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Project No.: 532-0158

PROJECT GRANT AGREEMENT
BETWEEN THE
GOVERNMENT OF JAMAICA
AND THE
UNITED STATES OF AMERICA
FOR
THE HURRICANE RECONSTRUCTION PROJECT

Dated: February 15, 1989
Appropriation: 72-1191021

BPC: LDNA-89-25532-HG43	- \$15,745,000
LDPA-89-25532-HG43	- 8,245,000
LDHA-89-25532-HG43	- 4,061,000
LDCA-89-25532-HG43	- 1,254,000
LDEA-89-25532-HG43	- <u>695,000</u>
Amount:	- \$30,000,000

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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, consists of assistance in recovery and reconstruction activities needed as a result of Hurricane Gilbert, including restoration of infrastructure for electric power, telecommunications, water, schools, and courthouses; provision of credit and other assistance to agriculture and business recovery efforts; disaster preparedness assistance and relief to the poor.

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, including the illustrative financial plan, stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 6.2 without formal amendment of this Agreement.

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 Thirty Million United States Dollars (\$30,000,000)("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 4.1, and local currency costs, as defined in Section 4.2, of goods and services required for the Project.

Section 3.2. Grantee Resources for the Project.

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.

Section 3.3. Project Assistance Completion Date.

- (a) The Project Assistance Completion Date (PACD), which is eighteen months from the date of this Agreement, 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 Article 5, 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: Procurement Source

Section 4.1. Foreign Exchange Costs. Disbursements pursuant to Section 5.1. will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin, and with respect to services, their nationality, in the United States (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 that up to US\$1 million worth of commodities may be procured from Code 935 source/origin, except as A.I.D. may otherwise agree in writing, and except as provided in Section C.1(b) of Annex II with respect to marine insurance. Ocean transportation costs will be financed under the Grant only on flag vessels under registry of the United States, except as A.I.D. may otherwise agree in writing.

Section 4.2 Local Currency Costs. Disbursements pursuant to Section 5.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as AID may otherwise agree in writing, their origin in Jamaica ("Local Currency Costs").

ARTICLE 5: Disbursement

Section 5.1. Disbursement for Foreign Exchange Costs.

- (a) 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 in 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 5.2 Disbursement for Local Currency Costs.

(a) 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 such 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 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 5.3. 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 5.4. Rate of Exchange. 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 6: Miscellaneous

Section 6.1. 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 addresses:

To the Grantee**Mail Address**

The Financial Secretary
Ministry of Finance and Planning
30 National Heroes Circle
Kingston 4, Jamaica

Cable Address

The Financial Secretary
Ministry of Finance and Planning
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.

Section 6.2. 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 the Financial Secretary in the Ministry of Finance and Planning 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 AID, 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 6.3. Standard Provisions Annex. A "Standard Provisions Annex" (Annex II) is attached to and forms a part of this Agreement.

IN WITNESS WHEREOF, the Government of Jamaica and the United States of America, each acting through its duly authorized representatives, 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

/s/
Michael N. Manley
Prime Minister

/s/
Michael Sotirhos
Ambassador

/s/
Seymour Mullings
Minister of Finance

/s/
William R. Joslin
Director
USAID/Jamaica

Date: February 15, 1989

Amplified Project Description

Elements of the Amplified Project Description, including the illustrative financial plan, may be changed by written agreement of the authorized representatives of the parties named in the Project Agreement without formal amendment of the Agreement, provided that such changes are within the general definition of the Project as set forth in Section 2.1. of the Agreement.

I. Project Goal and Purpose

The goal of the proposed Hurricane Reconstruction Project is to assist Jamaica in remedying problems caused by Hurricane Gilbert in a way which mitigates damage that might be caused by future hurricanes. The purpose of the Project is to assist in recovery and reconstruction activities needed as a result of the hurricane, including restoration of infrastructure for electric power, telecommunications, water, schools, and courthouses; provision of credit and other assistance to agriculture and business recovery efforts; and disaster preparedness assistance and relief to the poor.

II. Description of Project Components

The Project is a \$30 million, eighteen month effort, with three major components, each of which is designed to meet the Project purpose and contribute to the Project goal in the most efficient manner possible. The three components of the Project are: Rehabilitation of Infrastructure; Agriculture and Business Recovery; and Disaster Preparedness and Relief for the Poor. Funds will also be provided for monitoring and tracking of commodities, auditing services and program coordination requirements. Unless A.I.D. otherwise agrees in writing, A.I.D., in coordination with and on behalf of each implementing agency, will contract directly for the goods and services related to carrying out this Project.

A. Component I - Rehabilitation of Infrastructure

Technical assistance and commodities will be provided to the Jamaica Public Service Company, Limited (JPS), the Telecommunications of Jamaica Company, Limited (TOJ), and the National Water Commission (NWC) to restore electric power, telephone services and the water and sewerage systems, respectively. Commodities and construction services will be provided to 200 primary/all-age/secondary schools and damaged equipment will be replaced at the University of the West Indies to enable a normal level of instruction and research. Additionally, funds will be provided to rehabilitate 38 courthouses damaged by the hurricane.

1. Power - Approximately \$10 million will be provided for technical assistance and commodities to the Jamaica Public Service Company, Limited (JPS) to restore electric power as described below:

Commodities and Technical Assistance

- Integrated & Standardized Data Base - an integrated and standardized data base will be developed for the transmission and distribution system. Areas to be covered include (a) routing of circuits (System Mapping); (b) material and equipment management; and (c) power plant monitoring and disaster management system. The data base will assist JPS in identifying the extent and location of future damage, and the resources required and available for restoration.
- Equipment and Related Technical Assistance - this includes (a) a rehabilitation program for the current fleet of JPS vehicles and procurement of specialized vehicles and operational vehicles to supplement those procured under the Emergency Rehabilitation Project; (b) the upgrading of the JPS communications system; (c) procurement of system line loss monitoring equipment and other testing and metering equipment. Advisory technical personnel will also be provided to assist in the design, procurement, installation, and use of these commodities.
- Revision of the JPS Disaster Preparedness Plan - This entails: (a) a systematic collection of information on equipment and plant which failed and evaluation of restoration methods; (b) evaluation and analysis of present installations for safety factors and structural integrity to determine areas most likely to fail; (c) development of a risk management policy; and (d) integration of information into a detailed restoration procedures manual.
- Line Upgrading and Rehabilitation - Support will be provided to JPS for line rehabilitation, including the procurement of material for the upgrading and standardization of the primary distribution system voltage at 24KV. This will involve approximately 250 miles of primary distribution lines. Rehabilitation and construction of transmission lines may also be included.

Implementation: USAID will contract directly for the technical assistance (TA) needed to carry out the development of the Data Base and the Disaster Preparedness Plan. This work will be carried out in close collaboration with staff at JPS. USAID will also contract for TA to review and/or prepare detailed specifications for needed materials and equipment for the

rehabilitation and upgrading of the distribution system. The resulting list of commodities will be procured by AID contracting with a Procurement Services Agent. USAID will make arrangements with U.S. electrical contracting and consulting firms to provide supplemental technical services, as required, for actual construction and repairs.

Monitoring Plan: JPS will submit a monthly report to USAID that will cover: (1) progress made to date; and (2) the status of the current activities, including any changes to the initial plans and the rationale for such changes.

2. Telecommunications - Under this element, the Jamaica Telephone Company will be assisted in its ongoing effort to repair the system. AID will provide approximately \$500,000 to assist in procuring the following:

Commodities - Thirteen bucket trucks will be procured under this Project. This will supplement the commodities already provided under the Emergency Rehabilitation Project consisting of 5 bucket trucks, 3 digger derricks and certain power tools, manual tools and equipment.

Implementation: The Jamaica Telephone Company is a private, for-profit firm, and AID does not normally provide grant financing to commercial ventures. For this reason, any funding provided to JTC for equipment with a useful life of more than 12 months will be contingent upon JTC providing a specified amount of local currency to an NGO to be designated, in return for the grant. Details of this arrangement will be specified in the grant. USAID will procure the trucks.

Monitoring Plan: Monitoring will consist of ongoing liaison with JTC during the procurement, delivery, and port clearance process as well as keeping abreast of implementation of the terms and conditions regarding payment by the JTC to the designated NGO entity.

3. Water - in the wake of the recent hurricane, the water and sewerage systems sustained damages which required capital and labor investments to repair infrastructure and restore water by the National Water Commission (NWC) and sewerage services to pre-hurricane levels. Approximately \$5 million is being provided under this Project to further the restoration effort begun under the Emergency Rehabilitation Project and for longer term rehabilitation of the water and sewerage systems, to make them less susceptible to future natural disasters. The following assistance will be provided:

Commodities and Labor:

- Mechanical and Electrical Equipment for System Operation - Engines, motors, switchgears, power connecting lines, radios, and radio antennae were damaged due to wind, moisture, interruptions, and vandalism. Repairs or replacements will be funded. There is also concern that in the haste for restoration, the quality of repairs was not assured, and additional repair work may be identified later. In addition, generators, pumps, engines, and engine parts will be provided to improve the reliability of the water and sewerage systems in future disasters.

Approximately 40% of the NWC systems are directly dependent on electricity (such as well and booster stations), and over 75% require electricity at some stage of their operations to maintain desirable performance. In order to deal with the power outages during future disasters, stand-by generators are needed at some of the main water and sewerage stations, and the main administrative offices in Kingston. Existing generators will be repaired and replaced and additional ones added.

Minor Repairs - Damage was sustained by more than 100 small intakes/impoundments, several water treatment facilities, storage facilities and segments of the water distribution system. Where possible, some temporary repairs were done in order to quickly restore supplies. However, to guarantee a permanent supply, proper repairs are required. Masonry material, steel, mesh wire, and lumber are some of the items to be provided.

The Moravia Treatment Plant is now threatened by the change in the course of the river which supplies it with water. Although the plant is in operation, steps will be taken to protect the plant by preventing further erosion of the river banks.

Pipeline breakages are currently a problem and will continue to plague the water distribution system for some time to come, making leak detection and repair a top priority. Additional supplies of pipeline, clamps, pumps, couplings, tools, etc. will be provided to replace defective piping. Local cost support for additional labor will also be provided.

- Major Reconstruction Works - Critical repair works will be carried out for the rehabilitation of intake/impoundments, treated water storage reservoirs, storage tanks for raw water, trunk and pumping mains. Among the most critical needs is the repair of the dislocation of the two intakes and the main trunks of the Yallahs and the Boar River water pipelines. Although temporary patching of the system has been undertaken, more permanent repairs are required if severe water shortages in the Kingston metropolitan area are to be avoided. Other critical needs include the Negril water system, St. Catherine storage facilities and the Constant Spring treatment/storage facility. In addition, the Sunnyside Well may have to be relocated. The Project will assist in providing engineering studies and designs, piping, building materials, heavy equipment, engineering services and manpower for repairs such as those identified above.

- Operating and Maintenance Facilities Reconstruction - Over seventy operating facilities require rehabilitation. The project will assist in reroofing damaged pumping stations and chlorinating houses and repairing of security fences.

- Administrative Facilities Reconstruction - Reroofing of damaged administrative and supervisory facilities and replacement of furniture will be provided.

Equipment Support: NWC's ability to maintain and monitor the performance of the potable water delivery and sewerage systems will be restored and improved by the provision of equipment such as personal computers and radio communication systems. Because radio communication between the various NWC stations is essential, damaged communication equipment will be replaced or repaired. About US\$40,000 in antennae, cables, poles, radio, and generator spares will be provided to bring the telecommunication system to its pre-Gilbert state. An additional US\$25,000 will be provided to upgrade the system to an acceptable level to enable the NWC to effectively implement and monitor the Project.

Temporary Personnel Assistance to the NWC: Additional personnel are required at both the program management and technical levels of the program. This Project will fund the salary packages for the additional temporary personnel.

- Program Management Personnel - given the increased work load for the NWC, additional mid and lower level project management staff are required in order to carry out implementation of this program in a timely manner. Personnel will be required for up to 18 months, including at least four engineers for the period. Another six engineers will be required at various stages of the reconstruction effort, for a total of about 50 person-months of services.

- Emergency Water Loss and System Management - Water loss detection teams, composed of supervisory technical personnel and laborers (including some equipment rental), will be funded, including their training. Experienced personnel in this field, comprised of an engineer and a technician, will be needed to do this training. Each will be required for about 40 person-days. Water loss detection teams will be required in each of the four regional offices, as well as for the Kingston area.
- Other Technical Support Staff - To further assist the program, two surveyors will be provided for about six weeks and two draftsmen for about fifteen months.

Implementation: Procurement of commodities will be undertaken directly by AID through a procurement services agent (PSA). NWC will use its four principal regional offices to distribute the commodities and supplies to the individual facilities in the parishes. The NWC Headquarters Office in Kingston will be the lead implementing agency for reconstruction in the water sewerage sector. It is expected that contracting for technical assistance (including support staff) will be undertaken using direct contracting procedures and that the reconstruction will be carried out under host country contracts.

A number of construction activities had been contracted by NWC to Carib Engineering Company Ltd. (CEC) prior to the advent of Hurricane Gilbert. The NWC will amend its contract with CEC for reconstruction activities in those cases where damages occurred to projects in progress. The same will hold true for similar projects which had been completed by CEC, but which had not yet been officially turned over to the NWC for operation and maintenance.

4. Education

a. School Rehabilitation - at the Primary/All-age/Secondary School levels, estimates indicate that most of the schools have been adversely affected by Hurricane Gilbert, including partial and complete loss of roofs. The Project will provide approximately \$3,180,000 to finance repairs for roofs and gutters, replacement of windows and doors, improvements to water supply and sanitary systems, minor repairs to electrical installations, other repairs and instructional materials such as blackboards.

Construction Commodities and Services - A firm will be contracted to work in collaboration with the Ministry of Education's School/Community Outreach Program for Education (SCOPE) office. SCOPE was created to support, among other things, the refurbishing

efforts under the AID-financed Primary Education Assistance Project and has, as a result, established relations with the primary school community on the island. SCOPE will serve in an advisory capacity to the contractor and the primary/secondary school community in the matter of recommendations on selection of schools and identification of sponsoring organizations at the selected schools. SCOPE will not have any direct operational or financial responsibilities in carrying out the refurbishing.

Implementation: USAID will contract directly with an A&E firm to oversee the community grants activity, including advising and supervising the renovations carried out by community groups. The firm will be reimbursed by USAID on the basis of completion of actual activities at the identified schools. It is anticipated that a cost reimbursement plus fixed fee type of contract will be used.

The firm will work with SCOPE staff to develop a list of schools to be assisted. The primary criteria for selection will be to maximize the number of students which have usable physical school facilities. This does not favor aid to large schools; rather it prioritizes repairs that make schools adequate. One half of the funds available from USAID will be earmarked for rural schools, the other half will be for urban/rural township schools, corresponding to the enrollment ratios. In all cases, top priority will be given to repairing facilities which are in immediate demand because no alternative physical facilities are available.

After developing a list of schools with SCOPE, the firm will prepare a report for USAID's approval prioritizing the list of schools, giving the number of children in attendance at each school; identifying the responsible community group, and certifying that the schools were in fact damaged as a result of the Hurricane. Following USAID's approval of the list, the schools will then begin preparing estimates of the work to be carried out in terms of Bills of Quantities, cost estimates, necessary drawings and/or site plans, assisted to the extent necessary by the contracted firm. The firm will then enter into a contract agreement with each individual community organization for the organizations to carry out the work. The contract agreement will specifically define the agreed work and the amount of funds to be made available to the community group. In those cases where the contract agreement is insufficient to marshal supplier credit in the individual communities, the firm will provide working capital directly to the community organization. The community organization will be responsible for carrying out the agreed upon work, in cooperation with the school principal. The A&E firm will monitor and conduct periodic inspections to ensure that the work is being implemented by the community in accordance with agreed specifications, in order to facilitate final acceptance. The firm

will then carry out a final inspection of all refurbishing work and make a report to USAID and MOE. The contract agreement between the A&E firm and the community organization will contain a clause stipulating that the agreement is null and void if work is not commenced within six weeks of execution of the agreement. The A&E firm will have the authority to strike off the list all schools which fail to get repairs started within the first six weeks, seek a refund of any funds advanced as part of the contract agreement, and replace these schools by other approved schools needing funding.

A number of schools have been identified as having severe roofing damage which will require major repair. In these instances, if the A&E firm determines that the capability to carry out the repairs does not exist within a school community, upon receiving approval from USAID, the firm will group these schools and act as a prime contractor in executing a construction contract with a local firm to undertake all the roof repairs for these particular schools. The construction contract will be negotiated on the basis of Bills of Quantities prepared by the A&E firm and will be limited to roof repair and related roof substructure.

Throughout Project implementation, the chartered accounting firm contracted by USAID under the Project, and with the supervision of the AID Regional Inspector General, will review the financial records of the firm and submit periodic reports to USAID.

b. Textbooks - a total of 3,500,000 textbooks were printed and distributed just before the start of the September 1988 school year. Figures from the Curriculum Development Unit of the Ministry of Education indicate that of this number, 21% of the textbooks were totally destroyed and an additional 20% were damaged by Hurricane Gilbert. This means that 41% of the 3.5 million texts in the seven subject areas, or approximately 1,435,000 texts, need to be replaced. The cost of this undertaking will be approximately US\$320,000.

Commodities - The Project will finance the printing costs of replacing these textbooks.

Implementation: The original set of textbooks was printed by the Gleaner Company under a joint donor effort which included USAID, UNDP, CIDA, and the Jamaican private sector. As the Gleaner Company already has the "typeset", USAID has granted a waiver of competition to enable the MOE to procure the services of the Gleaner Company to produce additional copies of the damaged texts.

c. University of the West Indies - AID will enter into a cooperative agreement with the UWI to provide funds to assist in the restoration of the Faculties of Medicine, Natural Sciences, Education, and Social Sciences. In particular, the Faculty of Natural Sciences (mainly Departments of Chemistry and Botany) suffered severe losses in terms of scientific testing and research equipment, as well as airconditioning units which are essential to the operations of the faculty.

Commodities - AID will provide approximately \$500,000 to procure equipment and materials. Commodities purchased are expected to include small scientific equipment, supplies, and airconditioning units for the Chemistry Department; teaching and audio-visual equipment and supplies for the Faculty of Education; medical testing equipment for the Faculty of Medicine; and copying machines and typewriters for the Faculty of Social Sciences.

Implementation: The University already has an established system for the procurement of goods locally. Commodities which are available locally will be procured directly by the University, using local currency. Items which have to be imported will be procured under direct AID contract with a PSA. Payments for local commodities under the Grant will be on a Cash Advance/Reimbursement basis. The UWI will open a special bank account for the sole purpose of handling these funds.

5. Administration of Justice: Courthouses - The Hurricane interrupted, and seriously undermined, the GOJ's program for rehabilitating the physical resources of the court system. Of the 21 Resident Magistrate (RM) Courts being rehabilitated under the AID-financed Caribbean Justice Improvement Project (CJIP), fourteen have reported Hurricane damage, as well as damage resulting from use as public shelters. An additional 24 non-CJIP courts have also reported damage. AID will provide approximately \$700,000 for additional repairs and to ensure that the renovation activities planned under CJIP are completed and the MOJ's program of renovating the overall system of RM courthouses to a satisfactory condition will be attained.

Technical Services and Construction - The Project will finance A&E and construction services and commodities for roof replacement, roof repair, ceiling repair, window and door replacement, etc.

Implementation: The Ministry of Justice (MOJ) will be the implementing agency for this element and implementation procedures will be the same as those set up under CJIP. The MOJ will use either Fixed Amount Reimbursement Agreement or host country contracts to obtain the services of A&E firms and construction contractors to complete the work. In order to repair damages from the hurricane to courthouses currently included under the CJIP, the MOJ will amend the contracts of the A&E and construction firms who are already contracted for the CJIP work on those courthouses. Where applicable, future contracts would also include the additional hurricane-related work.

B. Component II - Agriculture and Business Recovery

Grants will be provided to the Jamaica Agricultural Development Foundation (JADF) the National Development Foundation (NDF) and the Jamaica Promotions, Ltd. (JAMPRO) to assist in providing credit, technical assistance and commodities to agriculture and business recovery efforts.

1. Jamaica Agricultural Development Foundation (JADF):
Agricultural Credit - AID will enter into a direct grant with the JADF for this element of the Project which will assist in the reconstruction/resuscitation of a small, but significant portion of the Jamaican agricultural sector. Credit and technical assistance will be provided, with emphasis given to the poultry and banana sub-sectors. The focus of this element will be on reconstruction and rebuilding of the productive capacity of banana and poultry farms identified as having suffered damage from the hurricane, with priority given to those farmers willing to invest in improved production and management practices.

Implementation: Production credit will be provided through a grant of approximately \$4,000,000 to the JADF. The JADF will lend these funds under a special Hurricane Gilbert Reconstruction program. The expected interest rates under this program will be 12 percent; slightly higher than those under the GOJ's rehabilitation lending program. Upon completion of the Hurricane Reconstruction Project, the JADF will re-lend these funds (both principal and interest earned) under normal terms for continued expansion and modernization of the agricultural sector. The JADF will provide the Mission with a final report detailing the impact of the program on these two sub-sectors.

Technical assistance that is complementary to the targetted lending program will be provided, and limited to support for expanded technical outreach and extension activities of the Jamaica Banana Producers Association (JBPA) on behalf of eligible banana growers. It is not anticipated that technical assistance will be required in the poultry sub-sector. The technical assistance will facilitate and accelerate the on-farm adoption of modern banana production and post harvest practices which have been developed on a limited scale with great success under a joint JADF/JBPA project. It is expected that the technical assistance will be limited to the contracting of additional technical staff by the JBPA, who will provide direct assistance to banana producers. The lending and technical assistance support for the banana sub-sector will be targetted on the Eastern/Northeastern Parishes of Portland, St. Mary, St. Ann, and St. Thomas. The technical assistance will be provided in conjunction with the loans and will be accomplished by means of a subgrant from JADF to the JBPA. On behalf of JADF, AID will procure two 4-Wheel drive vehicles and spare parts.

Lending to the poultry sub-sector will not have a specific geographic focus, but will be geared towards those farmers with established contractual arrangements for the marketing of their products and the receipt of technical and other services from the Jamaica Broilers Group (JBG) and/or Caribbean Broilers Ltd. of Jamaica (CBJ).

JADF will establish a special Hurricane Reconstruction Program with separate accounting/reporting systems. Because this is an unusual disaster-related program, many of the normal non-interest rate provisions of JADF's lending policy will be waived or modified so as to speed up the lending process. The eligibility criteria for borrowers will vary somewhat between the two sub-sectors. For the banana subsector they will be as follows: they must have been producing for export prior to the hurricane or have the capacity to begin to do so as a result of the loan and associated technical assistance; they must accept the technical assistance to be provided by the JBPA; and they must meet the revised/streamlined lending requirements under the Hurricane Reconstruction Program facility being set up by the JADF. JADF will make the credit funds available to the JBPA, which will in turn implement and administer a crop lien program for the participating farmers on behalf of the JADF. Under this arrangement the JBPA will submit loan repayments to the JADF on behalf of the individual borrowers. JBPA will also be responsible for keeping individual accounts for each participating farmer. A Steering Committee (2 JADF and 2 JBPA representatives) will approve all loans to participating farmers under J\$100,000. (Participating farmers are defined as those banana producers who have marketing and/or technical assistance arrangements with the JBPA). For loans above J\$100,000, JADF's Managing Director or his designee will approve them based on the Steering Committee's recommendation.

For the poultry subsector the following criteria will apply: they must have contractual arrangements with one of the large processing companies for marketing and other services and they must meet the revised/streamlined lending requirements under the Hurricane Reconstruction Program facility being set up by the JADF. In the case of poultry, loans up to J\$200,000 will be approved by the Managing Director of the JADF. Loans over that amount must be reviewed and approved by the JADF Board of Directors. In no instance will individual loans in excess of J\$1.0 million be approved for the poultry subsector. JADF, on a monthly and quarterly basis, will provide AID with a report, broken out between the two sub-sectors, detailing amounts approved for lending, actual disbursements, numbers and types of beneficiaries, technical assistance provided, and any other information required for project monitoring purposes. Actual monitoring of subloan progress will be carried out by JADF project officers in conjunction with JBG and JBPA technical staff, with the active participation and assistance of the USAID Office of Agriculture and Rural Development.

2. National Development Foundation (NDF): NDF was established in 1981 as a non-profit organization to promote the establishment of manufacturing, commercial and agricultural small business entities. NDF provides business guidance, technical assistance, and non-traditional credit facilities to small entrepreneurs.

Overall economic damage to the small business sector has resulted in an estimated loss of US\$107 million. This includes US\$19 million in loss of working capital, US\$36 million in loss of building, machinery and equipment, and US\$52 million in loss of current income.

Although NDF's clients make up only a small percentage of all small businesses, its portfolio cuts across all sectors in the economy -- services, manufacturing, and agriculture. The portfolio has 439 loans in the services sector (e.g., meat retail, pastry, restaurant), with outstanding loan balances of US\$1.2 million. Most of these businesses are in need of longer term assistance to finance raw materials, fixed assets and existing debts. This assistance will, in turn, create employment and income generating activities.

AID will provide a grant in the amount of US\$2,000,000 directly to NDF to establish a "Small Business Reconstruction Program." NDF will use these funds to cover administrative and operational costs and to establish a revolving loan fund. Loan funds will be targeted to individuals and groups who have suffered damage or losses as a result of the hurricane. Funds will be used to finance raw materials, working capital, replacement, upgrading of facilities, expansion, and repair and new construction of infrastructure, plant, equipment and facilities. Funds may be used by eligible applicants to finance new opportunities which have arisen as a result of Hurricane Gilbert. Loan eligibility criteria will include that the applicant be an individual or group with net assets of or below J\$500,000 (exclusive of land and buildings), and that the applicant must have suffered damage from the hurricane. The threshold determination of hurricane damage will be applied by NDF. Loan amounts will be no greater than J\$350,000 for individuals and groups. Reflows, which include principal and interest, will be used to expand NDF's loan portfolio for on-lending.

Implementation: NDF will administer the funds in separate accounts under the normal procedures, terms and conditions of its regular lending program. Loans will be provided to current and potential clients who have suffered damage as a result of Hurricane Gilbert and are in need of financing. NDF staff will determine applicant eligibility.

3. JAMPRO

AID will make available approximately US\$500,000 to JAMPRO to cover activities in the areas of Small and Micro Enterprises and Export Recovery.

a. Small and Micro Enterprises - In Jamaica, many small scale enterprises sustained substantial losses as a result of Hurricane Gilbert. Many of these businesses are unable to re-start operations without some degree of bridge financing and, in most cases, banks are unwilling to lend to them without excessive

amounts (usually 200-300 percent) of collateral. Not only are they unable to access traditional lines of credit, but, because of their size, many are unable to access credit through development institutions. In the Montego Bay area of Jamaica, for example, some craft market vendors, small garment manufacturers, food processors, and food vendors had their businesses totally destroyed. The small scale business sector is a crucial job-creating sector in Jamaica, having employed more than 40% of the Jamaican work force prior to the Hurricane. This element of the Project will be targetted specifically to two groups which would normally not benefit from other programs: (1) viable small scale producers who are unable to access other funds to continue their ventures; and, (2) small scale exporting companies who have suffered dislocations and loss of income. Many of these companies were uninsured and most were underinsured.

Implementation: AID will grant approximately \$300,000 to JAMPRO for subgrants to groups and organizations which represent entrepreneurs affected by the hurricane. In turn, the group/organization (subgrantee) will make grants to the individual member entrepreneurs. Groups and organizations such as the Small Business Association of Jamaica/Peace Corps Craft Vendors Project, Self Start Fund, Unity Basket Weavers, ACE Woodwork Ltd., New Haven Farms, Hopewell Blooms, SBAJ/Garment Group, and St. Thomas Craft Producers are examples of groups/organizations which could participate as subgrantees.

In collaboration with USAID, JAMPRO will screen prospective subgrantees, ascertain that the groups/organizations are legitimate and represent small scale producer/entrepreneurs affected by the hurricane. Eligibility will be based on the group/organization's ability and staff to manage sub-grant funding to its participating members and ability to prepare a sub-grant proposal for submission to JAMPRO and USAID for approval and subsequent monitoring. The proposal must indicate the group/organization's criteria for selection of members to receive financial assistance. The criteria for selection will be tailored to the specific industry, but, at a minimum, will include: having been in business prior to the hurricane; demonstrate a need for financing; be unable to obtain financing from traditional lending sources or organizations such as NDF and JADF; and, demonstrate evidence of hurricane damage either physically or monetarily.

JAMPRO will disburse funds to selected groups/organizations and will monitor project activities. These groups and organizations will be responsible for administering and monitoring funds disbursed to individual small scale producer/entrepreneurs and reporting back to JAMPRO. To assist JAMPRO with the monitoring activities of the project, US\$30,000 of project funds will be set aside for the hiring of a project monitor. This individual will be responsible for site visits to grantees to ensure that project funds are used as intended, assisting grantees in the preparation of proposals, and other grant monitoring activities.

b. Export Business Recovery Program - JAMPRO (and prior to its formation, JNEC) carries out an export promotion program called JAMEXPORT, which USAID has been assisting for two years. Hurricane Gilbert severely disrupted some non-traditional exports with which JAMEXPORT concerns itself. JAMPRO has requested financing for a four-month, Export Recovery Program in selected sectors, to encourage U.S. buyers to return to Jamaica and to reverse the negative trends which have been observed since the hurricane.

JAMPRO proposes to reverse these trends by mounting an export recovery program through promotion at selected trade fairs, trade publication advertising, newsletters and specially designed seminars for buyers. The program, which will emphasize that Jamaica continues as a viable supplier, is essentially an interim one and will be followed by JAMPRO's regular marketing program addressing the needs of Jamaican producers within the U.S. market.

Implementation: Under this element, USAID will grant approximately \$200,000 to JAMPRO to organize, implement and monitor the interim export recovery program. The program, which will focus on such nontraditional exports as processed foods, crafts, fresh produce, ornamental horticulture, coffee and spices, will be implemented by JAMPRO together with local private business entities. In addition to the funds made available by USAID, JAMPRO will contribute the equivalent of US\$33,000 and the private sector entities, US\$47,000. JAMPRO proposes to provide institutional support to this program by: providing up-to-date information for dissemination to US buyers; coordinating promotional programs, i.e. selecting and preparing exporters for overseas promotions; providing support services for the creation of slide presentations; making presentations to select groups outlining the nature of the recovery program and presenting specific information on when products will become available; staffing booths, etc. at trade fairs and other promotional activities; and working with selected consultants to ensure that the objectives of the programs are met.

JAMPRO (and JNEC) have been carrying out similar programs for over two years in these and other non-traditional product sectors, e.g. apparel, furniture, and data processing. They have done this successfully using their own personnel and working closely with the private sector companies involved. They will carry out this program in the same manner.

C. Component III - Disaster Preparedness and Relief for the Poor

1. Disaster Preparedness

a. Shelter - the magnitude of destruction to settlements clearly illustrates that current practices, procedures, planning, and regulations concerning land use and construction are deficient. Damage was particularly severe among lower income settlements as a result of these deficiencies.

The immediate response in the aftermath of the hurricane clearly showed the great difficulty in quickly assessing damage to shelter and supporting infrastructure. This served to delay the prioritization of emergency and rehabilitation needs for the short and medium terms, and the development of appropriate Government and donor responses.

The Jamaica Office of Disaster Preparedness (ODP) has responsibility for the coordination of disaster mitigation measures and post-disaster response. Under this element of the Project, AID will provide approximately \$300,000 to support action-oriented analysis leading to specific strategies to reduce the vulnerability of Jamaica's settlements to future disasters, in the course of reconstruction. AID will also provide assistance to ODP to enhance its capacity for post disaster assessment and development of priority rehabilitation needs.

Technical Assistance will be provided in three related areas:

- Improvements to the Housing Stock - Technical assistance will be provided to analyze the performance of the housing stock in the recent hurricane. Specific measures to improve the stock through a number of channels will be implemented. These might include updating of building standards, improved public inspection of construction, collaboration with insurance companies, curriculum development for the College of Arts, Science, and Technology, and continued direct dissemination of information materials by CRDC and UDC, among others.
- Improvements to the Settlement Pattern - Technical assistance will be provided to conduct an intensive analysis of key locales where hurricane damage was inordinately severe due to settlement on steep slopes, in flood plains, along coastlines, and other areas especially vulnerable to damage from natural disasters. The work will be carried out in five to ten areas identified by the GOJ as especially vulnerable to disasters, and which are representative of the types of settlement vulnerability common in Jamaica. In each area, a practical strategy for reducing vulnerability through, for instance, controlled development, resettlement, specific public investment in protective measures, credit for home improvements, or the development of evacuation plans, will be developed.
- Improvements in Post-Disaster Assessment - Support will be provided for the development or improvement of short and medium term methodologies to assess damage caused to the shelter stock and supporting infrastructure.

Implementation: Initial short term technical assistance will be directly contracted by AID to provide the necessary depth of technical expertise required to refine the technical details of the long term scope of work. It is expected that one AID direct

contract will be let for the long term TA and the remaining short term supplemental TA. Either a Jamaican firm or a U.S. firm in a joint venture with a Jamaican firm will be engaged. A vehicle and computer hardware/software to support the work of the TA team will be procured directly by USAID. The work will be coordinated by the Office of Disaster Preparedness.

b. Support to ODP - In reviewing the ODP's response to the management/coordination needs of the post-Hurricane period, several areas of weakness were identified which affected ODP's capacity to respond. These limitations and the method of addressing them are as follows:

- Communications - the ODP Communication Network did not perform optimally during the recent disaster because (1) the Parish Disaster Coordinators did not have radio communications with the ODP, or with their parish based responding agencies; and (2) there was no redundancy capability in the repeater network used by the GOJ and the ODP to link with other responding agencies islandwide. In response to this problem, this Project will finance the procurement of additional communications equipment to augment the existing system. This will include hand held and mobile radios, repeaters, a scanner, and an equipped communication command vehicle.
- Transportation - ODP officers were severely restricted in obtaining first-hand damage data and in coordinating damage assessment surveys, because of a shortage of small four-wheel drive vehicles. This restriction affected the Operations, Emergency Relief, Public Education and Information, and Planning and Research branches of the ODP. This Project will therefore provide five four-wheel drive vehicles for the ODP.
- Documentation/Analysis - Significant time losses were incurred in the documentation, analysis, and interpretation of information during the recent disaster because of the manual manipulation of the data. This Project will provide computer hardware and software to upgrade the ODP's capability to document and analyze disaster related information.

Implementation: AID will make available approximately \$273,000 for the procurement and installation of commodities which will be undertaken directly by AID through a PSA.

2. CVSS/United Way of Jamaica - AID will make a direct grant of approximately \$2,000,000 to the Council of Voluntary Social Services/United Way of Jamaica (CVSS/UWJ) to continue its program of relief assistance aimed to assist 50,000 primarily non-wage earning families. CVSS/UWJ will make subgrants to local PVOs to provide (a) direct supplies of food and bedding; (b) production inputs; and (c) income by way of participation in community based activities, e.g., road cleaning and maintenance, painting of public buildings, and labor in the construction industry.

Although the program will continue along lines similar to the previous Emergency Rehabilitation Project, the proposed Grant will focus on employment and income generating activities in the short-term, to cushion the burden presently being experienced by those rural families, e.g. small farmers, who have lost their crops and who will have to wait some six to nine months before partially reinstating their earning power. There are also the unskilled workers who previously relied solely on agriculture and who are not in a position to benefit significantly from the boom in the construction industry. In addition, there are the small industry groups producing leather craft, wicker craft, garments, pottery, etc., who have lost their jobs, their shops, machines, and other equipment, and are experiencing grave financial difficulties.

The main focus of the first three months will be on income-generating activities, with at least fifty percent of the funds targetted towards this element used for tangible inputs for production. For example, in addition to the food and bedding which the farmer will receive, he/she will also receive farm tools, seeds, seedlings, etc., and in the case of the small cottage industry (e.g. a self-employed dressmaker or craft worker), materials to replace damaged stock which had been originally distributed by the local PVO.

CVSS/UWJ will also use the grant funds for local technical assistance, warehousing, transportation and monitoring related to the provision of relief supplies and reconstruction activities in the voluntary sector.

Implementation: CVSS/UWJ will continue to use its Emergency Relief Committee as the decision-making entity for the selection of activities and the allocation of funds under the proposed Project, subject to ratification by the CVSS/UWJ Board of Governors. Selection of projects for subgrants will reflect the guidelines on employment-income generating activities as well as a high concentration on activities through the rural PVOs. CVSS/UWJ, as an umbrella organization with a well established network island-wide, will pass on the bulk of the funds to PVOs and make particular use of its relationship with the Red Cross and the Salvation Army, and more recently with the newly established organization of churches, Project ACCORD.

Most of the items to be procured are available locally and therefore all efforts will concentrate on the procurement of "shelf items" from local sources. This procurement will be the responsibility of the local representatives of the PVOs island-wide.

III. Monitoring/Tracking and Audit:

In order to monitor the distribution and use of commodities and services financed under the Grant, A.I.D., using Grant funds, will directly contract with a local chartered accounting firm(s)

for technical assistance to establish controls to account for funds and track commodities. Services will include the development of the tracking and monitoring system, particularly for the large scale procurements of infrastructure equipment. Due to the expedited nature of the activities and relatively short implementation period, A.I.D., using Grant funds, will also contract for a non-Federal audit of the Project concurrent with its implementation. End use checks will be conducted by the firm in order to ensure proper use of funds. The estimated cost of these activities will be \$500,000.

For the monitoring of grant organizations, the Mission will utilize existing arrangements with these organizations which have already been approved by USAID and are currently in place. For example, the United Way of Jamaica has procedures and criteria in place for its Emergency Relief Fund which have been approved by USAID under another project. In addition, the organizations will make arrangements for independent financial and end-use audits of the funds provided under this Project.

Funding for an evaluation is not included in this Agreement, but prior to the PACD, A.I.D. and the Grantee will discuss whether an end of project evaluation to assess its impact should be conducted.

IV. Illustrative Financial Plan

The following table represents the Illustrative Financial Plan for the Project showing proposed obligations of A.I.D. funds. This plan is illustrative only, and changes may be made by mutual agreement of the representatives of the Parties in Implementation Letters without formal amendment to the Agreement so long as such changes do not increase the total amount of the Grant. Transportation costs are a permissible cost under the Grant for any of the commodities procured.

ELEMENT	DESCRIPTION	PROPOSED OBLIGATION (US\$000)
1	POWER - Data Base	920
2	POWER - Equipment and related TA	3,235
3	POWER - JPS Disaster Preparedness Plan	500
4	POWER - Line Upgrading & Rehabilitation	5,345
5	TELECOMMUNICATIONS - Commodities	500
6	WATER - Mechanical/Electric Equipment & Equipment Support	600
7	WATER - System Repairs & Reconstruction	3,400
8	WATER - O&M/Admin. Facilities Rehabilitation	500
9	WATER - Temporary Personnel	500
10	EDUCATION - Refurbishing Buildings	3,180
11	EDUCATION - Instructional Materials	320
12	EDUCATION - UWI Commodities	500
13	ADMINISTRATION OF JUSTICE	700
14	AGRICULTURAL CREDIT	4,000
15	NDF CREDIT	2,000
16	JAMPRO - Micro and Small Enterprises	300
17	JAMPRO - Export Recovery	200
18	DISASTER PREPAREDNESS - Shelter	300
19	DISASTER PREPAREDNESS - Institutional Support	273
20	CVSS/UWJ	2,000
21	MONITORING/TRACKING/AUDIT	500
22	CONTINGENCY/INFLATION	227
GRAND TOTAL		30,000