The long-term Jamaican contractors are being recruited now and will be hired as soon as possible upon effectiveness of the amendment.

The feasibility studies for the new sites and services and comprehensive upgrading component will be completed within this calendar year so that execution can begin by early 1987. Regarding the private sector component, an Implementation Agreement is being negotiated now. This program should be in operation by September 1986. Training will be evenly distributed over the next three years. It is expected that 70 percent of goods and equipment will be procured in the first year, 20 percent in the second, and 10 percent in the third.

E. Action Plan Concerns

Design concerns raised in the Action Plan review, and which are listed in State 133466, concerned the following issues: "The supplement should discuss the possibility of greater GOJ involvement in project planning and implementation, justify the need for the additional Dols 1.4 million in TA, set clearly defined project objectives and a final PACD."

Various sections of the paper, sections I.D. and II.B. and C. in particular, discuss the GOJ's involvement in the Project. While the technical assistance has been critical to accomplishing the objectives of the HG program, GOJ involvement has been substantial at all levels. Counterparts to the technical assistance have benefited from the perspectives and experiences gained by the advisers from activities in the US and other countries and the knowledge which has resulted from the application of these experiences to the Jamaican situation.

The counterparts have included the Minister, Permanent Secretary, the policy secretariat staff, and various MOC finance, community development, and construction staff in the MOC/H;

the senior staff of the National Housing Trust; the Financial Secretary and budget staff of the Ministry of Finance; the Sugar Industry Housing, Ltd.; and the Task Force on marketing, land, and sales, associated with the MOC/H. In the private sector, developers and financial institutions have also benefited from the advisers' expertise.

The need for the additional funding for technical assistance is discussed in section I.E., "Rationale for Additional Funds." Finally, the PACD is established and discussed in the same section.

III. METHOD OF IMPLEMENTATION AND FINANCING

A. Grant Budget

The budget for the additional grant funds is as follows:

	<u>TO DATE</u>		<u>AMENDMENT</u>			<u>TOTAL</u>
	<u>AID</u>	<u>GOJ</u>	<u>LC</u>	<u>FX</u>	<u>GOJ</u>	
Technical Assistance						
LT U.S.	675	135	-	564	190	1,564
Jamaican	-	-	275 ^{2/}	-	102	377
ST U.S.	153 ^{1/}	65	-	234 ^{2/}	80	532
Jamaican	17	-	82 ^{2/}	-	30	129
Commodities	40	10	20	115 ^{2/}	70	255
Training						
In-country	-	-	30	-	12	42
U.S.	100	75	-	80	26	281
TOTAL	985	285	407	993	510	3,180

^{1/} Up to \$113,000 of short-term T.A. in AID direct long-term contract
^{2/} Limited private sector HG financing from these categories not to exceed \$150,000 (LC LT 75,000, LC ST 10,000, FX ST 55,000, FX Com 10,000).

B. Methods of Financing

The methods of implementation and financing chosen are based on the division of responsibilities for the procurement actions between USAID and the GOJ. USAID will be responsible for all off-shore procurement under the project using a direct contract for the TA, PIO/Ps for the overseas training, and AID purchase orders or contracts for the commodities. In addition, USAID will use IQC's, purchase orders or personal services contracts for necessary U.S. short-term TA. The MOC/H will be responsible for local procurement under the Project amendment, except for that which is designated to directly support the private sector HG program (Jamaican long-term adviser, local short-term TA, commodities and training). The private sector HG implementing institution will be responsible for this local procurement. When the final selection of the institution is made, a decision will be made as to the most appropriate methods of implementing and financing. At present, these funds are included in the following table with the assumption that methods of implementation and financing for the HG implementing institution will not differ materially from those to be used by the MOC/H.

<u>Methods of Implementation</u>	<u>Method of Financing</u>	<u>Approximate Amount</u>
Technical Assistance		(US\$000)
Long-term:		
AID Direct Contract	USAID Direct Pay	564
Host Country Contract	Advance/Reimb.	275
Short-term:		
AID-issued IQC, Purchase Order, PSC, or Direct Contract	USAID Direct Pay	234
Host Country Contract	Advance/Reimb.	82
Commodities		
USAID-issued Purchase Order, Contracts	USAID Direct Pay	115
Host Country Contract	Advance/Reimb.	20
Training		
Overseas-PIO/P	Direct Pay, Transfer of funds	80
Local-Host Country	Advance/Reimb.	<u>30</u>
	Total Amendment	<u>1,400</u>

The methods of implementation and financing comply with the preferred methods. Because local transactions will be performed by the MOC/H through Jamaican dollar advances received from USAID, they will be required to open a separate local checking account in which to deposit the advances.

Because of the more active implementation role of the MOC/H under this amendment, a review of the MOC/H's accounting practices and contracting and commodity procurement practices is required. This review will be carried out by USAID personnel prior to the first advance. Once the private sector HG implementing institution is identified, a similar review will be required of that institution, prior to any funding of the TA contract, if advances are considered necessary.

DH

UNCLASSIFIED

STATE 171349

ACTION: AID5 INFO: AMB DCM ECON RF (9)

ANNEX I

VZCZCKG0743
PP RUEHKG
DE RUEHC #1349 1510522
ZNR UUUUU ZZH
P 310523Z MAY 86
FM SECSTATE WASHDC
TO AMEMBASSY KINGSTON PRIORITY 5510
BT
UNCLAS STATE 171349

02-JUN-86
TOR: 12:50
CN: 48354 ✓ *Chen*
CHRG: AID *file, ACCO.*
DIST: AID

AIDAC

E.O. 12356: N/A
SUBJECT: LOW COST SHELTER DEVELOPMENT PROJECT 532-0067

ON MAY 30 ACTING AA/LAC APPROVED NON-COMPETITIVE
NEGOTIATION WITH PADCO FOR PROVISION OF TA FOR
REFERENCED PROJECT. COPY OF WAIVER IS BEING POUCHED.
SHULTZ
BT
#1349

NNNN

DH

UNCLASSIFIED

STATE 171349

DATE RECEIVED: 6/2	
ACTION OFFICE: <i>RHUDO</i>	
INFO TO:	
DIR ✓	ARDO
D/DIR ✓	OHNP
OPEP	OEHR
OPDS	OPED
OEEE	OCM ✓
EXO	RHUDO
CONT	R. F.
DUE BY: 6/4	
ACTION:	

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