

FD-445-619
15W 1141

538-0049/42

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT PAPER FACESHEET		1. TRANSACTION CODE <input type="checkbox"/> A ADD <input type="checkbox"/> C CHANGE <input type="checkbox"/> D DELETE	PP 2. DOCUMENT CODE 3
3. COUNTRY/ENTITY CARIBBEAN REGIONAL		4. DOCUMENT REVISION NUMBER <input type="checkbox"/>	
5. PROJECT NUMBER (7 digits) <input type="checkbox"/> 538-0049 <input type="checkbox"/>	6. BUREAU/OFFICE A. SYMBOL LAC	B. CODE <input type="checkbox"/> 05 <input type="checkbox"/>	7. PROJECT TITLE (Maximum 40 characters) <input type="checkbox"/> CARIBBEAN DEVELOPMENT FACILITY IV <input type="checkbox"/>
8. ESTIMATED FY OF PROJECT COMPLETION FY <input type="checkbox"/> 8 <input type="checkbox"/> 3		9. ESTIMATED DATE OF OBLIGATION A. INITIAL FY <input type="checkbox"/> 8 <input type="checkbox"/> 2 B. QUARTER <input type="checkbox"/> 3 C. FINAL FY <input type="checkbox"/> 8 <input type="checkbox"/> 2 (Enter 1, 2, 3, or 4)	

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FR	C. L/C	D. TOTAL	E. FR	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	()	()	()	()	()	()
(LOAN)	()	(12,000)	(12,000)	()	(12,000)	(12,000)
OTHER U.S.	1.					
	2.					
HOST COUNTRY						
OTHER DONOR(S)						
TOTALS		12,000	12,000		12,000	12,000

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 82		H. 2ND FY		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	200		200		4,000				
(2) EH	660		600		2,800				
(3) SD	700		700		5,200				
(4)									
TOTALS									

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVALUATION SCHEDULED
	Q. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1)						4,000	<input type="checkbox"/> YES <input type="checkbox"/> NO
(2)						2,800	
(3)						5,200	
(4)							
TOTALS						12,000	

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

YES NO

14. ORIGINATING OFFICE CLEARANCE SIGNATURE: <i>William B. Wheeler</i> TITLE: DIRECTOR, RDO/C		15. DATE SIGNED MM DD YY 01 30 82	16. DATE DOCUMENT RECEIVED IN AID W. OR FOR AID W. DOCUMENTS. DATE OF DISTRIBUTION MM DD YY
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I. SUMMARY AND RECOMMENDATIONS

A. Recommendation

The AID Regional Development Office/Caribbean recommends the authorization of a \$12 million loan to the Caribbean Development Bank (CDB) as a portion of the Caribbean Development Facility (CDF). Of that total, \$5 million will be on-lent to Barbados and \$7 million to Jamaica. The division within functional categories is: \$4 million for Food and Nutrition, \$2.8 million for Education, and \$5.2 million for Special Development Activities.

B. Borrower and Executing Agency

The Borrower and primary executing agency will be the Caribbean Development Bank (CDB), a regional development finance institution founded in 1970 and composed of eighteen regional and two non-regional governments. Its purpose is to promote the development and regional integration of its members and to coordinate the activities of donor institutions and countries. The loan will contribute additional resources to the Caribbean Development Facility, a mechanism established in 1978 under the Caribbean Group for Cooperation in Economic Development (CG) to provide supplementary financing to reverse the economic deterioration occurring in much of the Caribbean.

C. Project Description and Rationale

The Project is the fourth tranche of AID resources for the CDF program. Its purpose is to assist the governments of Barbados and Jamaica to maintain adequate levels of development investment by providing the supplemental resources needed to finance essential socioeconomic development projects. These projects are being supported by other free world international donors and are part of the countries' medium-term development programs which have been endorsed by the CG. AID funds will be used to assist in the financing of the local cost portion of approved projects.

CDF IV is an integral part of the U.S. program of support for the English-speaking Caribbean and is a vital aspect of our leadership role within the Caribbean Group. During the June 1981 CG meeting, the U.S. pledged its intention to continue to provide CDF resources on a regional basis to countries which qualify for assistance.

To be eligible for funding under CDF IV, participating countries must establish development policies and investment programs acceptable to the CG. Country compliance with Extended Fund Facility (EFF) Agreements, with the International Monetary Fund (IMF) and/or World Bank Structural Adjustment loans where applicable, are among the primary indicators of acceptable economic performance.

Jamaica is implementing a difficult program of structural reform under its overall stabilization and recovery program. This program is supported by a \$500 million EFF Agreement. In addition, negotiations are underway with the World Bank to provide a Structural Adjustment Loan. Barbados continues to implement a sound economic program, including taking timely action to reduce the negative consequences of recent shortfalls in foreign exchange earnings and other adverse domestic developments.

Given the positive overall economic efforts of Barbados and Jamaica, including the emphasis placed on the private sector, RDO/C recommends their continued participation in the CDF program. However, Guyana's recent performance record is such that RDO/C cannot recommend its inclusion in CDF IV at this time.

The Free World Donor projects which are supported under the AID/CDF program are qualified for financing by the CDB. AID requires that the CDB review each project and be satisfied that they are sound from a technical, financial, economic and environmental perspective. For projects which qualified under previous CDF loans, participating governments will be required to furnish the CDB with up-dated project information as appropriate.

D. Summary Findings

The Project as designed responds to a critical need in Barbados and Jamaica for the support of high priority development projects that are part of their CG-approved public sector development programs. The Project has been found to be technically, economically and financially sound and ready for implementation. All relevant requirements of the FAA and all other statutory criteria have been met.

II. PROJECT BACKGROUND AND STRATEGY

A. Background

1. Caribbean Group for Cooperation in Economic Development

The Caribbean Group was established in 1977 in response to the severe economic problems which were facing the Caribbean. The United States took a leading role in establishing the CG as a consultative mechanism for addressing the Caribbean's pressing requirements for assistance. Under the chairmanship of the World Bank and sponsored by that organization, the International Monetary Fund, the Inter-American Development Bank, and the Caribbean Development Bank, the CG has as its purpose the development of an economic framework for the promotion and coordination of increased economic assistance to the Caribbean region. It also serves as a mechanism to increase the effectiveness of development assistance funds. The CG has as members all the developing countries of the Caribbean (except Cuba) and includes the major bilateral and multi-lateral donor agencies with an interest in the region.

Through its ad hoc meetings to review topics of specific interest to its members and its Annual Meeting, the CG provides a unique forum for the coordination of development assistance within the context of sound medium-term economic management by recipient states.

2. The Caribbean Development Facility

At the Group's first formal meeting, in June 1978, it established the multi-donor Caribbean Development Facility (CDF). The main purpose of CDF is to help finance essential imports and to provide supplementary financing of projects and programs for which international institutions or other external lenders are financing foreign exchange components. It is intended to enable participating countries to maintain acceptable levels of development investment while executing economic policies directed toward financial stability and growth. It is a temporary mechanism for promoting and coordinating external assistance to participating governments.

CDF is administered through an informal process within the CG, including consultations among key donor agencies. In preparation for the CG meetings in June of each year, the World Bank prepares an analysis

of the previous years' CDF assistance and projects anticipated requirements for CDF-type financing for the coming Caribbean Group year (July-June). The estimates are based on the World Bank's review of the countries' current and projected economic performance. At the annual country sub-group meetings, country economic performance is reviewed based upon their implementation of appropriate short and medium term economic policies. In the case of countries which have Extended Fund Facility (EFF) agreements with the IMF or Structural Adjustment loans from the World Bank, compliance with the terms of these agreements is a primary test of adequate economic performance.

If overall economic performance is adequate, the country is recommended as eligible for continued receipt of CDF-type resources.

From July 1979 to June 1981 total CDF-type resources in an amount of approximately \$603 million was committed by donors to Barbados, Guyana, Jamaica and the LDCs, of which approximately \$503 million has been disbursed (See Table I). Clearly, the CG through the CDF program has been extremely effective in stimulating donor support for the English-speaking Caribbean by linking the provision of major assistance with satisfactory economic performance. Without the CG mechanism, it would be extremely difficult for any one donor to influence overall economic performance or to provide resources of the type and level required to leverage that performance.

3. AID Assistance to CDF

(a) Level of Resources

AID has made three loans to the Caribbean Development Bank in support of the regional CDF program of the CG totalling \$53.5 million (this figure excludes bilateral CDF-type assistance to Jamaica over the period). These loans were made as the first three tranches of a total five-year commitment to the CDF made by the U.S. Government at the first meeting of the CG.

The first CDF loan of \$20 million was signed in September, 1978. It consisted of two major components; \$18 million was earmarked for on-lending to Jamaica, Barbados and Guyana (MDCs) and \$2 million for

TABLE I
CARIBBEAN DEVELOPMENT FACILITY
COMMITMENTS AND DISBURSEMENTS

COUNTRY	COMMITMENTS				DISBURSEMENTS			
	78-79	79-80	80-81	TOTAL	78-79	79-80	80-81	TOTAL
BARBADOS	4.9	4.0	6.2	15.1	1.0	1.8	8.1	10.9
GUYANA	26.5	16.6	111.7	154.8	18.4	16.2	102.9	137.5
JAMAICA	56.1	143.7	141.0	340.8	32.6	104.8	151.0	288.4
SUBTOTAL	87.5	164.3	258.9	510.7	52.0	122.8	262.0	436.8
LDCS	15.9	44.0	32.6	92.5	13.0	30.6	23.0	66.6
TOTAL	103.4	208.3	291.5	603.2	65.0	153.4	285.0	503.4

SOURCE: WORLD BANK

the LDCs.* In December 1979, a loan representing the second tranche of our multi-year regional commitment to CDF was signed in the amount of \$17.5 million. All the resources of CDF II were for on-lending to the MDCs. (After CDF I, our CDF-type assistance for the LDCs was shifted to a discrete project, the Basic Human Needs/ Employment Sector grant.) The third loan supporting CDF in the amount of \$16 million was signed in March 1981 and again was focussed on the MDCs.

Of the \$51.5 million committed under AID's CDF program for assisting the MDCs, expenditures totaling approximately \$50 million have been accrued to date, with CDF I (MDC portion) and CDF II fully disbursed. To complete accruals under CDF III, a PACD extension of three months (to March 31, 1982) has been approved.

These resources have been used to support a total of 20 high priority development projects in Jamaica, Barbados and Guyana (see Table II). Annex X presents a brief description of the use of the three previous AID loans to the CDF and their financial status.

All CDF resources under the AID/CDB program have contributed to the local currency counterpart requirements of other Free World donor development projects in Jamaica, Barbados and Guyana. These projects were reviewed and qualified for CDF-type assistance by the World Bank and subsequently screened for funding under the AID program by the CDB (see Section IIIB for a detailed description of the project qualification and approval process). In all cases, projects were selected based on their contribution to the development of the economy consistent with the principal of equitable growth.

(b) Impact of Assistance

In evaluating the impact of AID's CDF program to date, two major issues must be examined: (a) the impact of AID resources at the level of the development projects being partially financed by CDF and (b) the progress individual countries are making in terms of their overall economic performance supported by the CDF program.

* The term Less Developed Countries (or LDCs) in this context refers to Belize and the island states of the Eastern Caribbean, including Antigua, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia and St. Vincent.

TABLE II

**SUMMARY DISBURSEMENTS FOR MDCs BY COUNTRY AND PROJECT:
CDF I, II AND III
(US\$000's)**

<u>COUNTRY</u>	<u>PROJECT</u>	<u>DISBURSEMENTS</u>
JAMAICA	Self-supporting Farmer Development (IDB)	7,078
	First Rural Development (IBRD)	7,047
	Sites and Services (IBRD)	3,880
	Small Scale Enterprise Development (IDB)	600
	Student Loan Revolving Fund (IDB)	199
	IBRD Education (IBRD)	801
	Second Population (IBRD)	2,988
	Secondary Main and Parish Council Roads (IDB)	90
	Fourth Highway (IBRD)	1,769
	Mandeville Water Supply (IDB)	434
	Montego Bay/Falmouth Water Supply (IDB)	2,236
	SUBTOTAL	27,122
BARBADOS	Industrial Estates (CDB)	400
	Oistins Fisheries (EDF)	521
	Samuel Jackman Prescod Polytechnic (IDB)	1,745
	IBRD Education (IBRD)	2,462
	Bridgetown Sanitary Sewerage (IDB)	2,350
	SUBTOTAL	7,478
GUYANA	West Demerara Roads (IBRD)	1,240
	Tapakuna Irrigation (IBRD)	5,155
	Mahaica/Mahaicony/Abary Drainage (IDB)	9,305
	IBRD Education (IBRD)	700
	SUBTOTAL	15,400
	TOTAL	50,000

(i) Project-Level Impact

Prior to the preparation of the PP for CDF III, a detailed evaluation of CDF I and II in the MDCs was undertaken to assess the impact of the program, including at the subproject level. That evaluation and subsequent discussions with the governments and the prime donor (principally the World Bank and IDB) indicate that without AID's support through the CDF program, the pace of implementation of other donor projects would have been retarded.

Lower rate of progress on project implementation obviously would delay the realization of benefits under a project. In addition, delay at the project level frequently contributes to cost overruns and resultant decreases in the economic impact of projects.

The AID program has helped governments maintain the pace of project implementation related to the availability of local currency. In Jamaica, Barbados and Guyana, Ministry of Finance and project level officials repeatedly cited the shortage of local currency counterpart as a chronic problem. While AID's CDF program could not cover the total local currency demands of all qualified projects, its availability unquestionably made a substantial contribution to the efforts of those governments.

(ii) Macroeconomic Impact

Based on available evidence, AID's CDF program has achieved its objectives at the project level. At the macroeconomic level, the U.S. Government's support for Barbados and Jamaica at the CG sub-group reviews and pledge of continued assistance has facilitated the overall support of the donor community for the two countries. Consequently, substantial external assistance has been mobilized. To the extent that this assistance has been employed for local cost financing, the assistance has had a significant positive impact on the balance of payments, making scarce foreign exchange available for high priority imports.

However, the most significant contribution that CDF assistance has made at the macroeconomic level lies in its promotion of sound economic performance on the part of recipients. For the most part, the economic performance of Barbados and Jamaica is good, a development that has been encouraged by the CDF mechanism. CDF assistance can be viewed as an essential ingredient in a CG-supported stabilization and growth program. Structural adjustment measures are often politically difficult. Nonetheless, they are essential for economic growth and equity considerations. Moreover, CDF funds are essential to the implementation of development projects in public sector investment programs whose progress might otherwise be interrupted in the name of structural adjustment.

B. Project Strategy

1. Regional Assistance Program

AID assistance to the CDF program is a vital component of the U.S. Government's development objectives in the region and is critical to maintaining our leadership role within the Caribbean Group. The regional assistance approach adopted for the CDF program has had two objectives. First the significance of our assistance through the program has enhanced the effectiveness of the CG and our role within it. As stated by AID's Administrator McPherson in his address before the Fourth Meeting of the Caribbean Group in June, 1981:

The work of the Caribbean Group and its Ad Hoc Advisory Committee is invaluable. It provides a context for sensitive and crucial development problems of the Caribbean. Within this context, donors and recipients can deal with issues in a professional and cooperative way. In many respects this is a unique experiment in development cooperation.

AID's participation in the CDF underscores our intention to link economic performance based on sound public sector policies with eligibility for CDF resources. During the most recent CG meeting, we were able to use our leadership position within the CG to again emphasize the importance we attach to the private sector as the primary engine of economic growth.

The second overall objective of our regional approach to CDF has been to broaden the role and resource base of the Caribbean Development Bank thereby strengthening a leading Caribbean institution and its ability to address Caribbean economic problems. Choice of the CDB flows from its sponsorship of the Caribbean Group and its role as one of the key multilateral institutions which review country economic performance to certify eligibility for receipt of CDF-type assistance. In addition, CDB has provided a cost effective mechanism for the management of CDF resources, including qualification of development projects to be supported by CDF, the review and approval of country reimbursement requests and maintaining effective contact with ministries of finance to keep CDF funds moving efficiently.

2. CDF IV Strategy

Despite changing circumstances, the under-

lying rationale for AID assistance to CDF through the CDB remains valid for the proposed project. As noted above, AID's assistance to the CDF is meeting the objectives which were established when the first CDF loan was made.

During the past year, the deterioration of the economic performance of the Government of Guyana, the increased commitment of Jamaica to private sector² lead growth and the softening in the economy of Barbados are events which must be reflected in our current strategy vis-a-vis the CDF program.

As discussed under Section IVB, RDO/C is not recommending that Guyana receive any additional AID resources under the CDF program at this time. If subsequent events indicate a substantial and demonstrable turn around in the policies and performance of the Government of Guyana, RDO/C will consider requesting an amendment in the CDF IV authorization to add financing for that country. However, such a request will only be made following full consultation with the key donors of the CGCED and a review of the situation with AID/Washington and USAID/Guyana.

The recommended inclusion of both Jamaica and Barbados is in response to their clear requirements for continued CDF-type assistance and their implementation of a sound economic program, including the full participation of the private sector. RDO/C believes the level of assistance proposed for each country is appropriate within the constraints of our overall FY82 budget.

In addition to the aforementioned economic events, the announcement of the Caribbean Basin Initiative (CBI) and the expressed need to augment our regional assistance program with selected initiatives undertaken on a bilateral basis were considered as part of the Embassy and RDO/C review of the CDF IV program. In terms of the CBI, it was concluded that the continued provision of CDF-type resources filled an essential assistance requirement in Jamaica and Barbados. However, the question of whether to continue to channel CDF resources through the CDB was analyzed at some length. Although a bilateral program has identifiable political advantages, it was decided that the regional approach was the most appropriate for the FY82 project for several reasons. First, the leadership role of the U.S. within the CG continues to be well served by the current structure of the AID/CDF program. Second, RDO/C considers the continuation of its relationship with the CDB to be of continuing importance.

The regional approach to CDF through the CG also affords the U.S. leverage in promoting the CBI, particularly the private sector aspects of the initiative. Finally, by working to enhance the recognition of U.S. assistance to Jamaica and Barbados through the CDF program, (see Section V A below) the political benefits for the U.S. of the regional approach can be enhanced.

III. PROJECT DESCRIPTION

A. Goal and Purpose

The goal of the Project is to contribute to long-term economic growth with equity in the English-speaking Caribbean.

The purpose of AID project is to assist the participating governments of the English-speaking Caribbean More Developed Countries (MDC's) to maintain adequate levels of development investment by providing resources needed to carry out essential donor-assisted socioeconomic projects. In reviewing assistance needs of the region, the World Bank has identified a significant number of existing or new projects which require a recipient country counterpart contribution which cannot be provided because of limited domestic resources. The participating countries, in turn, will have committed themselves to the Caribbean Group (CG) to undertake self-help measures reflected in medium-term economic programs in support of financial stability and long-term growth.

B. Detailed Project Description

The Project will consist of the provision of development assistance to finance programs of economic stabilization and growth in participating countries of the English-speaking Caribbean. The funds will be made available through a loan to the Caribbean Development Bank (CDB), which will on-lend to participating member governments to finance the local currency costs of eligible other donor-assisted projects.

1. Subproject Selection Criteria

To be eligible for financing under the CDF program, projects are reviewed under a variety of criteria. First, projects must be included in the list of existing and potential donor-assisted projects which the World Bank has identified for each country. These projects were developed on the basis of field trips and discussions with host country officials as to their appropriateness and suitability for external donor financing.

From that global list of CG-reviewed external donor projects, three categories of projects were immediately excluded from consideration under the CDF program: projects supported by non free-world

sources, projects sponsored by foreign banks, and projects which were self-financing.

In order to ensure that only sub-projects which are consistent with AID's legislative mandate are financed under the CDF program, including CDF IV, a set of criteria has been established for selecting projects from the relatively lengthy list of possible projects developed as discussed above. These criteria serve as a guide to the CDB for certifying as eligible projects of member countries which have qualified for Caribbean Development Facility assistance on a preliminary basis. Because AID will not undertake a review of individual development projects, the intent of these criteria is to assure that the projects financed from subloans made by CDB will be consistent with AID's legislation.

Projects eligible for AID financing would have to meet the following criteria:

(a) Sponsored by an external free-world donor other than AID.

(b) Limited to financing costs of locally available goods and services.

(c) Projects must fall within the following sectors:

(i) Food and Nutrition projects including: agriculture, livestock and dairy, fisheries, forestry, marketing and credit services, rural community development and rural infrastructure, e.g. irrigation, feeder roads.

(ii) Education and Human Resources Development projects including: formal and non-formal education, manpower training and placement, public administration and human resources planning.

(iii) Health and Population projects including: projects to reduce the rate of population growth or to foster improved health, disease prevention and environmental situation.

(iv) Special Development Assistance including small-scale enterprises and

self-employment, urban development programs involving labor-intensive industrial enterprises, appropriate technology, non-conventional energy production and conservation, environmental protection, and development research.

(d) Projects receiving AID funds must be designed to have a significant impact upon the poor in the recipient country. The poor are here defined' as including all those whose income falls below the 50th percentile in a country's income scale. Benefits may include direct and indirect benefits.

(e) Projects promoting production and marketing of sugar, palm oil and citrus will not be financed.

(f) Procurement for all projects would be limited to free world origin (AID Geographic Code 935).

2. CDF IV Subprojects

As part of the semi-annual site visit process in Barbados and Jamaica, potential projects were identified for inclusion under CDF IV. A list of those projects including estimates of required financing for the period October 1, 1981 to March 31, 1983 are contained in Table III. Of the total of approximately \$30 million identified, all the projects for Jamaica received financing under earlier CDF loans; in Barbados two of the six projects were previously financed. Quarterly projections are contained in Annex VII.

Prior to inclusion of projects which were not previously financed under CDF, the CDB must certify a project as eligible for financing. To certify eligibility, CDB must do the following:

(a) determine that the project is within the CG-approved investment program and is consistent with AID's legislative mandate;

(b) obtain certification of current economic, technical, and financial feasibility prepared by the prime donor;

(c) obtain prime donor certification that the project will not cause a significant adverse impact on the environment.

TABLE III

PROJECTED LOCAL COSTS FUNDING REQUIREMENTS
FOR PROJECTS PROPOSED UNDER CDF IV
PERIOD COVERED 9/1/81 - 3/31/83
(US\$000)

<u>COUNTRY</u>	<u>PROJECT</u>	<u>CATEGORY</u>	<u>ESTIMATE</u>	<u>DONOR</u>
<u>Jamaica:</u>				
	1st Rural Development	ARDN	8,794	IBRD
	Fourth Highway	ARDN	5,864	IBRD
	Sites and Services	SD	830	IBRD
	Mandeville Water Supply	SD	<u>7,460</u>	IDB
	SUBTOTAL		22,948	
<u>Barbados:</u>				
	IBRD Education	EDU	3,213	IBRD
	Oistins Fisheries	ARDN	1,500	EDF
	Rural Development	ARDN	808	IDB
	Springhall Land Lease	ARDN	105	CDB
	Scotland District	ARDN	210	IDB/EDF
	Industrial Estates	SD	<u>1,560</u>	IBRD
	SUBTOTAL		7,396	

TABLE IV

PROJECTED LOCAL COST FINANCING
BY FUNCTIONAL ACCOUNT
(US\$000)

<u>COUNTRY</u>	<u>ARDN</u>	<u>SD</u>	<u>EDU</u>	<u>TOTAL</u>
Jamaica	14,658	8,290	-	22,948
Barbados	<u>2,623</u>	<u>1,560</u>	<u>3,213</u>	<u>7,396</u>
TOTAL	17,281	9,850	3,213	30,344

For projects which have been financed under prior CDF loans, CDB will obtain a current financial plan for the overall project and estimates of the projected disbursements under CDF IV from the prime donor and/or participating country. In addition, AID will reserve the right to request a revised certification of continued project feasibility from the prime donor on a case-by-case basis.

3. Financial Plan

Given FY82 funding availability and the requirements of Barbados and Jamaica, the following financial plan is proposed:

	<u>Allocation</u>			
	(in \$'000)			
<u>Country</u>	<u>FN</u>	<u>EDU</u>	<u>SD</u>	<u>Total</u>
Jamaica	3,000	-	4,000	7,000
Barbados	1,000	2,800	1,200	5,000
	<u>4,000</u>	<u>2,800</u>	<u>5,200</u>	<u>12,000</u>
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Based on an analysis of subproject financing requirements, RDO/C requests that the effective date of CDF IV be October 1, 1981 and extend through March 31, 1983.

It should be noted that the projected demand for funds in Barbados is very close to the requested level to be provided under CDF IV. The Mission has worked very closely with the GOB Ministry of Finance and the involved implementing institutions to assure that all CDF IV funds can be disbursed within the requested time frame. The very stringent GOB investment budget for its 1982 Fiscal Year (April 1982 - March 1983) means that for several projects, CDF IV will provide most or all of the projected counterpart expenditures. Clearly, without CDF, the GOB would have to severely curtail work under several of these projects.

The terms of the AID loan to the CDB are 20 years repayment, including a 10 year grace period; interest will be 2% during the grace period

and 3% thereafter. CDB will relend funds to Barbados and Jamaica for approximately 20 years with a 10 year grace period at an interest rate of 4% per annum.

The interest rate of 4% is the established rate at which CDB lends to member countries. CDB will utilize the earnings generated from the differential between its borrowing and lending interest rates (2% during the AID loan grace period and 1% thereafter) for the following purposes:

(a) To finance administrative costs of the Project. The sum allocated for such costs will be determined by CDB.

(b) To increase its reserves; once sufficient reserves have been accumulated, CDB and AID will discuss from time to time the use of reserves to provide technical assistance to member countries, to strengthen CDB's own technical capabilities, and/or finance common services provided by regional or sub-regional organizations.

IV. PROJECT ANALYSIS

A. Institutional Analysis: The Caribbean Development Bank

1) The Institution

(a) Legal Identity, Objectives and Functions

The Caribbean Development Bank is a regional development finance institution with full juridical capacity.

Its current membership includes eleven independent countries, one associated state and four crown colonies of the English-speaking Caribbean plus Venezuela, Colombia, the United Kingdom and Canada. ^{1/} Venezuela and Colombia have not borrowed from the Bank and Trinidad and Tobago hasn't borrowed in recent years. Canada and the U.K. are non-borrowing members. Anguilla (formally associated with St. Kitts/Nevis) and Mexico have been accepted by the Board of Governors as members of CDB, but have not yet completed all the formalities required for membership.

The Agreement establishing the CDB was signed October 18, 1969 and entered into force January 26, 1970. The purpose of the CDB is to contribute to the harmonious economic growth and development of the member countries in the Caribbean and to promote economic cooperation and integration among them, having special and urgent regard to the needs of the less developed members of the region. To accomplish this objective, it assists regional members in the coordination of their development programs, provides technical assistance and participates in the financing of development-oriented projects and programs. It also seeks to mobilize financial resources inside and outside the region by promoting capital markets within the region and promoting locally controlled financial institutions. In fulfilling its functions, the CDB cooperates with national, regional and international organizations or other entities concerned with the region.

^{1/}- Regional Borrowing Members: Antigua, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Trinidad & Tobago, Turks & Caicos Islands, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent.

The financial operations of the Bank are of two kinds: (a) ordinary operations and (b) special operations. Ordinary operations are financed from the CDB's share capital and the proceeds of loans raised in capital markets or borrowed from other non-concessional sources to be included in the CDB's Ordinary Capital Resources (OCR). Special operations are financed from the Special Development Fund (SDF), and other Special Funds (OSF), made available to the Bank on favorable or soft terms for on-lending to socio-economic projects at low rates of interest and long term repayment periods.

In addition to the provision established by the Agreement, which contains a number of operating limitations designed to safeguard the CDB's financial soundness, the CDB has a set of financial policies and a set of rules which govern the operation of the Special Development Fund. The CDB can contribute to the finance of public and private projects related directly to productive enterprises and to infrastructure and services which contribute to productive enterprises. The CDB will not lend money to finance budget deficits or balance of payment deficits, purchase equities, working capital, or purchase of land. Priority is given to investments in agriculture, livestock, fisheries, forestry, marketing, manufacturing, mining, tourism, transportation, housing (low and lower middle income), student loans and infrastructure and services related to the development of those sectors of the economy. High priority is given to the financing of regional projects.

(b) Organization and Administration.

The CDB Organization Chart is presented as Annex XII. The Board of Governors is the highest policy making body and is constituted by representatives from each member country: seventeen (17) in total. The Board of Governors meets annually and its voting power is roughly proportional to the number of shares subscribed with a slight weighting in favor of those member countries classified as LDCs. All the power of the Bank is vested in the Board of Governors which may delegate its power to the Board of Directors except on certain matters, such as admission of new members, change in capital stock,

election of Directors and President, amendment of the Charter and termination of operations. The Board of Directors is composed of eleven (11) members appointed for renewable two-year periods. The non-regional members are represented by two of the eleven Directors. The Board is responsible for general policy and the direction of operations, approval of the administrative budget, and submission of financial statements for the Board of Governors' approval. All loans, guarantees and long term investments require the approval of the Board of Directors.

The President is the head of the administrative and operational staff, assisted by a Vice-President. He is responsible for the organization and operation of the CDB, including appointment of staff. He serves for a five-year period and may be re-elected. The CDB is organized under five Departments with Directors of Departments reporting directly to the President. The operational Department is the Projects Department. The support Departments are the Secretary's and Administration, Finance, Legal and Economic and Programing. Reporting to the Director of the Projects are four Deputy Directors with responsibility for the following Divisions: (a) Agriculture; (b) Industry and Development Finance Corporations; (c) Infrastructure; and (d) Project Design and Analysis. Reporting to each Deputy Director are a number of Assistant Directors reporting to the Department Director.

(c) Personnel.

As of December 1981, the CDB had a total of 213 staff of which 99 were professionals. Training for all levels of staff continued throughout the year with attachments to the World Bank or attendance at BIMAP courses. Twenty-seven of the professionals are on secondment or being paid by institutional agencies or governments.

2) Financial Situation

The authorized capital of the Bank as of December 31, 1980 expressed in current dollars is \$281,616,000 comprising callable shares of \$201,315,000 and paid up shares of \$80,301,000.

The callable shares are subject to call as and when required by the Bank to meet obligations incurred in Ordinary Capital Resources (OCR) operations. The paid up shares are payable by installment. The CDB conducts two types of financial operations: Ordinary Capital Operations (OCR) and Special Funds Operations (SDF). The latter in fact consists of several separate funds. Each type of fund must be kept separate according to the Bank's Charter and is expected to generate sufficient income to cover administrative and operational costs. The Charter provides in Article 12 that the Bank's liability in relation to the operation of any special fund shall be limited to resources appertaining to that special fund. Thus the full faith and credit of the Bank does not stand behind repayment of this loan.

Net income from OCR operations, before deducting the contributions to Special Reserves, amounted to \$2.433 million in current dollars for the year ended, December 31, 1980. In spite of an increase in gross income a reduction in the net earnings resulted due mainly to an increase in charges on borrowings. The total resources of the Bank, including all funds, as of December 31, 1980 stood at \$402.6 million an increase of \$25 million over the previous year. Gross approvals of loans, contingent loans, equity and grants totalled \$45.4 million in 1980 as compared with \$92.1 million in 1979. This is a reflection of shifted emphasis within the Bank from programming to implementation. During 1980, disbursements including the purchase of mortgages reached the figure of \$55.6 million as compared with \$33.2 million the previous year. Cumulative financing including grants for the decade ending 1980 amounted to \$309.3 million of which \$175.7 million or 56% went to the LDCs.

B. Economic Analysis

1. Country Assessment

(a) Barbados

(i) Overview

At last June's CGCED sub-group meeting, Barbados was cited as an outstanding model for development for not only other Caribbean states but also

less developed countries in other regions in the world. Its responsible and innovative economic management was uniformly praised. The country had

- attached the highest priority to the development of efficient foreign exchange earning activities, particularly light industry and tourism;

- encouraged the development of the private sector by maintaining over long periods well designed and managed policies, especially the development of a sound economic infrastructure;

- managed soundly its public finances and adopted well-conceived public sector investment programs;

- adopted a positive attitude toward the need to increase economic collaboration within the region and with the rest of the world;

- stressed education, especially vocational education;

- diversified its economic base to limit its vulnerability to the vagaries of international economic developments and weather; and

- attracted foreign investment through the maintenance of a remarkably free regime.

The sound economic management, together with political stability unrivaled elsewhere enabled the country to grow at an annual rate of nearly 6 percent over 1976-80, a record matched by few other less developed countries.

The Barbadian delegation, however, noted that prospects were not good for 1981 as tourist arrivals had commenced to fall and global sugar prices were down. These grim predictions were not unfounded. For the year, the country recorded negative real growth and preliminary estimates suggest that 1982 also will be a "no growth year." External factors such as higher oil import prices and the ensuing global recession as well as problems of a domestic origin, in particular in the sugar industry, contributed to the economic decline.

Output of sugar--the island's most important agricultural commodity, as well as tourism and manufacturing, was off; the only sector that advanced was construction.

Foreign exchange losses in the sugar sector totalled, at a minimum, \$20 million in 1981, and this year's outlook is equally bleak. The sugar industry, whose long term viability is being threatened by among other things the development of high fructose corn syrup, was battered by a number of serious production problems, including industrial action, labor shortage, illegal burning of canes, and unseasonal heavy rainfall, which combined to cut sugar production by 30 percent to 94,000 metric tons last year. Moreover, according to preliminary estimates prepared by the Barbados Sugar Producers Association, output may be even lower this year. The industry also has been affected by adverse output prices. Barbados sells a substantial portion of its sugar to the European Economic Community at prices quoted in terms of the European Currency Unit (ECU)--a basket of Western European currencies. However, Barbados's currency is pegged to the U.S. dollar and the U.S. dollar has appreciated more than 20 percent against the ECU.

In the tourist sector (the island's most important), arrivals for 1981 were down 5 percent. Consequently, in spite of price increases, tourist expenditures were down in real terms last year. The sector, however, is likely to receive a boost this year from President Reagan's April visit.

Output in the light industry sector also declined, falling 4 percent. In the previous six years, growth had averaged 8 percent.

These setbacks have had an acute adverse impact on the balance of payments. International reserves failed to register their usual rise in the first six months of last year and began to fall off rapidly in the second half of the year forcing the government to draw heavily on its international credit lines, including securing a 30 million Eurodollar market loan. For the year, reserves declined roughly \$25 million.

The worsening in the balance of payments is also attributable to a one-third drop in domestic production of oil; Mobil (the oil concessionaire) concentrated last year on exploration rather than production. In 1980, the country had been able to produce roughly 20 percent of domestic consumption requirements locally. Mobil, however, is planning to step up production this year.

Public sector finances also weakened considerably. For 1981, the government's overall deficit nearly tripled, reaching almost \$90 million the highest on record. Capital expenditures increased significantly as the government pressed ahead with its major investment program, and outlays on wages and social services rose. As for revenues, they fell in real terms.

The only good news was some slowing in inflation especially over the latter part of the year. The strengthening of the U.S. dollar against Western European currencies meant that imports from these countries were cheaper.

(ii) Policy Responses

In response to these economic difficulties, Barbados has introduced a number of reforms in the areas of fiscal and monetary policy. The overall thrust of these reforms has been contractionary rather than expansionary. Given the country's poor growth record in 1981, one might have anticipated the use of an expansionary economic policy. However, Barbados's small size meant that the external shocks had a serious negative impact on the island's foreign exchange position, requiring the adoption of contractionary policies. Contractionary policies would curb domestic demand, thereby reducing consumer goods imports, while the reduced inflationary pressures resulting from the program would enhance the export competitiveness of domestically-produced goods. Moreover, if the program were to produce higher interest rates, capital inflows would be encouraged.

a. Monetary Policy

The Central Bank's initial attempt to deal with the acute foreign exchange scarcity came with the announcement last January 1 of a program of monetary restraint.

- Credit demand was to be restricted by the raising of the prime and average lending rates of banks to 11 and 12 percent, respectively.

- The ceilings on the growth of credit provided by banks to the personal and distributive sectors were to be maintained.

- Commercial bank borrowings from the Central Bank were to be limited by the increase in the discount rate from 7 to 10 percent.

- Central Bank credit for the marketing of sugar was to be limited to \$25 million.

- Personal savings were to be encouraged by lifting the minimum rate that banks pay on deposits from 5 to 7 percent.

Monetary restraints were further tightened in September through a new program that could only be described as punitive. Included among the measures were (a) an almost unheard of discount rate increase of 8 percentage points to 18 percent, (b) the requirement that banks reduce personal and consumer installment credit outstanding by 10 percent over March levels with credit for distribution and miscellaneous items frozen at present levels, and (c) the increase in bank reserve requirements to 25 from 20 percent. This was followed by an October announcement that the discount rate would be increased still further to 22 percent.

b. Fiscal Policy

To help shore up its public finances and to complement the policy of monetary restraint, Barbados is adopting a program of fiscal austerity. The program, seeks to reduce expenditures and raise more tax revenues.

In the most recent moves, the government (a) has frozen civil servant employment; (b) will not fill vacancies; (c) done away with study leave; and (d) has all but put a lid on capital projects.

Substantial capital outlays have contributed significantly to the country's fiscal problems. Capital expenditures, which totalled more than \$90 million last year were almost twice that of the preceding year, the largest increase ever recorded. The large increase resulted from widespread cost overruns superimposed on a large capital program. The cost overruns were, in large part, attributed to (a) bad weather and (b) serious cost underestimates.

The GOB's FY82 budget will reflect stringent controls on new capital expenditures. For example, without CDF IV resources, the government will not begin any new construction of schools under the IBRD Education Project and generally will stretch out implementation to spread immediate budgetary demands.

Current revenues are now projected to increase about 16%, while current expenditures would grow 10% and capital expenditures would decline 16.5%. As a result, a surplus of \$12.7 million, or 1.2% of GDP, is envisaged for FY82 and the overall deficit would decline from 8.8% of GDP in FY81 to 5.1% of GDP in FY82/83. Given this situation, CDF resources have a crucial role to play in maintaining the pace of implementation of qualified projects.

(b) Jamaica

The election of Edward Seaga and a return to a free market orientation is providing optimism that the Jamaican economy can be turned around after one of the deepest and most prolonged slumps recorded by any country. Already, Prime Minister Seaga has introduced a number of key economic reforms, reforms that were acclaimed by participants in Caribbean Group discussions held last year. A special "friends of Jamaica" meeting had been convened in March and a regular sub-group had taken place at the annual Caribbean Group meeting in June.

Through promotion of donor confidence, these reforms have served to mobilize substantial external flows for the country. In addition to the arrangement of a \$500 million IMF Extended Fund Facility (EFF) agreement, more than \$400 million in external assistance has been extended to the country over the past year.

The former government's chaotic economic management, radical rhetoric, and hostility to the private sector had left the economy in tatters. Real GDP fell roughly 15 percent in 1974-80, with real per capita GDP declining by more than 22 percent. By year end 1979, unemployment had risen 11 percentage points to 31 percent before falling back to 27 percent last year. A number of economic difficulties had arisen during the Manley regime, resulting from (a) a precipitous decline in private investment, (b) the bauxite levy, (c) a series of budget deficits financed, in part, by borrowing from the commercial banking system and money creation, (d) the sharp drop-off in tourism, (e) the mass exodus of professional, managerial and skilled personnel, and (f) an extensive system of import restrictions.

The lynchpin of Seaga's economic policy thrust has been the revival of the Jamaican private sector. The government already has taken a number of steps to encourage free enterprise including:

- The government has begun to seek private sector management or ownership of a number of public sector hotels and corporations.

- It has moved to relax price controls and to simplify import licensing procedures for some types of goods.

- A special investment promotion unit has been established which has helped to forge a direct link between the U.S. and Jamaican private sectors through the U.S. Business Committee on Jamaica with similar committees established in Canada and the U.K. The unit already has secured 408 investment proposals worth more than \$600 million, although progress has been slow in developing these proposals.

New measures also were introduced to promote expansion of the various economic sectors. Especially significant were those undertaken to promote the tourism and agricultural sectors, which along with the mining sector (alumina and bauxite) are Jamaica's most important. The government sought to boost tourism through (a) the arrangement of leases with private operators for public sector hotels, (b) the launching of an intensive publicity campaign in the major tourist markets, most notably the U.S., (c) the negotiation of a protocol whereby American conventioners would be able to deduct business-related convention expenses for U.S. income tax purposes, and (d) the refitting of Air Jamaica's fleet and expanding the fleet's service to the U.S. As for agriculture, several steps have been taken to promote production, including (a) commencing to put in place the foreign exchange financing required for an adequate supply of raw materials, spare parts, and new farm machinery, (b) reorganizing the agricultural sector, (c) expanding incentives for investment in the agricultural sector, (d) eliminating the monopoly powers enjoyed by the national export marketing organizations, and (e) starting to unburden the major commodity organizations--the National Sugar Company and the Banana Company of Jamaica--of some of their social welfare responsibilities.

The government has made substantial strides in strengthening the public finances and the strong likelihood exists that it will meet the targets established under the IMF/EFF agreement with respect to the size of both the (a) budget deficit and (b) government borrowing from the domestic banking system. Stricter tax collections, including the collection of outstanding arrears, produced a 23 percent increase in tax revenues last year, while expenditure were held in check through controls, including an agreement with public sector workers for a 9 percent per annum average wage increase over 1981/82. With expenditures down and revenues up, the government no longer is borrowing from the banking system. In fact, repayments of roughly \$20 million were made. A reduction in borrowings from the banking system allows the banks to better service the private sector. Moreover, the government last year did not rely on money creation and its attendant inflationary consequences for financing the deficit;

the year before heavy reliance had been placed on such financing.

Remarkable progress also was made in reducing inflation. Inflation fell off from nearly 30 percent in 1980 to single digit levels because (a) reduced government spending, (b) relaxation of import controls, and (c) the strengthening of the U.S. dollar, to which the Jamaican dollar is pegged, vis-a-vis currencies of Western European countries.

In spite of the reforms initiated by the Seaga government, the country was hard pressed to grow in real terms in excess of two percent last year. The after effects of the policy excesses of the Manley government, as well as the massive OPEC oil price hikes of 1979/80, the ensuing global recession, and declining output prices for the country's most important agricultural exports, contributed to the disappointing performance. Nonetheless, the two percent increase represents the first such increase since 1973.

Activity in the tourism, manufacturing, agricultural and mining sectors was sluggish.

- The tourism sector was hit hard by (a) the adverse publicity arising from the violence during the election, even though violence has largely subsided, and (b) the recession in the West. According to preliminary indications, arrivals fell again last year; they had declined 7 percent in 1980.

- The mining sector--bauxite and alumina--was especially hard hit by the global recession; the sector had been counted on to lead the economic resurgence. Anticipated increases in investment flows were not forthcoming. For instance, the decision by one foreign investor to not proceed meant a drop in net investment flows of at least \$20 million in 1981. On the other hand, the sector should receive a boost from the U.S. decision to purchase bauxite for its strategic stockpiles.

- In spite of government efforts to encourage the agricultural sector which has much untapped potential, agricultural production did not increase substantially last year.

Many of the reforms came on line too late to have a significant impact on last year's output. Moreover, the banana and sugar industries were hit hard by the strengthening of the U.S. dollar against major Western European currencies. For its part, sugar was also affected adversely by lower global commodity prices.

While increased foreign exchange had been made available for raw materials and capital goods, output in the manufacturing sector, accounting for 16 percent of GDP, rose little; it depends heavily on economic activity in the other sectors, and these sectors performed sluggishly.

The disappointing performance of the Jamaica's key exports--bauxite and alumina, bananas, sugar, and tourism--has meant that balance of payments difficulties persist although it successfully met its December IMF targets.

(c) Guyana

Guyana, with a per capita GDP of \$690 that ranks among the lowest in the Caribbean, continues to stagnate. The country's severe structural economic difficulties appear to be the most significant cause. With the support of an IMF Extended Fund Facility agreement (EFF) and an IBRD Structural Adjustment Loan (SAL), Guyana had commenced to make requisite reforms. The country's efforts, however, now appear to be backsliding.

(1) Economic difficulties

Guyana's overall economic performance continues to be hampered by a number of severe structural difficulties. These include (a) the mass exodus of skilled labor and entrepreneurs, (b) some of the most stringent import controls adopted anywhere, which contribute to a lack of spare parts, (c) an elaborate system of administered prices which impedes the efficient allocation of resources and encourages the development of "black markets", (d) excessive government spending--central government spending as a percent of GDP--totals roughly 65 percent, which is crowding out private sector activity, and (e) labor unrest.

In addition to the above difficulties, the various economic sectors, the most important of which are sugar, rice and bauxite, are encountering problems of their own. The sugar industry is troubled by (a) economic inefficiency associated with government control of sugar output--85 percent of cane output is grown on large estates of the Guyana Sugar Corporation, (b) outdated machinery, (c) inadequate irrigation, (d) the presence of rust and smut disease and the consequent use of lower yielding, smut-resistant varieties, and (e) unfavorable long-term marketing prospects. Rice, which is grown mainly on small to medium size farms by a large number of independent farmers, is suffering from the use of poor varieties, outdated cultivation techniques, and deteriorating irrigation facilities. As for the bauxite industry, it is experiencing technical breakdowns which on occasion disrupts production for fairly long periods.

(2) Guyana and the IMF

In 1980 Guyana entered into a \$130 million Extended Fund Facility Agreement with IMF. As a consequence of the agreement Guyana adopted a number of structural reforms including:

- work on several important investment projects, which had been either suspended or delayed in 1978 and 1979, resumed at a much faster pace;
- the system for monitoring the performance of the economy, especially the public sector, was strengthened;
- a reorganization of the central government administration began to be implemented through a policy of regional decentralization designed to eliminate duplication of services, thereby reducing costs;
- considerable managerial reorganization of the public corporations was effected, and more appropriate systems of financial control and accountability were instituted;
- some progress was achieved in improving the operations of the electricity corporations, both from a technical and a financial point of view;
- headway was made in resolving major technical and managerial problems in the bauxite sector, partly through the hiring of foreign expertise;
- steps were taken to relieve production bottlenecks in the bauxite, sugar, and rice sectors by increasing the availability of spare parts, tractors, and other machinery and by improving procurement and distribution procedures;
- some price controls regarded as disincentives to production were lifted and certain consumer subsidies were reduced.

Guyana, however, failed to meet some of the most critical targets established in the EFF Agreement, as some of the country's economic sectors failed to perform as well as expected. The most significant of these targets included those relating to the restraint of credit to the public sector. Consequently, the country's drawing rights were interrupted in January, 1981 after approximately \$90 million of the \$130 million EFF was disbursed.

During the first half of 1981, Guyana continued its dialogue with the IMF to reinstate its drawing rights. To secure IMF support, Guyana announced a new reform package in June, 1981 and requested that the IMF increase the EFF Agreement to \$200 million. At the Guyana subgroup meeting of the CGCED, the Inter-American Development Bank, Canada, France and Japan reacted favorably to Guyana's announcement and indicated that they would provide financial support for Guyana.

The most important features of the reform package consisted of a 15 percent devaluation of the Guyanese dollar, a tax increase equivalent to some 2 percentage points of GNP, an intensification of efforts to improve tax administration, and some reductions in subsidies and other current expenditure of the central government. In light of this new policy package and the reforms made last year, the IMF approved the Guyanese request for increased funding under the EFF, reinstating the country's drawing rights.

(3) Performance on 1981

According to preliminary indications, Guyana's national output probably decreased last year. The country had recorded a real increase in GDP of two percent in 1980, after a 10 percent decline in 1977-79. Difficulty in securing mandated capital imports, especially in the latter portion of the year when the lack of foreign exchange became acute, undoubtedly contributed significantly. The performance of the bauxite, rice and sugar sectors was disappointing.

A sugar shortfall of \$25 million was recorded even though output was up 15 percent, it was 15 percent less than projected. Moreover, export earnings were affected adversely by the precipitous drop in global sugar prices as well as the strengthening of the U.S. dollar against major Western European currencies. Guyana sells a good portion of its sugar to the European Economic Community (EEC) at prices quoted in terms of the European Currency Unit--a basket of Western European currencies--and Guyana's currency has been pegged to the U.S. dollar, although Guyana did devalue last year as part of its austerity package. Nonetheless, in spite of last year's increase in real output, production is still low by historical standards. In 1980, sugar production was down 10 percent as heavy rains hampered harvesting and lowered the sugar content of the cane. On the other hand, favorable world prices in that year allowed export earnings to rise sharply.

Rice revenues probably were up last year. Even though the spring crop, buoyed by an increased availability of tractors and other machinery, was good, overall production was essentially unchanged, standing more than 20 percent under projection. On the other hand, further sharp increases in the CARICOM prices were anticipated. Guyana sells much of its rice to CARICOM and prices negotiated with that organization tend to be somewhat more favorable than world prices. After a disastrous year in 1979, the rice sector had recovered in 1980. A relaxation of administered pricing helped boost production by more than 15 percent, and the CARICOM price increased roughly 20 percent.

Of all the sectors, the performance of the bauxite sector was the most disappointing. Foreign exchange earnings reached only 55 percent of projections. Bauxite production was depressed by, among other factors, the heavy rainfall in January and February which flooded the mines. Production of calcined bauxite was down almost 15 percent while alumina output was off nearly 25 percent. The bauxite and alumina sector had recovered in 1980. Production rose for several reasons, including (a) contracting foreign expertise to make up for staffing deficiencies in critical areas, (b) improved arrangements for securing spare parts, (c) the start-up of an accelerated mining program and (d) improved worker morale. (In 1979 production had been brought to a complete standstill for 5 weeks by a strike). In 1980, export prices of calcined bauxite, of which Guyana is the world's principal supplier, rose 27 percent while the unit price of alumina rose 33 percent.

Currently, the balance of payments are in dire straits. Foreign exchange reserves to finance imports are now measured in days rather than weeks. For instance, the \$4 million in reserves at the end of November was equivalent to two days of imports. The paucity of foreign exchange has induced a halt in the importation of some food staples and ingredients to make beer. The balance of payments had worsened in 1980. Demand policies had been relaxed in the wake of the short term stabilization program of 1978. At the end of 1980, gross official reserves were down to \$13 million, equal to one week of imports. Contributing to the deterioration were (a) substantial increases in fees paid to foreign contractors associated with the large public sector development projects, (b) increased debt-servicing requirements, and (c) a 35 percent increase in imports. Highlighting the increase in imports were a 50 percent hike in capital goods imports, mandated by the resumption of public sector investment projects, and a nearly 60 percent increase in imports of fuel and lubricants.

The public finances remain in poor shape, although the tax package announced last June is a step in the right direction. The situation is so acute that massive civil servant lay offs are

being considered. Moreover, some quasi-public entities may have to be bailed out by the Central Bank. The public finances had worsened sharply in 1980. The overall deficit of the government moved from 19 percent of GNP to 27 percent. Sharp increases in central government current and capital expenditures were responsible. For example, expenditures on goods and services rose 48 percent while interest payments on public debt increased 42 percent. Much of the deficit was financed by commercial banks, thereby limiting the amount of commercial bank funding available to the private sector.

The weak performance of the economy of Guyana and its failure to carry through on the June 1981 reform package contributed to its inability to meet any of the September 1981 performance targets set under the EFF agreement. Consequently, it has been ineligible to draw on the Facility since that time. In addition, disbursements under the \$23 million IBRD Structural Adjustment loan (approved in early 1981) also have been suspended for similar reasons. Therefore, Guyana no longer is implementing the structural adjustment program which was initially supported by the IMF and IBRD and which was accepted by the CGCED.

(d) Conclusions

Based on the country analyses outlined above, RDO/C concludes that Jamaica and Barbados should continue to receive assistance under the CDF program. The World Bank has confirmed the eligibility of Barbados and Jamaica in its letter dated February 26, 1982 (attached in Annex IX). In assessing the allocation of funds, the fiscal situation in Barbados is such that an additional \$1.0 million over CDF III's allocation of \$4.0 million is appropriate in response to its urgent budgetary demands.

In the case of Guyana, their economic performance, including apparent non-compliance with the terms of its EFF Agreement and Structural Adjustment loan has been less than satisfactory. At this time, no funds are requested for Guyana.

2. Project Economic Rationale

The economic benefits flowing from this project derive both from the specific subprojects being funded and from the impact of the project as a whole on national economies. The macroeconomic and microeconomic benefits are outlined in the following sections.

The description of the national MDC economies makes clear their vulnerable position, both internally with regard to such items as central government finances, employment, and public sector investment programs, and externally with regard to export possibilities, the balance of payments, and future terms of trade. The fourth AID tranche to CDF, when combined with the international assistance it facilitates, can have a significant impact on these endogenous and exogenous variables.

(a) Macroeconomic Impact

The first major macroeconomic impact is on public sector investment programs. The AID/CDB loan of \$7 million to Jamaica, and \$5 million to Barbados will have a leveraging impact on public sector investment.

First and foremost, CDF resources permit the participating governments to maintain levels of investment for specific development projects which otherwise could not be sustained. While under past programs the most extreme budgetary pressure was evident in Jamaica, recent events in Barbados underscore the crucial role CDF resources can play.

The second major macroeconomic impact is the balance of payments effect. As the countries receive dollars to finance local costs, in accordance with the provisions of the Project, the governments will have badly needed foreign exchange available for high priority imports.

CDF funds will have an additional multiplier effect on the balance of payments to the extent that they enable other donors to disburse funds for local cost components of previously negotiated subprojects.

The third major macroeconomic impact will be on the prudent management of the economies of Jamaica and Barbados. AID's assistance must be viewed as an essential ingredient in a CG-supported stabilization and growth program for these countries and the Caribbean region. Sound policies for growth and stabilization are often politically difficult to maintain but are essential to the resumption or the continuation of growth with equity. CDF funding allows the maintenance of progress in development projects that are often cornerstones of sectoral public investment programs. In addition, as countries commit themselves to policies discerned by their peers as reasonable and equitable the regional spirit of self-help is strengthened.

There are other macroeconomic benefits which flow from CDF funding. AID assistance is not inflationary while alternative internal expansions of the money supply by central banks or other elements of the banking system could well push prices upwards. Additionally, the project contributes to regional cooperation by strengthening the CDB and its relationship with the MDC's.

Microeconomic Impact

At the microeconomic level, each of the sub-projects supported through CDF will have been subjected to techniques for identifying and quantifying the economic costs and benefits associated with these investments. These analyses are carried out by the prime donors, usually the IBRD, IDB, or CDB. In the case of CDF, AID relies on the work done by these institutions for evidence of the subprojects' viability. AID also, through the CDB, requires certification that the resulting flow of economic benefits will reach the target group, defined as that part of the population below the fiftieth percentile.

CDF funding is designed to maintain the rate of progress of important development projects that are part of an internationally recognized program for stability and growth.

Evidence gained through interviews with project management teams and Ministry officials in Barbados and Guyana suggests that, in the absence of CDF funding under previous tranches, the various sub-projects could not have proceeded as well as they have. In Jamaica, as mentioned, the severe shortage of government resources for all purposes makes the provision of CDF funding for local cost components of critical importance to success in achieving subproject objectives. Delays in subproject completion, of course, result in cost increases and delays and diminutions in the stream of benefits flowing to the target group. Internal rates of return are often lower in the earlier stages of subproject progress due to lumpiness of investment; as the subproject progresses, secondary and tertiary portions may raise benefit/cost ratios substantially. Therefore, delays in progress caused by shortages in local cost funds may well compromise the design of the entire subproject as well as affect its impact on the target group mentioned above.

V. Implementation Arrangements

A. Project Administration

1. The Caribbean Group for Cooperation in Economic Development (CG)

The CG provides guidance to the CDB and AID in determining the eligibility of countries to participate in the CDF program. Key to the process of eligibility is the annual review of country economic performance during the annual CG meeting in June of each year. The CDB uses the minutes of country subgroup reviews and the official statement of Chairman of the CG to evidence country eligibility.

2. The Caribbean Development Bank (CDB)

The CDB will make subloans to participating countries to meet the local costs of eligible projects. The CDB will review the lists of projects proposed for financing through the CDB in order to determine the eligibility of projects for AID financing, utilizing the criteria mentioned above. Once a list of eligible projects has been developed the CDB will request the respective prime donors to provide the following for each proposed project:

(i) a written affirmation of the economic, financial and technical feasibility of the project, together with a copy of the original loan paper or assessment document;

(ii) an updated financial plan showing the total cost of the project and the estimated CDF financing required for the initial period of CDF financing;

(iii) a description of the project and brief analysis of the direct or indirect impact of the project on the poor; and

(iv) a statement that the project was judged not to have any significant effects on the human environment or, if a significant environmental impact was identified, that satisfactory analysis of such effects has been prepared.

For projects which were qualified under previous CDF loans, CDB will request the participating country to update the projection of local currency and

foreign exchange expenditures by project for the period of effectiveness of CDF IV. On a case by case basis, AID also may request complete financial plans from prime donors and such other information regarding the projects' technical, financial, and/or economic feasibility as may be appropriate.

The CDB will review the updated financial plans of Project funds, ensuring that all funds are utilized for the purposes as agreed between the participating country and the Bank. If appropriate, the Bank may ask the prime donor to certify project expenditure vouchers or to monitor payments itself. The CDB will disburse against vouchers presented by the participating country for expenditures on eligible projects. Such expenditures as of October 1, 1981 will qualify for reimbursement. In addition, working advances of up to 60 days will be permitted.

3. The Prime Donor

The prime donor will be responsible for providing to the CDB the written statements mentioned above. The prime donors are responsible for monitoring the implementation of the projects.

4. AID Monitoring

Monitoring responsibilities for CDF are shared by several AID offices. In Washington, LAC/CAR is responsible for monitoring, evaluating and maintaining the relationship with the CGCED. This includes a determination that the U.S. Government should proceed with future tranches to this facility. IAC/DR assists in following up with prime donors to assist in the implementation of the loan. The Regional Development Office/Caribbean (RDO/C) is responsible for monitoring the overall status of sub-projects in coordination with the bilateral missions.

The primary focus of AID/CDB monitoring of subprojects is to assure the effectiveness of CDF inputs into those subprojects. AID relies on the highly professional staffs of the prime donors for subproject implementation and technical analysis. However, to facilitate an on-going awareness of the impact of CDF funding on the subprojects, an evaluation and monitoring plan has been worked out in negotiations with RDO/C, the bilateral Missions, and the CDB.

Responsibilities under this agreement are as follows:

- CDB will ensure that the prime donors (IBRD, IDB, EDF, etc.) submit project appraisal and site and inspection reports to CDB, which will be available to AID on request.
- The loan agreement between CDB and the participating governments will contain a provision specifying that the relevant Ministries will submit to CDB copies of quarterly and semester financial and progress reports which they periodically send to the prime donors. These will be available to AID on request.
- CDB, RDO/C, and the bilateral mission when appropriate, shall participate in a semi-annual review of the subprojects, in concert with the host governments. This review will be an administrative monitoring of subproject progress and will include site visits.
- RDO/C will invite comments from bilateral Missions on new projects being funded under CDF.

While the above monitoring system will provide information on the status of other donor projects which are supported by AID's CDF program, AID is not entering into a co-financing relationship with the prime donor and host country.

This close association with stipulated other donor projects is not possible within the CDF framework. First, AID has no contractual relationship with the participating country. While certain conditions are carried through to the participating countries under the terms of AID's agreement with the CDB, project-specific involvement is not established. Second, CDF funds may be financing only a portion of the projects which are eligible for financing in a particular country. Therefore, AID funds may or may not be used for the same project in consecutive years. Finally, AID funds usually do not provide all the local cost counterpart needed by a particular project.

RDO/C's monitoring of other donor projects, therefore, is limited to two major areas: (a) continue to verify that the development objectives upon which project certifications are based will be achieved and (b) monitor the overall pace of project implementation to assure that AID funds are disbursed within the PACD.

One issue has been identified as requiring significantly increased attention under CDF IV: the identification of AID as one of the sources of financing for other donor projects supported by the CDF program. While many projects have appropriate signs and conform to standard AID marking requirements, this is not the case universally. RDO/C will work closely with the CDB and participating countries to insure that adequate measures are taken to clearly identify AID as a source of financing for all projects financed under CDF.

B. Schedule of Events

The Project is expected to be authorized by early April, 1982. Upon authorization, AID will advise the CDB so that it can immediately finalize its preparations for signature by April 30, 1982. When the Agreement is signed, the Bank will finalize a preliminary list of projects as a result of its initial discussions with member governments. It will then contact the primary donors to request the necessary certification on target group impact, feasibility and environmental impact for the projects each is assisting. For those projects already approved under AID's first three CDF loans to CDB, AID will require only that CDB obtain an up-to-date financing plan. The World Bank has agreed to help facilitate prompt action on the documentation needed to meet conditions precedent from the Washington donors. Because the CDB, the prime donors, and the participating MDC's are familiar with the procedures to be utilized, no particular difficulties are anticipated. The first disbursements under this tranche are expected to begin during the fourth quarter of FY 1982.

C. Procurement

The source/origin for procurement of goods and services financed under the loan will be countries included in AID Geographic Code 941, and in the participating country in which the project is located. In fact, loan funds will be utilized to fund the local cost portion of already on-going projects which have another donor committed to finance the foreign exchange

portion. It is recognized that the projects will have existing accepted breakdowns of local versus foreign exchange cost, which were developed by the Bank and the prime donors. Given AID's rather complicated component entry rule and supplier nationality regulations, there could well be some minor variations in the way AID would break the costs down as opposed to the way in which others would. It would be impractical to attempt to finance a project using two different cost breakdowns; the one originally agreed on between the participating country and the primary donor and a different one calculated at a later date by AID. Thus, in financing projects under the loan AID will accept the breakdown of local costs and foreign exchange costs as established by the participating country and the primary donor who is financing foreign exchange costs. Provision will also be made for the untying of procurement of both loan and grant funds to the United Kingdom and Canada if they agree to untie their similar contributions for procurement in the United States. An appropriate waiver for this untying is included in the project authorization.

While projects funded under the loan will mostly involve existing contracts, any new contracts will be let on a competitive basis following the procurement procedures of the prime donor.

D. Disbursement

Disbursement will be made by AID in U.S. dollars to the CDB upon presentation of a listing of eligible expenditures under approved projects. Expenditures incurred during the period October 1, 1981 to March 31, 1983 will be eligible for reimbursement. In addition, advances may be made by AID for up to 60 days of projected expenditures. Advances may be made to each borrower and held in a central account for use by the CDB to reimburse eligible expenditures.

E. CDF Evaluation

The CDF Project will be evaluated as part of the Caribbean Development Facility. Under the Facility, annual CG subgroup reviews of country investment programs and policies will be held. The CDF working group (IBRD, IMF, IDB, and CDB) will prepare an economic analysis and recommendation for each country which will serve as the working document for the country subgroup review. The

summary of proceedings of the reviews will provide written records of the agreements reached on the economic analysis and recommendation. The country subgroup will review the effectiveness of the assistance provided through the CDF, the country's general economic performance, and the country's commitment to agreed-upon policy measures and goals. The results of these reviews will serve as a basis for the decision of whether or not to recommend donor pledges for the following year.

The U.S. Government will participate as a member of the country subgroups. A.I.D. (specifically LAC/CAR) will be responsible for coordinating the USG position in accordance with standard procedures in consultative group meetings (DA/AID Memorandum of December 19, 1977). The development of the USG position regarding continuing support of the CDF must take into account at least two considerations: (a) the extent to which the A.I.D. Project has succeeded in raising development investment levels in the English-speaking Caribbean and accelerating the implementation of donor-assisted projects; and (b) the extent to which progress has been made by CDF recipients towards executing the economic policy reforms and achieving the goals to which the countries committed themselves in qualifying for assistance through the CDF. In generic terms, these goals include:

- Increasing investment levels. This would include increasing national savings and investment as well as accelerating the implementation of priority socioeconomic development projects.
- Improved balance of payments. This would include improvement in the traditional indices, such as increasing net reserves, etc.
- Improved economic management. This would include adoption of medium-term plans and implementation of economic policies which will lead to economic stability and growth with equity.

1. Success Criteria

In developing the USG position, A.I.D. will continue to look for the following types of policy commitments and progress towards their execution by CDF recipients:

- (a) To increase domestic public savings by controlling current expenditures, improving tax yields, and placing public sector operations that can be self-supporting on a viable basis,

- (b) To prepare medium-term development plans which indicate the specific policies, measures and programs required to emerge from present difficulties;
- (c) To restimulate the private sector by establishing well-defined and well-communicated policies adequate for private sector initiatives;
- (d) To reduce domestic consumption of non-essential imported goods and to stimulate competitive enterprises relying on local materials to produce goods with an import-substitution effect;
- (e) To take actions to increase and sustain export growth, including the diversification of both products and markets;
- (f) To increase investment in the agricultural sector, placing emphasis on expanding small-farmer access to credit, markets, agricultural inputs and extension services; and
- (g) To undertake activities which promote regional integration (e.g., the establishment of common services among the LDCs).

2. Evaluation Procedures

The summary of proceedings of the CG country subgroup reviews will provide the source documents on the commitments undertaken by participating governments.

The World Bank Economic Memoranda and other reports will evaluate and document macro-economic performance. IMF consultation mission reports will also provide periodic updating of progress under the IMF agreement. LAC/CAR (with other staff support as needed) will review these documents to identify policy commitments undertaken and to monitor progress in carrying them out. Attention will be given both to policy measures aimed at financial stability of the kind sought under traditional IMF standby agreements and to policy measures directed at long-term structural changes and equity.

F. Terms, Conditions and Negotiating Status

In addition to the standard conditions and covenants associated with AID loans, the following are proposed:

1) Interest Rate and Terms of Repayment

The Bank shall repay the Loan to AID in United States Dollars within twenty (20) years from the date of the first such disbursement including a grace period of not to exceed ten (10) years. The Bank shall pay to AID in U.S. dollars interest from the date of the first disbursement of the Loan at the rate of two percent (2%) per annum thereafter on the outstanding disbursed balance and on any due and unpaid interest accrued thereon.

2) Source and Origin

Each project selected for AID financing will have a breakdown between local costs and foreign exchange costs. The breakdown will be done by the Prime Donor and the CDB, and the resulting cost distribution will be accepted by AID. AID will fund the local cost portion of the project. AID has a history of offering to untie procurement for funds administered by the CDB to the United Kingdom and Canada if those countries will untie an equal amount of their funds in the Bank for procurement in the United States. The United Kingdom has responded to this offer and assured AID that their financing agreements for CDF contributions will provide for procurement in the U.S. To take advantage of that arrangement this Loan Agreement will provide that the usual Geographic Code 941 procurement will be allowed, as well as local procurement, and procurement in the United Kingdom and Canada if they agree to reciprocate in a like amount. In fact, however, because of the nature of the project we will only be financing local costs of projects for which another donor has agreed to finance the foreign exchange costs.

3) Conditions Precedent to Disbursements for Sublending

(a) Except as AID may otherwise agree in writing, prior to any disbursement or the issuance of any commitment documents under the Project Agreement to finance any eligible subloan project the Bank shall furnish in form and substance satisfactory to AID (a) evidence that the country in which the respective project is to be carried out has been qualified for assis-

tance by the Working Group of the Caribbean Group (CG) after review of its proposed development policies and investment programs; (b) evidence that the Bank has identified the project to which assistance will be provided as eligible under AID subproject selection criteria; (c) evidence that the Borrower has received from the appropriate donor institution a written statement with such supporting documentation as may be necessary, confirming (i) that the proposed eligible project is currently technically, economically and financially feasible; (ii) that the final plan for the project prepared by the donor has been reviewed and updated; (iii) that the proposed eligible project will not have a significant effect on the human environment or if such project does have a significant effect that a satisfactory environmental analysis has been prepared; and (iv) that the proposed eligible project (which shall be adequately described) will have a significant impact upon the poor of the country in which it is located including a brief explanation of how this impact will be achieved.

4. Covenants of the Bank

(a) Except as AID may otherwise agree in writing, the Bank shall covenant that funds made available under the CDF project shall be reloaned to Bank member countries at an interest rate of not to exceed 4% per annum for the maximum feasible term of repayment (including a grace period) consistent with timely repayment of the Loan to AID by the Bank.

(b) The Borrower covenants and agrees that it will:

1. Assign to A.I.D. upon A.I.D.'s request, any claims against sub-borrowers under sub-loans financed with funds made available hereafter under this project and provide hereafter in such sub-loan agreements for the establishment of A.I.D. rights against such sub-borrowers in the events of such assignments.

2. Pursue all claims against sub-borrowers with due diligence and in no event relieve any sub-borrower of liability for the repayment of any part of the principal of or interest on such sub-loan.

5. Special Covenants

As the purpose of the Project and of the CDF itself is to assist the participating countries to maintain adequate levels of socio-economic development investment, while simultaneously pursuing economic policies required for economic adjustment and growth, AID may, at any time during the period of this Agreement, review the performance of each participating country in carrying out its economic self-help program.

A.I.D.'s review shall include, without limitation, whether a participating country is in compliance with the provisions of any standby or extended fund facility agreement with IMF or structural adjustment loan it may have received from the International Bank for Reconstruction and Development. If A.I.D., determines that a participating country has not substantially complied with its major economic self-help and growth undertakings, A.I.D. may suspend disbursements to the Borrower for such participating country until such time as A.I.D. is satisfied, and has so notified the Borrower, that the participating country has resumed its efforts to achieve economic self-help and growth.

These conditions have all been discussed with the CDB and they are in agreement with them. In addition, the issue of Guyana's participation has been discussed with senior officials of the Bank and with key members of its Board of Directors. While the consensus is that Guyana does not now qualify for additional CDF resources, provision should be made for its later inclusion if appropriate. RDO/C therefore proposes to informally agree to consider amending the CDF IV Agreement to add Guyana as an eligible country if conditions permit and if additional funding is available.

CARIBBEAN DEVELOPMENT FACILITY
(CDF IV)
ANNEXES

STATUTORY CHECKLIST

A. GENERAL CRITERIA FOR PROJECT

1. FY 79 App. Act Unnumbered; FAA Sec. 653 (b); Sec. 634A.
(a) Describe how Committees on Appropriations of Senate and House have been or will be notified concerning the project; (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that figure)?
Project is in 1982 Congressional Presentation.
2. FAA Sec. 611 (a) (1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
Yes.
3. FAA Sec. 611 (a) (2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance?
None is required
4. FAA Sec. 611 (b); FY 79 App. Sec. 101. If for water or water-related land resources construction, has project met the standards and criteria as per the Principles and Standards for Planning Water and Related Land Resources dated October 25, 1973?
N.A.
5. FAA Sec. 611 (e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistance Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
N.A.
6. FAA Sec. 209. Is project susceptible of execution as part of regional or multi-lateral project? If so why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.
It is a Regional Project.

7. FAA Sec. 601 (a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practice; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. Various project sub-loans will accomplish these ends.
8. FAA Sec. 601 (b). Information and conclusion on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). AID will finance only costs of subprojects.
9. FAA Sec. 612 (b). Sec. 636 (h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized to meet the cost of contractual and other services. N.A.
10. FAA Sec. 612 (d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? N.A.
11. FAA Sec. 601 (e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
12. FY 79 App. Act Sec. 608. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N.A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FAA Sec. 102 (b); 111, 113; 281 a.

Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

A number of sub-projects being financed will address these objectives.

b. FAA Sec. 103, 103A, 104, 105, 106, 107.

Is assistance being made available: (include only applicable paragraph which corresponds to source of funds used. If more than one fund source is used for project, include relevant paragraph for each fund source).

(1) (103) for agriculture, rural development or nutrition; if so, extent to which activity is specifically designed to increase productivity and income of rural poor; (103A) is for agricultural research, is full account taken of needs of small farmers;

(2) (104) for population planning under Sec. 104 (b) or health under Sec. 104 (c); if so, extent to which activity emphasizes low-cost integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems and other modes of community research;

The project is designed to provide resources to the CDB for relending to participating Caribbean Governments to support a variety of types of development projects, all sponsored by external donors such as the World Bank, the IDB, etc. Therefore the \$12 million to the CDB includes funds from SS 103, 105 and 106 accounts. While the specific subprojects have not all yet been identified, all subprojects to receive AID funds will have an impact direct or indirect on the poor of the recipient country.

(3) (105) for education, public administration, or human resources development; if so, extent to which activity strengthens non-formal education, makes formal education more relevant, especially for rural families and urban poor, or strengthens management capability of institutions enabling the poor to participate in development;

(4) (106) for technical assistance, energy, research, reconstruction, and selected development problems; if so, extent activity is:

(i) technical cooperation and development especially with U.S. private and voluntary, or regional and international development, organizations;

(ii) to help alleviate energy problems;

(iii) research into, and evaluation of, economic development processes and techniques;

(iv) reconstruction after natural or manmade disaster;

(v) for special development problem, and to enable proper utilization of earlier U.S. infrastructure, etc., assistance; and

(vi) for programs of urban development, especially small labor-intensive enterprises, marketing systems, and financial or other institutions to help urban poor participate in economic and social development.

c. (107) Is appropriate effort placed on use of appropriate technology?

Yes.

d. FAA Sec. 110 (a). Will the recipient country provide at least 25% of the cost of the program, project, or activity with respect to which the assistance is to be furnished (or has the latter cost-sharing requirement been waived for a "relatively least-developed" country)?

N.A. This is a Regional Project.

e. FAA Sec. 110 (b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed?"

f. FAA Sec. 281 (b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilize the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental and political processes essential to self-government.

Subprojects will be designed with such considerations in mind.

g. FAA Sec. 122 (b). Does the activity give reasonable promise of contributing to the development of economic resources or to the increase of productive capacities and self-sustaining economic growth?

Yes.

2. Development Assistance Project Criteria (Loans Only)

a. FAA Sec. 122 (b). Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects.

b. FAA Sec. 620 (d). If assistance is for any productive enterprise which will compete in the U.S. with U.S. enterprise, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan?

Yes.

3. Project Criteria Solely for Economic Support Fund

a. FAA Sec. 531 (a). Will this assistance support promote economic or political stability? To the extent possible, does it reflect the policy directions of Section 102?

N.A.

b. FAA Sec. 533. Will assistance under this chapter be used for military, or paramilitary activities?

N.A.

ENVIRONMENTAL THRESHOLD DECISION

PROJECT LOCATION : Caribbean Regional
PROJECT TITLE AND NUMBER : Caribbean Development Facility IV
538-0049
FUNDING : \$12,000,000
LIFE OF PROJECT : 18 months
IEE PREPARED BY : T.J. Brown, Chief Development
Resources
MISSION/OFFICE RECOMMENDATION : Negative Determination

Pursuant to the authority vested in me by 22 CFR Part 216.3 (a)
(2) Environmental Procedures, I have reviewed the project
described above. My finding is indicated below.

THRESHOLD DECISION :
ACTION REQUIRED :

INITIAL ENVIRONMENTAL EXAMINATION

PROJECT LOCATION : Caribbean Regional
PROJECT TITLE : Caribbean Development Facility
IV 538-0049
FUNDING : FY 1982 - \$12 Million Loan
LIFE OF PROJECT : Eighteen months
ENVIRONMENTAL ACTION RECOMMENDED :

The Caribbean Development Bank (CDB) will obtain from the prime donors for new projects either a determination that the projects have no reasonably foreseeable adverse effects on the human environment, or a satisfactory analysis of the projects' environmental impact.



WILLIAM B WHEELER
AID REPRESENTATIVE

DATE: 4 March 1982

I. Description of the Project

The purpose of this AID Project is to support the Caribbean Development Facility (CDF) and enable the countries of Barbados and Jamaica to maintain adequate levels of development investment, and hence employment and output, while simultaneously pursuing economic policies required for economic stabilization and growth with equity. Barbados and Jamaica are undergoing a critical period of economic adjustment. Because their governments are undertaking stringent measures to stabilize their economies, they will require additional financial assistance to achieve levels of investment and growth adequate to contain rapidly growing employment and falling incomes.

Under this Project AID will lend \$12 million in development assistance funds to the Caribbean Development Bank (CDB) for relending to eligible countries for selected socioeconomic development projects. The CDF Working Group (made up of representatives of the IBRD, IMF, IDB and CDB) has determined the eligibility of Barbados and Jamaica for assistance based upon the existence of appropriate short- and medium-term economic policies. The commitments of recipient countries have been confirmed in Caribbean Group country subgroup meetings and recorded in the summary of official CG proceedings. After the CDB is informed by the CDF Working Group that a member country remains qualified for CDF assistance, it will review the donor assisted projects in the country's investment program to determine which of those projects are eligible for assistance through a subloan of AID resources.

With respect to projects which qualify for loan financing with AID funds, the CDB will obtain from the prime donor of the Project written confirmation that the Project is currently technically and economically feasible, that the financial plan has been reviewed, updated and is satisfactory, and that the Project will have no foreseeable significant effects upon the human environment (or if it does, that a satisfactory environmental analysis has been prepared). The prime donor will also provide the CDB with a brief description of how the Project is expected to impact upon the poor of the recipient country. Since many of the projects to be financed under CDF IV will already have undergone this procedure, the CDB will require only an updated financial plan for continuing projects.

The subproject activities include: water conservation and irrigation; school construction and rehabilitation; road rehabilitation; and fisheries construction. These subprojects will have negligible environmental implications. On some subprojects, the prime donors are carrying out extensive ongoing environmental surveys to assure minimal environmental disturbance. In the long run, the completed subprojects will provide environmental benefits through improved controls of storm drainage discharges, flood control, and elimination of soil erosion and degradation problems.

The Caribbean Development Bank (CDB), an intermediate credit institution which will administer this program, has had extensive experience throughout the Region in evaluating the environmental considerations of infrastructure projects. It will review and evaluate the environmental implications of the new subprojects under this program as they are submitted for approval and financing. Also, as part of the overall project management provisions, semi-annual on-site inspections will take place, and the project engineering consultants will be instructed to ensure that construction work is performed and completed with a minimum of environmental disturbance.

RECOMMENDATION FOR THRESHOLD DECISION

RDO/C finds this Project is not a major action which will have a significant environmental impact. A negative determination is, therefore, recommended.

II. Evaluation of the Environmental Impact of the Project

AID will not be directly involved in design and implementation of the activities which will be carried out under AID financed subprojects. Nor in terms of the MDCs will AID be directly involved in the process of determining the specific activities in a recipient's development investment program which will ultimately receive AID funds. The principal role of AID is to contribute the resources necessary to finance the local costs of externally supported projects in recipient countries' investment programs. The principal role in design and implementation will rest with the CDB, the prime donors and the participating countries.

As previously noted, the CDB will obtain from the prime donor for new projects, either a determination that the Project has no reasonably foreseeable significant adverse effects on the human environment, or a satisfactory analysis of the Project's environmental impact.

III. Mission Recommendation

Based upon the above considerations, RDO/C recommends that the AA/LAC make a finding of a negative threshold determination for this Project.

IMPACT IDENTIFICATION & EVALUATION

<u>Impact Areas & Sub-areas</u>	<u>Impact Identification & Evaluation</u>
A. LAND USE	
1. Changing the character of the land through:	
(a) Increasing the population	N
(b) Extracting natural resources	N
(c) Land clearing	L
(d) Changing Soil Character	N
2. Altering natural defenses	N
3. Foreclosing important uses	N
4. Jeopardizing man or his works	N
5. Other Factors	N
B. WATER QUALITY	
(1) Physical state of water	N
(2) Chemical and biological states	N
(3) Ecological balance	N
(4) Other Factors	
C. ATMOSPHERIC	
(1) Air Additives	N
(2) Air Pollution	N
(3) Noise Pollution	N
(4) Other Factors	
D. NATURAL RESOURCES	
(1) Diversion, altered use of water	N
(2) Irreversible, inefficient commitments	N
(3) Other Factors	
E. CULTURAL	
(1) Altering physical symbols	N
(2) Dilution of cultural traditions	N
(3) Other Factors	
F. SOCIOECONOMIC	
(1) Changes in economic/employment patterns	L
(2) Changes in population	L
(3) Changes in cultural patterns	N
(4) Other Factors	

- 2 -

Impact Areas & Sub-areas

Impact
Identification
& Evaluation

G. HEALTH

- (1) Changing a natural environment
- (2) Eliminating an ecosystem element
- (3) Other Factors

N
N

H. GENERAL

- (1) International impacts
- (2) Controversial impacts
- (3) Larger program impacts
- (4) Other Factors

N
N
N

I. OTHER POSSIBLE IMPACTS (not listed above)

N

Legend

N - NONE
L - LITTLE

DRAFT

PROJECT AUTHORIZATION

Name of Country: Caribbean Regional
Name of Project: Caribbean Development
Facility IV
Number of Project: 538-0049

1. Pursuant to Sections 103, 105 and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Caribbean Development Facility IV project for the Caribbean Development Bank ("Bank") involving planned obligations of not to exceed Twelve Million United States Dollars (\$12,000,000) in loan funds ("Loan"), subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to assist in financing certain foreign exchange and local currency costs for the project.

2. The project ("Project") consists of a follow-on Loan to Projects No. 538-0023, 538-0040 and 538-0045, the proceeds of which will be relent by the Bank to assist the governments of Barbados and Jamaica to maintain adequate levels of development investment by providing additional resources, primarily for local costs, needed to finance essential socioeconomic development subprojects which are also being assisted by other bilateral and international donor agencies. The subborrower countries, in turn, will have committed themselves to undertake self-help measures reflected in the medium term economic programs, approved by the Caribbean Group for Cooperation in Economic Development, which will lead to financial stability and long-term growth. The entire amount of A.I.D. financing herein authorized for the Project will be obligated when the Project Agreement is signed.

3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Interest Rate and Terms of Repayment

The Bank shall repay the Loan to A.I.D., from the Special Fund for this Project, in United States Dollars within twenty (20) years from the date of the first disbursement including a grace period of not to exceed ten (10) years. The Bank shall pay to A.I.D. in U.S. dollars from such Fund interest from the date of the first disbursement of the Loan at the rate of (a) two percent (2%) during the first ten (10) years, and (b) three percent (3%) per annum thereafter on the outstanding disbursed balance and on any due and unpaid interest accrued thereon.

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b. Source and Origin

Goods and services, except for ocean shipping, and except as A.I.D. may otherwise agree in writing or as otherwise provided in this Project Authorization, financed by A.I.D. under the Loan, shall have their source and origin in countries in A.I.D. Geographic Code 941, or in any Bank member country other than the United Kingdom or Canada except as provided in subsection h. below.

c. Ocean Shipping

Until further notice from A.I.D., ocean shipping financed under the Loan may be procured in the United States or any Bank member country other than the United Kingdom or Canada except that, with respect to transactions in which transportation costs do not exceed \$250,000, ocean shipping financed under the Loan may be procured in any country included in A.I.D. Geographic Code 899 on the condition that the suppliers provide a written certification as to non-availability of Code 000 or local flag carriers. In addition, for the purpose of cargo preference, U.S. flag vessels shall be deemed to be not available with respect to transactions falling under the terms of this procedure.

d. Reimbursement

Upon compliance with the relevant Conditions Precedent to Disbursement by the Bank, A.I.D. may disburse funds as reimbursement for eligible Project costs incurred on or after October 1, 1980, provided that evidence of such costs is furnished to A.I.D. in form and substance satisfactory to A.I.D.

e. Conditions Precedent to Financing of Subprojects

Prior to any commitment to finance any eligible subproject the Bank shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (1) Evidence that the subborrower country has been qualified for assistance by the Working Group of the Caribbean Group after review of their proposed development policies and investment programs;
- (2) Evidence that the Bank has identified the subproject to which assistance will be provided as eligible under A.I.D. subproject selection criteria;
- (3) Evidence that the Bank has received from the appropriate donor institution a written statement with such supporting documentation as may be necessary, confirming:

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(a) that the proposed eligible subproject is currently economically and financially feasible;

(b) that the financial plan for the subproject prepared by the donor has been reviewed and updated;

(c) that the proposed eligible subproject will not have a significant effect on the human environment or if such project does have a significant effect that a satisfactory environment analysis has been prepared; and

(d) that the eligible subproject (which shall be adequately described) will have a significant impact upon the poor of the country in which it is located including a brief explanation of how this impact will be achieved.

f. Covenants

The Bank shall covenant that, unless A.I.D. otherwise agrees in writing, it will:

(1) Utilize the earnings generated from the differential between the interest rate on the Loan and the interest rate received from subloans;

(a) to finance administrative costs of the Project, provided that the sum allocated for such costs may be determined solely by the Bank, and will consist of an estimate of its actual costs required to administer the Project.

(2) Discuss with A.I.D. from time to time, once sufficient resources have been accumulated, the use of resources to:

(a) provide technical assistance to members of the Bank or to strengthen the Bank's own technical capabilities.

(b) finance common services provided by regional subregional organizations.

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(3) Re-lend funds made available under the Loan at an interest rate of not to exceed 4% per annum for the maximum feasible term of repayment (including a grace period) consistent with timely repayment of the Loan to A.I.D. by the Bank.

(4) Assign to A.I.D., upon its request any claims against subborrowers under subloans financed with funds made available under this Project; and provide hereafter, in such subloan agreements, for the establishment of A.I.D.'s rights against such subborrowers in the event of such assignment.

(5) Pursue all claims against subborrowers with due diligence and in no event relieve any subborrower of liability for the repayment of any part of the principal of or interest on such subloan.

h. Procurement

(1) The United Kingdom or Canada shall be considered eligible for purposes of source, origin and nationality for goods and services, except for ocean shipping, (see subsection c. above), provided that the Bank obtains from the United Kingdom or Canada, respectively, a written commitment, satisfactory to A.I.D., that during the life of the Project such country will make available funds to the Caribbean Development Facility in an amount equivalent to the amount of the Loan which will be available for expenditure in the United States (in addition to such other nations as may be specified) on a non-discriminatory basis.

(2) The Bank's procurement procedures shall be considered acceptable, and contrary requirements of Handbook 1B, Chapter 19 are waived.

PROJECT DESCRIPTION:

BY

COUNTRY

- a) Barbados
- b) Jamaica, and
- c) Guyana

COUNTRY: Barbados
 PROJECT: Rural Development
 FUNDING CATEGORY: FN
 PRIME DONOR: IDB
 LOAN AGREEMENT DATE: 3/79
 ORIGINAL COMPLETION DATE: 3/83
 REVISED COMPLETION DATE: 9/85
 CDF DISBURSEMENTS: Nil

A. Project Description

The purpose of the Project is to increase agricultural diversification and food production by raising the productivity and incomes of small farmers, both in tenancies and small holders. The Project will also provide a legal and institutional mechanism to permit the tenancy families to acquire the lands on which they reside.

The program will consist of the development of about 30 rural development units consisting of contiguous groupings of tenancy and small holder families and comprising a total area of approximately 1000 acres supporting some 1500 families. About 500 acres located in low rainfall areas will be irrigated and another 500 acres in the intermediate to high rainfall areas will be improved through mixed vegetable and root crop production and small livestock farming enterprise as appropriate.

B. Project Implementation

The Project was signed in March 1979, but the enactment of the Freehold Tenancies Act in September 1981 only then satisfied the condition precedent to the initiation of activities. Several project staff are now in place and selection of consultants completed. Four light vehicles were recently acquired for use by the extension officers and a socioeconomic survey and public relations campaign is now in progress. Eligible farmers will be identified during the public relations activity.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	4.1	-	4.1
GOB/CDF	-	2.2	2.2
			<hr/>
	Total Project Cost		6.3

COUNTRY: Barbados
PROJECT: Oistins Fisheries Terminal
FUNDING CATEGORY: FN
PRIME DONOR: EDF
LOAN AGREEMENT DATE: 12/79
ORIGINAL COMPLETION DATE: 10/81
REVISED COMPLETION DATE: 9/82
CDF DISBURSEMENTS: \$521,000

A. Project Description

The Project seeks to establish a sanitary terminal complex for receiving, storing and selling fish for local consumption. Moreover, the storage facilities will permit a higher degree of price stabilization than is currently found in the market place. This is the first of several terminals expected to be constructed by the GOB over the coming years. About 250 small fishermen and their families with average household incomes of \$4,500 or less will benefit from the project, in addition to an equal number of small retailers. The majority of consumers benefitting from the improved facilities and more stable prices are from the lower income groups. Refrigerated trucks will also be procured under the project to transport fresh fish to marketing outlets in the country's rural areas. Initially, the terminal will be managed by the Superintendent of Markets. Eventually, the GOB intends to turn over the markets commercial operations to a fishing cooperative.

B. Project Implementation

The second phase of the contract involving construction of the fishing terminal with cold storage facilities, a jetty and slipway is in progress. Considerable work has been done precasting the decking and longitudinal sections for the jetty as well as the laying of foundations for the several buildings which will comprise the complex. The ring beam for the main terminal has been poured in preparation for the roof. Work is also in progress on drains and discharge wells.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u> ^{1/}	<u>TOTAL</u>
EDF	1.15	-	1.15
GOB/CDF	0.15	2.00	2.15

^{1/} As a result of increased cost the GOB Counterpart is now projected at US\$2 million

Total Project Cost
3.30

COUNTRY: Barbados
PROJECT: Bridgetown Sanitary Sewerage System
FUNDING CATEGORY: SD
PRIME DONOR: IDB
LOAN AGREEMENT DATE: 4/76
ORIGINAL COMPLETION DATE: 4/80
REVISED COMPLETION DATE: 10/81
CDF DISBURSEMENTS: \$2,350,000

A. Project Description

The proposed sanitary sewerage system will improve sanitary conditions in the downtown area of Bridgetown where activities and people are concentrated and where the problems of waste and sewage have reached critical proportions and seriously polluted the environment. Sewage is actually surfacing during heavy rains. A high water table and poor ground absorption make it impossible for the septic tanks and wells to cope with the growing volume of sewage in the project area. The project includes a sewage collector system, a sewage treatment plant and an underwater effluent discharge for the plant. Initially, the collector system will take the sewage from an area of approximately 200 hectares with a population of 37,000 people. The major part of the area serviced is inhabited by lower income families living for the most part in one room houses on the fringes of the commercial districts. The industrial estates also to be serviced by the system employ mainly lower class workers.

B. Project Implementation

The main contractors are currently correcting any defects and the system is due for testing in early 1982.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	12.060	.200	12,260
GOB/CDF	4.173	3.483	<u>7.656</u>
Total Project Cost			19.916 *****

COUNTRY: Barbados
PROJECT: Industrial Development & Export Promotion
FUNDING CATEGORY: SD
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 4/80
ORIGINAL COMPLETION DATE: 4/83
CDF DISBURSEMENTS TO DATE: Nil

A. Project Description

This Project is directly designed to help carry out the programs of the Government's Industrial Development Plan. The objectives of the project are to expand industrial output and exports, to generate increasing levels of employment and to strengthen the main institutions responsible for promoting industrial development in Barbados. The major programs of the Industrial Development Plan are (i) investment promotion and construction of industrial estates by the Barbados Industrial Development Corporation; (ii) Industrial lending for fixed assets and permanent working capital to be provided by the Barbados Development Bank; (iii) promotion of manufactured exports, training and marketing assistance to domestic exporters by the Export Promotion Corporation; and (iv) increased training for industry through the Barbados Institute of Management and Productivity and the National Training Board.

B. Project Implementation

The BIDC has commenced construction of three factory shells under this program; two of 30,000 sq. ft. at Six Cross Roads and one of 8,000 sq. ft. at Grantley Adams Industrial Park. Three additional shells are planned for construction this year.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
GOB/CDB/CDF	-	11.9	11.9
IBRD	10.0	-	<u>10.0</u>
Total Project Cost			<u>21.9</u> *****

COUNTRY: Barbados
PROJECT: First Education
FUNDING CATEGORY: EH
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 12/78
ORIGINAL COMPLETION DATE: 12/82
CDF DISBURSEMENTS TO DATE: \$2,462,000

A. Project Description

The Project provides for construction, furnishing and equipping ten (10) new primary schools; the expansion and related furnishing and equipment needs of six (6) secondary schools; the expansion and equipping of an additional secondary school; the expansion and equipping of both the Erdiston Teacher Training College and the Barbados Institute of Management and Productivity (BIMAP), and technical assistance in the areas of architecture and engineering, for training BIMAP staff, and for school management consultancy at Erdiston and the UWI.

B. Project Implementation

Of the ten new primary schools to be constructed, Eden Lodge and Grace Hill have been completed and are operational. Construction of the St. George's school is behind schedule. However, Blocks A and C are 4 weeks to completion, Block B is being roofed and the second story is being erected on Block D. At St. Lukes, the contractor is preparing to lay the ground floor on 3 blocks.

Among the secondary schools identified for extension Coleridge and Parry has been provided with a two story classroom block and two multipurpose workshops. Construction of the Parkinson School extension comprising 3 blocks is in progress. The administration block is structurally complete, the first floor on Block B is in place and Block C is at foundation level.

At the post-secondary level, the Erdiston extension is operational and construction at BIMAP is about 85% complete. Completion is due by mid-March. Included in the BIMAP component of the subproject is a technical cooperation agreement to provide fellowships to BIMAP's staff. The staff have been identified and one new recruit did her training in the USA before assuming duties in Barbados.

This subproject will be affected by the government's decision to cut back on its capital expenditures program.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IBRD	9.0	-	9.0
GOB/CDF	-	5.5	5.5
			<hr/>
Total Project Cost			14.5

COUNTRY: Barbados
PROJECT: Samuel Jackman Prescod Polytechnic
FUNDING CATEGORY: EH
PRIME DONOR: IDB
LOAN AGREEMENT DATE: 7/77
ORIGINAL COMPLETION DATE: 5/81
REVISED COMPLETION DATE: 3/82
CDF DISBURSEMENTS: \$1,745,000

A. Project Description

The Project consists of constructing and equipping a set of buildings on a Government-owned site to provide consolidated and improved facilities to accommodate larger student enrollment in the Samuel Jackman Prescod Polytechnic Institute. In addition, it will provide a new and varied pattern of courses to be offered by an enlarged staff to train skilled and semi-skilled technicians in fields for which employment opportunities exist (e.g., carpenters, electricians, masons, welders, printers and mechanics), and will also embrace institutional development in areas of vocational guidance, administration, and planning.

Heavy emphasis will be placed on the training of the "dropout" youth and unemployed persons. The Project is expected to benefit largely persons from among the least economically advantaged strata of the country.

B. Project Implementation

Construction of all the buildings has been completed and some of the facilities are already in use. Finishings and landscaping are currently in progress and over all works is expected to be completed by end of March. The prime donor and the GOB are reviewing the matter of staffing requirements for the enlarged institution.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	4.330	2.270	6.6
GOB/CDF	0.075	3.925	4.0
			<hr/>
Total Project Cost			10.6

COUNTRY: Barbados
PROJECT: Scotland District Soil Conservation
FUNDING CATEGORY: FN
PRIME DONOR: IDB
LOAN AGREEMENT DATE: March '81
ORIGINAL COMPLETION DATE: March '85
CDF DISBURSEMENTS: Nil

A. Project Description

The Project will undertake two pilot demonstration activities in the Swanns, Turner Hall and Greenland areas of the Scotland District incorporating engineering works and an agricultural recovery program to identify appropriate technologies and further the planning and execution of soil conservation work in the district. Also soil and hydrological studies of the area will be undertaken in the district subject to erosion to develop basic hydrological data and soil erosion analysis.

The implementing Agency, the Soil Conservation Unit, will receive technical assistance for the design execution and monitoring of the Project as well as institutional strengthening. Some of the SCU's machinery will be replaced and maintained to facilitate the completion of project activities.

B. Project Implementation

Project management is now being recruited.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	3.8	0.65	4.45
GOB/CDF	-	1.35	1.35
Total Project Cost			5.80 *****

COUNTRY: Barbados
PROJECT: Spring Hall Land Lease
FUNDING CATEGORY: FN
PRIME DONOR: Caribbean Development Bank (CDB)
LOAN AGREEMENT DATE: 30/1/80
ORIGINAL COMPLETION DATE: September 1982
CDF DISBURSEMENTS: NIL

PROJECT DESCRIPTION:

This Project will settle 22 tenant farmers on 402 acres of land at Friendship in St. Lucy which is sub-divided into 22 units ranging in size from 9.5 acres to 30 acres. The aim is to give the farmers viable holdings with security of tenure and thus make possible increased productivity of the land through irrigation and improved agronomic practices. The units will be leased on 30 year renewable terms to specialised resident farmers. Financing is available under the project for construction of farm housing. Twenty of the farms will be outfitted for vegetable and food crop production and two for dairying. A central management facility will provide technical assistance to the farmers.

PROJECT IMPLEMENTATION:

Nineteen of the twenty-two farmers have been selected. Twelve have agreed to sign the leases and another seven are awaiting advice from their legal counsels.

All the irrigation pipe is in place for the vegetable farms and the project office is awaiting a supply of electric power. However, the installation of equipment for dairying has not yet taken place.

PROJECT FINANCING:

	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
CDB	0.90		0.90
GOB/CDF		0.23	0.23
			<u>1.13</u>

		Total Project Cost	1.13

COUNTRY: Jamaica
PROJECT: Sites and Services
FUNDING CATEGORY: SD
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 6/74
ORIGINAL COMPLETION DATE: 12/80
REVISED COMPLETION DATE: 6/82
CDF DISBURSEMENTS TO DATE: \$3,880,000

A. Project Description

The Project represents an initial effort by the GOJ to demonstrate the effectiveness of a comprehensive approach to the problems of the urban poor. It is designed to provide infrastructure for self-help housing, essential community services and job opportunities to the lower income groups in Jamaica. The project finances the development of 5,115 housing lots, the construction of related infrastructure, community facilities and consulting services. It is anticipated that this program will help alleviate a severe shortage of low cost housing in Jamaica's largest cities and put such housing within the financial reach of low income groups.

B. Project Implementation

Nearly all civil works comprising on-site infrastructure, on-lot works, squatter upgrading and community facilities have been completed. However, there has been very slow progress on allocation of lots to beneficiaries. Allocations were halted in 1980 because of uncertainties related to the negotiation of the amendment to the Loan Agreement. Even after the signing of the Amendment, allocations remain halted as GOJ deemed it necessary to re-evaluate lot occupancy and housing consolidation procedures before resuming the selection process. As a result of increased costs and other difficulties encountered by present allottees in completing core units, the government decided on a new policy of providing core units to new allottees to be funded from the National Housing Trust. Some 2300 units at Hunts Bay and 800 at Catherine Hall are to be completed and handed over by June 1982 at which time IBRD requires that 85% of the 5115 lots under the project must be occupied.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IBRD	13.00	-	13.00
GOJ/CDF	-	13.43	<u>13.43</u>
Total Project Cost			26.43

COUNTRY: Jamaica
PROJECT: Montego Bay/Falmouth Water Supply
FUNDING CATEGORY: SD
PRIME DONOR: IDB
LOAN AGREEMENT DATE: 1/76
ORIGINAL COMPLETION DATE: 2/80
REVISED COMPLETION DATE: 12/81
CDF DISBURSEMENTS TO DATE: \$2,236,000

A. Project Description

The Project is designed to provide an adequate supply of water to the town of Montego Bay and surrounding areas thereby improving health conditions for the affected population. The \$20 million project will finance wells, pumping stations, turbine pumps, reservoirs, transmission and distribution lines, improvements to the Montego Bay truck distribution system, and the construction of the secondary distribution system to areas in and around Montego Bay. Some 3,000 new house connections will be made under the project. Over 80% of the system's water will be pumped to low income families residing in the Project area, including squatter settlements.

B. Project Implementation

This Project is now complete and will provide water for some 60,000 persons.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FY</u>	<u>LC</u>	<u>TOTAL</u>
IDB	9.8	2.2	12.0
GOJ/CDF	-	8.0	8.0
			<hr/>
Total Project Cost			20.0 *****

CATEGORY: Jamaica
PROJECT: Fourth Highway
FUNDING CATEGORY: FN
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 7/79
ORIGINAL COMPLETION DATE: 3/83
CDF DISBURSEMENTS TO DATE: \$1,769,000

A. Project Description

The project, which forms part of the GOJ's Five-Year Road Maintenance Program, consists of asphaltic overlay and surface treatment of about 471 miles of arterial, secondary and tertiary roads, the procurement of road maintenance equipment and spare parts for the Ministry of Works (MOW) road maintenance equipment fleet, and technical assistance and training for MOW personnel responsible for carrying out the Government's Road Maintenance Program. In designing the project, a special effort was made to maximize the immediate impact on employment generation. The project will employ about 1,300 people, most of whom will be unskilled and residing in the various rural localities and townships benefitting from the road improvement program. Over 70% of the roads targeted for upgrading under the program pass through rural areas inhabited largely by small farm families. In many of these areas passage by vehicle is presently not possible or very difficult due to the poor condition of the roads. A major project objective is to facilitate the flow of goods and services to and from rural areas, thereby integrating the rural populace more fully into the country's overall social and economic development.

Mainly because of severe budget constraints during 1980, the scope and timing of the project was reassessed late that year and agreement reached with Government on appropriate changes. Principal changes consisted of:

(a) reducing project-financed periodic maintenance standards were feasible in order to maximize the length of road which would receive some form of periodic maintenance within available funding; and

(b) some revisions in the number and type of road maintenance equipment to be procured under the project.

B. Project Implementation

The civil works involving overlay and resealing of identified road sections is proceeding according to the revised schedule. Orders have been placed for all new and replacement equipment except the 10-12 ton Road Rollers and bitumen distributors. Most of the pick-up and tipper trucks and all the front end loaders have arrived in Kingston and it was expected that delivery of all ordered items would have been completed by August 1981.

The workshop has been improved and equipped with spare parts and tools.

The equipment overhaul program is running from six to nine months behind the schedule set at appraisal due to initial delays in completing detailed condition inventories and ordering needed spare parts. Good progress is now being made and it is expected that the average fleet availability target of 70% will be reached in July 1982 when the program will be completed.

C. Project Financing

(Millions of Dollars)

	<u>FX</u>	<u>LC</u>	<u>Total</u>
IBRD	16.0	-	16.0
GOJ/CDF	-	7.3	<u>7.3^{1/}</u>
Total Project Cost			<u>23.3</u>

^{1/} The loan agreement also requires the GOJ to finance recurrent expenditures under the Program estimated at JA\$53 million, equivalent to U.S.\$29.8 million.

COUNTRY: Jamaica
PROJECT: Self-Supporting Farmers' Development Program
FUNDING CATEGORY: FN
PRIME DONOR: IDB
LOAN AGREEMENT DATED: 12/77
ORIGINAL COMPLETION DATE: 12/81
REVISED COMPLETION DATE: 6/82
CDF DISBURSEMENTS TO DATE: \$7,078,000

A. Project Description

The purpose of the program is to support the development and diversification of Jamaica's agricultural sector by providing credit aimed at increasing the production and productivity of about 1,500 small and medium size farmers operating individually or as members of cooperatives. Such farmers shall work a parcel of land between 5 to 25 acres, although these limits may be adjusted according to the soil fertility and capacity for earning a minimum annual net income of US\$1,400 or the equivalent at 1977 prices. In addition to the land-owning farmers, credit may also be extended to farmers who rent for periods in excess of the term allowed for payment of any subloan granted. The proceeds of the IDB loan are being used to purchase imported inputs, machinery and equipment and to make permanent improvements requiring the use of foreign currency. Subloans extended by the Jamaica Development Bank to target group farmers are based on farm investment plans. Subloan interest charges are 7% per year, with grace and repayment periods varying in accordance with individual cash flow projections developed under the farm plans.

B. Project Implementation

A special unit within the Jamaica Development Bank (JDB) is responsible for the project's implementation. This unit has a central office in Kingston and 13 Parish-based units throughout the country, each staffed with a manager, one or two assistants responsible for developing farm plans, and extensionist, and a loan recovery officer. The loan agreement permitted retroactive financing of eligible subloans to Mar 1977. All IDB funds have been committed and disbursement must be accomplished by June 1982. A variety of agri-activities has received assistance through the project.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC^{1/}</u>	<u>TOTAL</u>
IDB	3,070	2,930	6,000
GOJ/CDF	--	3,000	3,000
			<hr/>
	Total Project Cost		9,000 *****

^{1/}An additional amount of US\$2,430,000 in foreign exchange for local costs has been provided by the IDB to afford better utilization of recoveries from previous programs.

COUNTRY: Jamaica
PROJECT: Greater Mandeville Water Supply Scheme
FUNDING CATEGORY: SD
PRIME DONOR: IDB
LOAN AGREEMENT DATE: 05/79
ORIGINAL COMPLETION DATE: 11/83
REVISED COMPLETION DATE: 06/84
CDF DISBURSEMENTS TO DATE: \$434,000

A. Project Description

The project will meet the projected potable water requirements to the year 2010 of the urban/semi-urban/rural population in the Greater Mandeville area (82.2 square miles). Wells, catchment tanks and water trucks currently are used to supply water to the residents in the project area, an unsatisfactory arrangement. The project will finance the physical plant and equipment, transmission and distribution lines, house connections and meters, improvements to existing storage tanks, the installation of public standpipes, and the replenishment of a fund for financing household connections. A survey conducted in the Greater Mandeville area revealed that the majority of households to be serviced under the project had incomes equivalent to less than half the Jamaica per capita income.

B. Project Implementation

Implementation of this project is now in full gear even though overall progress is 9 months behind original schedule. However, a revised completion date has extended the project by 7 months. Construction contracts and procurement contracts for materials have been awarded, except for the supply of valves, for the main transmission system. Apparently the specifications laid down for these items are proving difficult to satisfy and the bids received could not be considered. The project office has submitted a proposal to the bank to resolve the problem namely, purchase by direct negotiation through local agents of manufacturers/suppliers. Contracts for the supply of materials for the distribution system have also been awarded. The digging of the trenches for the main transmission line is in progress as well as excavation at the main reservoir and pump sites.

C. Revised Project Financing

(Millions of Dollars)

	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	8.8	2.0	10.8
GOJ/CDF	-	19.0	19.0
Total Project Cost			<u>29.8</u> =====

Due to cost escalation, the GOJ has requested the IDB to convert the \$2 million allocated to local costs to foreign exchange costs.

COUNTRY: Jamaica
PROJECT: First Rural Development
FUNDING CATEGORY: FN
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 06/77
ORIGINAL COMPLETION DATE: 12/80
REVISED COMPLETION DATE: 12/82
CDF DISBURSEMENTS TO DATE: \$7,047,000

A. Project Description

The project provides for the establishment of nine Agricultural Settlements in the western region of Jamaica for 1400 landless families and families with insufficient land and includes construction of village, farm and access roads, farm houses, provision of utilities and other community facilities, soil conservation and forestation schemes, credit and other farm inputs under the supervision of the Ministry of Agriculture. The project also provides for the reorganization and decentralization of the Ministry of Agriculture, including the construction of offices, staff houses and the purchase of vehicles. A third component of the project provides for the construction/reconstruction of 70 miles of feeder roads and 9 rural markets, the development or extension of 23 rural water supply systems, and the installation of 6,000 waste disposal units. Provision is also made for hiring consulting and specialist services for physical planning, administration and supervision.

In the project area, principally in the county of Cornwall, the average annual per capita income is estimated at \$175, although close to 50 percent of this population group have annual per capita incomes of under \$100. Malnutrition is widespread and social services meagre. The area's unemployment level is estimated to be 25 percent. The establishment of agricultural settlements, the provision of market facilities, the construction of feeder roads and the extension and rehabilitation of the water supply and waste disposal systems are all expected to upgrade the quality of life of these low income families.

B. Project Implementation

Implementation of most project components have been slow partially because of a shortage of funds and partially because of economic and political difficulties.

(i) Agricultural Settlements

In the 9 settlement areas 595 lots have been surveyed and construction at the sites is proceeding according to plan with 158 farm houses in either an advanced stage of construction or already completed. Construction of another 437 will start soon. Most of the settlements are now serviced by electricity and water and the roadways and access routes improved and extended. The forestation program involving resuscitation and re-planting of trees is proceeding satisfactorily. Selection and placement of settlers which was halted while a review of the procedure was carried out by the new Ministry of Agriculture has recommenced. Some settlers who were already placed are having difficulty obtaining crop production credit as the JDB refuses to provide credit unless the settlers present titles to their land. However, the issuance of land titles is a long and complicated process which can take years to complete.

(ii) Regional Infrastructure

Due to escalating cost the feeder road program has been reduced by a third and the water supply schemes have been cut by seven. Progress has been slow in construction of the feeder roads with just about 22 out of 67 miles completed. Another 29 miles are under construction.

(a) Market Places

Construction of five market places has been completed. Two (White House and Santa Cruz) are already in use, and the other three (Little London, Petersfield and Grange Hill) have not yet been transferred to the Parish Council. Preparations are now being made for construction of the other four markets (Falmouth, Savannah-la-Mar, Lucea and Montego Bay).

(b) Water Supply System

After a very unproductive year, with practically no progress to report on this component, the executing agency, the National Water Commission, reviewed all the projects' water plans and prepared a program to complete all proposed schemes in two years. A new execu-

ting team was appointed to carry the work forward. Land acquisition for tank sites and access roads has taken place as well as the laying of pipes and initial construction of booster stations and tank bases at some sites.

(b) Sanitation

This small project component seems to be very important to the rural people in the project area as the demand for toilet facilities is growing. Of the total project target of 6,000 units, 4,869 have already been completed.

(iii) Decentralization of Ministry of Agriculture

Regional Offices

Construction works under the Western Region Office in Montego Bay are at an advanced stage and completion is expected in early 1982, but the Ministerial Committee on Land Reform and Rural Development decided not to build a new office for the Northern Region, as the existing rented structure has been found to be suitable.

Local Offices and Staff Houses

Construction of the 10 local offices and 40 staff houses on 50 sites proceeds satisfactorily according to plan. However, even though the offices and houses that are ready are occupied, they are not being fully utilized for the purpose of serving the farmers in the area.

Training

The general training program for the staff of the Ministry of Agriculture has been only partially implemented, mainly because of a shortage of qualified training staff. The project management has decided to shift emphasis from now on to training in extension methods and agricultural subjects. During February and March 1981, three one-week courses in extension methods and coffee culture were conducted and the 50 extension officers that participated thought the program was a great success and demand for similar courses is growing.

C. Project Financing

(Millions of Dollars)

	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IBRD	8.5	6.5	15.0
GOJ/CDF	-	16.4	16.4
Total Project Cost			<u>31.4</u> ****

COUNTRY: Guyana
PROJECT: Mahaica - Mahaicony - Abary Water Control (MMA)
FUNDING CATEGORY: FN
PRIME DONOR: IDB
LOAN AGREEMENT DATE: 2/78
ORIGINAL COMPLETION DATE: 3/82
CDF DISBURSEMENTS: \$9,305,000

A. Project Description

The purpose of this project is to provide flood control, irrigation and drainage works for the agricultural development of some 115,000 acres of land in the Mahaica-Mahaicony-Abary region in eastern Guyana, with a view to improving Guyana's national food supply to meet local demand and to increase exports to the Caribbean region. The project consists of the construction of conservancy dams, a main canal, distributory and regulatory systems, access roads and the leveling of land to ensure better utilization of the area. In addition it provides for the acquisition of machinery as well as the hiring of consultancy services for the construction and supervision aspects of the Project.

It is estimated that over 90 percent of the beneficiaries will be small farmers who have less than 25 acres and the remainder will be members of cooperatives. Earnings on a typical five-member family rice/soy bean farm of 20 acres in the project area range between \$240 and \$265 per capita. Furthermore, the project will create some 1,600 additional jobs in an area with an estimated unemployment level of 27 percent.

B. Project Implementation

The MMA project has been divided into three phases, each involving the control of one of the three rivers. Phase I Stage I involved the control of the Abary River. The primary conservancy work is complete and work is progressing on the main head regulator and the spillweir. The sluice spanning the river is also completed and functional and was used for flood control during the last rainy season in Guyana.

Work on the main canal is proceeding very well being some six weeks ahead of schedule. Along the canal secondary regulators are being assembled from

pre-casted sections while along the coastal region pumping stations are being installed to drain the front land canals. The main station at Trafalgar/Union is due for completion by June 1982.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IDB	49.5	-	49.5
GOG/CDF	0.47	22.63	23.7
			<u>72.6^{1/}</u> *****

^{1/}The most recent revised estimate puts cost at 32% over the original estimate.

COUNTRY: Guyana
PROJECT: Tapakuma Irrigation
FUNDING CATEGORY: FN
PRIME DONOR: IBRD
LOAN AGREEMENT DATE: 12/79
REVISED COMPLETION DATE: 6/83
CDF DISBURSEMENTS: \$4,155,000

A. Project Description

The Project is part of a program to improve the quality and increase the production of rice in the Tapakuma area. It includes provision for civil works for irrigation and drainage systems, on-farm development (e.g. clearing and leveling of farm lands), extension services, research and seed production, facilities for housing office staff, workshops, purchase of vehicles and equipment, and consulting and engineering services.

The main beneficiaries are expected to be low income farmers by way of increases in their rice production. The increased crop intensity resulting from the project would cause a decline in seasonal under-employment of the rural poor. The newly developed rice lands available for settlement would enable the Government to accommodate an additional 500 to 600 low income farm families.

B. Project Implementation

The first segment of the project to which the World Bank funds were allocated is now complete. This enabled the rehabilitation and extension of the drainage and irrigation systems on 29,100 acres of rice lands in Tapakuma and Somerset berks.

In addition nine drainage pumps were installed at existing sluices and a new irrigation pump at Dawa. Phase 2 of the project is in progress but this is being funded by other donors.

C. Project Financing

	<u>Millions of Dollars</u>		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
IBRD	12.9	-	12.9
GOG/CDF	-	18.8	18.8
U.K. (Overseas Dev. Ministry)	6.0	-	6.0
OPEC	4.0	-	4.0
CDB	4.0	-	4.0
			<hr/>
	Total Project Cost		45.7 *****

PROJECT DESIGN SUMMARY

LOGICAL FRAMEWORK

From FY 1982 to FY 1983
Total U.S. Funding: \$12 M
Date Prepared: 7/20/82

Project Title & Number: Caribbean Development Facility (No. 320-0049)

SUBJECTIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATIONS	IMPORTANT ASSUMPTIONS														
<p>Program or Sector: Goal: The broader objective to which this project contributes:</p> <p>GOAL: To achieve long-term economic growth with equity in the Caribbean Region.</p>	<p>Measures of Goal Achievement: (GOAL) - Positive and significant rates of output and economic growth and equilibria in internal and external national accounts in the context of governmental policies resulting in an equitable distribution of national wealth.</p>	<ul style="list-style-type: none"> - National accounts and other statistics compiled by governments or participating countries. - Caribbean Group Summary of Proceedings and CE country economic memoranda. - IMF and IER documents. - Records and statements of participating governments policy decisions/actions. 	<p>Assumptions for achieving goal targets:</p> <ul style="list-style-type: none"> - No new substantial unanticipated increases in world market prices of essential imports (e.g. oil, food) or decreases in price of principal foreign exchange earners (e.g. bauxite, sugar). - National governments will pursue economic policies and self-help measures to which they have committed themselves in the Caribbean Group. 														
<p>Project Purpose:</p> <p>To assist the governments of the English-speaking Caribbean countries participating in the Caribbean Development Facility to maintain adequate levels of development investment by providing resources needed to carry out essential donor-assisted infrastructure projects.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ul style="list-style-type: none"> - Disbursement of \$12 million of AID funds to eligible development projects resulting in the acceleration of implementation of these projects during the same period. - Continued progress in economic structural adjustment, including pursuit of appropriate macro-economic policies. 	<ul style="list-style-type: none"> - National government statistics, records. - IERD/CDF documents - AID and CDF records (e.g. sub-loan portfolio) - Prime donor documents (e.g. project evaluation). 	<p>Assumptions for achieving purpose:</p> <ul style="list-style-type: none"> - Contribution to CDF by other donor countries will be forthcoming. - CDF will meet CFA. - Prime donors will provide necessary certification to CDF. 														
<p>Output: (Year 1)</p> <p>1. Sub loans by the Caribbean Development Bank to qualified member countries in the following approximate amounts: (\$12 million) (a) Barbados \$3; (b) Jamaica \$7.</p> <p>2. Of the implementation of selected donor-assisted development projects by participating CDF member countries between October 1, 1982 and March 31, 1983.</p>	<p>Magnitude of Output:</p> <ul style="list-style-type: none"> - \$12 million of AID loan funds disbursed to participating countries for eligible subprojects by M/1/R1. 	<ul style="list-style-type: none"> - AID and CDF records (e.g. sub-loan portfolio). - Prime donor documents (e.g. project evaluation). 	<p>Assumptions for achieving output:</p> <ul style="list-style-type: none"> - Prime donors will provide necessary certifications to CDF. - Prime donors will continue to implement AID-supported projects. 														
<p>Input: (Year 1)</p> <p>\$12 million of development assistance funds allocated (by account) as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>\$ Millions</th> </tr> </thead> <tbody> <tr> <td>Fund and Materials</td> <td>4.0</td> </tr> <tr> <td>Education</td> <td>2.8</td> </tr> <tr> <td>Population</td> <td>-</td> </tr> <tr> <td>Special Development Act.</td> <td>3.2</td> </tr> <tr> <td>Health</td> <td>-</td> </tr> <tr> <td>Total</td> <td>12.0</td> </tr> </tbody> </table>		\$ Millions	Fund and Materials	4.0	Education	2.8	Population	-	Special Development Act.	3.2	Health	-	Total	12.0	<p>Implementation Target (Type and Quantity)</p>		<p>Assumptions for providing input:</p>
	\$ Millions																
Fund and Materials	4.0																
Education	2.8																
Population	-																
Special Development Act.	3.2																
Health	-																
Total	12.0																

BEST AVAILABLE DOCUMENT

**PROJECTED EXPENDITURES FOR PERIOD
OCTOBER 1, 1981 TO MARCH 31, 1983 US\$000**

ANNEX VII
Page 1 of 1

PROJECTS	COUNTRY	Oct - Dec 1981		Jan - Mar 1982		Apr - Jun 1982		Jul - Sept 1982		Oct - Dec 1982		Jan - Mar 1983		TOTAL	
		LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN
ROAD IMPROVEMENT	BURKINA FASO	Revised Under C2F	111	883	855	713	795	503	620	583	591	931	590	3213	2651
ENVIRONMENTAL PROTECTION & WATER SUPPLY IMPROVEMENT	"	126	126	225	225	264	264	256	256	348	348	233	233	1662	1662
WATER SUPPLY PROJECTS DEVELOPMENT	"	Revised Under C2F	111	500	75	750	275	250	175	NIL	NIL	NIL	NIL	1500	475
SPRING HALL LAND CLEARANCE	"	Not Given		79	37	39	76	23	46	12	24	12	24	105	207
ROAD DEVELOPMENT	"	Not Given		77	73	202	652	238	316	123	158	219	389	809	1588
WATER SUPPLY IMPROVEMENT	"	NIL	NIL	NIL	NIL	26	NIL	58	250	59	275	59	100	212	625
SUBTOTAL														7501	7208
WATER SUPPLY DEVELOPMENT	JAMAICA	870	870	2044	2044	1680	1680	2380	2380	1820	1820	Not Given	Not Given	8794	8794
WATER SUPPLY	"	1096	1096	1226	2044	1112	1671	1570	1922	940	1029	Not Given	Not Given	5864	8316
WATER & SERVICES	"	244	224	288	264	102	94	114	104	82	75	Not Given	Not Given	830	763
WATER SUPPLY WATER SUPPLY	"	808	284	1079	801	1680	840	1960	672	1793	1042	Not Given	Not Given	7460	4139
SUBTOTAL														22948	22012
TOTAL														30449	29220

Table I: BARBADOS - MAJOR PROJECTS WITH FINANCING

(in millions of US\$)

Projects	Total Cost	External Financing	Source	Interest Rate (%)	Amortization (years)	Grace Period (years)	Counterpart Amount	Local Financing (%)
Agriculture	<u>18.2</u>	<u>11.1</u>					<u>7.1</u>	
Agronomic Research Laboratory	2.5	1.5	EDF	1.00	40	10	-1.0	40
District's Fisheries Development	2.8	1.5	EDF	Grant	-	-	1.3	46
Integrated Rural Development	6.7	4.1	IDB	2.00	27	8	2.6	39
Spring Hall Land Lease	1.2	0.9	CDB	4.00	15	5	0.3	21
Expansion of BMC	4.0	2.1	CDB	4.00	15	5	1.9	48
Agricultural Credit	1.0	1.0	CDB	4.00	15	5	-	-
Industry	<u>26.7</u>	<u>15.9</u>					<u>10.8</u>	
Cane Separation II	1.0	1.0	CIDA	Grant	-	-	-	-
Industrial Development & Export Promotion	21.9	10.0	IBRD	8.25	15	3	9.5	43
		2.4	CDB	8.50	15	5		
Industrial Estates	3.8	2.0	CDB	8.50	15	5	1.3	34
		0.5	CDB	4.00	15	5		
Tourism	<u>17.2</u>	<u>13.0</u>					<u>4.2</u>	
Haywood Holiday Village Project	17.2	8.0	IBRD	7.00	15	3	4.2	24
		5.0	CDB	8.00	15	3		
Transportation	<u>9.7</u>	<u>5.5</u>					<u>4.2</u>	
Spring Garden/SJPP Road	8.1	4.4	IDB	7.9	20	4	3.7	46
Spring Garden/SJPP Road Study	1.6	1.1	IDB	Grant	-	-	0.5	31
Education	<u>26.0</u>	<u>17.9</u>					<u>8.1</u>	
S.J. Prasad Polytechnic Institute	11.5	7.9	IDB	2.00	20	7.5	3.6	31
Rehabilitation of Primary & Secondary Education System	14.5	10.0	IBRD	8.00	15	3	4.5	32
Health	<u>24.8</u>	<u>16.2</u>					<u>7.9</u>	
Bridgetown Sewerage Project	19.8	13.4	IDB	2.00	27	8	6.4	32
Community Health Clinics	5.0	3.5	IDB	Grant	-	-	1.5	30
Water	<u>10.4</u>	<u>6.1</u>					<u>3.9</u>	
Water Development Project	10.4	6.5	CIDA	1.00	30	7	3.9	38
Other	<u>2.0</u>	<u>2.0</u>					<u>-</u>	
BIGI Employment Sector Project	2.0	2.0	USAID	4.00	10	9	-	-
TOTAL	<u>131.0</u>	<u>88.8</u>					<u>46.2</u>	

JAMAICA
GROSS EXTERNAL INFLOWS
(J\$ Mn)

	<u>FY81/82</u>	<u>FY82/83</u>	<u>FY83/84</u>	<u>Total</u>
<u>Committed as of Sept. 1, 1981</u>	<u>813</u>	<u>127</u>	<u>47</u>	<u>981</u>
Project-related	149	127	47	317
Commercial	125	-	-	125
Other	539	-	-	539
<u>Uncommitted</u>	<u>33</u>	<u>704</u>	<u>793</u>	<u>1530</u>
Project-related	33	182	290	505
Commercial	-	89	53	142
Other	-	433	450	883
<u>Total</u>	<u>846</u>	<u>825</u>	<u>840</u>	<u>2511</u>

JAMAICA - PUBLIC SECTOR INVESTMENT PROGRAM BY SECTOR

US millions

	FY 1981/82		FY 1982/83		FY 1983/84		FY 1981/82 - FY 1983/84	
	Total	External	Total	External	Total	External	Total	External
WATER SUPPLY	120.1	60.4	132.0	60.9	119.6	34.7	397.5	139.7
CONSTRUCTION	120.1	60.4	132.0	60.9	119.6	34.7	397.5	139.7
MAINTENANCE	-	-	0.5	0.2	14.7	9.3	15.2	9.5
POWER	27.1	1.3	19.4	7.1	33.5	16.0	100.3	25.4
CONSTRUCTION	27.1	1.3	19.4	7.1	31.6	6.0	68.5	15.4
MAINTENANCE	-	-	-	-	31.8	10.0	31.8	10.0
TRANSPORT	20.0	-	25.8	-	26.5	-	18.9	-
CONSTRUCTION	20.0	-	25.8	-	26.5	-	108.5	-
MAINTENANCE	-	-	10.5	-	9.9	-	20.4	-
HEALTH AND ENERGY	26.1	6.8	46.6	49.2	152.4	104.8	313.3	194.8
CONSTRUCTION	26.1	6.8	46.6	49.2	152.4	104.8	117.1	53.3
MAINTENANCE	-	-	36.0	23.9	136.7	100.2	196.2	141.5
TELECOMMUNICATIONS	12.4	17.1	43.8	11.1	31.4	8.8	127.6	27.0
CONSTRUCTION	12.4	17.1	39.1	9.9	11.2	0.4	102.7	27.4
MAINTENANCE	-	-	4.7	1.2	20.2	8.4	24.9	9.6
TELEVISION AND COMMUNICATIONS	108.0	54.9	205.9	103.7	242.2	137.5	614.7	301.1
CONSTRUCTION	108.0	54.9	59.6	10.3	37.8	-	230.0	56.4
MAINTENANCE	-	-	146.3	93.4	204.4	137.5	384.7	244.7
TELECOMMUNICATIONS INFRASTRUCTURE	15.7	1.6	92.1	56.0	82.1	15.4	202.9	73.0
CONSTRUCTION	15.7	1.6	19.3	-	26.5	-	61.3	-
MAINTENANCE	-	-	72.8	56.0	55.6	15.4	141.6	73.0
WATER SUPPLY	11.1	1.3	16.8	3.7	11.6	1.1	46.1	6.1
CONSTRUCTION	11.1	1.3	11.9	2.3	10.3	0.9	-0.1	4.4
MAINTENANCE	-	-	2.9	1.4	1.3	0.3	6.0	1.7
POWER	27.1	7.6	22.4	3.6	25.8	2.2	77.3	17.4
CONSTRUCTION	27.1	7.6	12.5	0.1	11.0	-	50.3	7.6
MAINTENANCE	-	-	10.2	3.5	14.8	2.2	27.0	9.8
TRANSPORT	102.1	4.4	152.1	5.6	127.2	10.0	447.8	25.0
CONSTRUCTION	102.1	4.4	126.8	3.6	94.6	10.0	294.3	25.0
MAINTENANCE	-	-	26.3	-	32.6	-	153.5	-
TELECOMMUNICATIONS INFRASTRUCTURE	11.1	-	28.2	-	31.9	-	100.2	-
CONSTRUCTION	11.1	-	17.9	-	13.1	-	70.9	-
MAINTENANCE	-	-	10.4	-	18.0	-	29.3	-
DISTRIBUTION	8.4	1.7	31.0	1.9	33.4	2.2	92.8	6.1
CONSTRUCTION	8.4	1.7	25.2	-	27.1	-	80.7	1.9
MAINTENANCE	-	-	5.8	1.9	6.3	2.2	12.1	4.2
Not stated	-	-	-	-	85.0	-	85.0	-
GRAND TOTAL	475.1	149.4	536.4	121.0	397.2	46.8	1,606.7	317.2
CONSTRUCTION	1,122.7	323.9	1,446.6	381.5	1,449.1	89.3	1,122.7	323.9
MAINTENANCE	352.4	175.5	917.8	322.5	1,229.2	379.5	484.0	93.9
GOVERNMENT	274.1	88.2	427.1	111.8	546.0	142.0	1,469.8	343.1
CONSTRUCTION	180.1	63.1	433.5	190.7	500.2	194.3	1,264.6	478.0

JAMAICA - EXPECTED DISBURSEMENTS ON NEW PROJECTS, 1981/82-1983/84
(in millions of J\$)

	1981/82		1982/83		1983/84		Total 1981/82-1983/84	
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign
Agriculture								
Rural Agricultural Development Program ^{a/}	24.0	7.0	14.0	7.0	46.0	15.0	108.00	29.0 ^{a/}
Expansion of Agricultural Production in Correctional Institutions	1.0	-	-	-	-	-	1.0	- ^{a/}
Dairy Herd Multiplication	0.6	0.5	1.5	0.9	1.5	0.7	3.6	2.1 ^{a/}
Extension-Veterinary Services	0.5	0.2	0.9	0.4	1.1	0.8	2.4	1.2 ^{a/}
Coconut Expansion	-	-	1.8	0.7	2.5	1.0	4.3	1.7 ^{a/}
Oranges Expansion	-	-	2.7	1.3	2.7	1.3	5.3	2.6 ^{a/}
Milken Rio Cobre Irrigation	-	-	0.5	0.2	0.5	0.3	1.0	0.5 ^{a/}
KINDEC II	-	-	6.1	-	12.2	6.9	18.3	6.9 ^{a/}
Water Irrigation	-	-	1.8	-	0.5	-	2.3	- ^{a/}
Livestock Research	-	-	0.1	-	-	-	0.1	- ^{a/}
Meatery Production	-	-	1.0	-	-	-	1.0	- ^{a/}
Project Land Lease	-	-	2.0	-	-	-	2.0	- ^{a/}
Emergency Assistance Program	-	-	2.2	-	-	-	2.2	- ^{a/}
Crop Care	-	-	1.0	-	-	-	1.0	- ^{a/}
Development of Land Settlements	-	-	2.0	-	-	-	2.0	- ^{a/}
Goat Herd Farms	-	-	0.5	-	-	-	0.5	- ^{a/}
Soil Conservation SEP	-	-	1.1	-	-	-	1.1	- ^{a/}
White Berry Arter Program	-	-	0.5	-	-	-	0.5	- ^{a/}
Industry	-	-	0.3	-	-	-	0.3	- ^{a/}
Total	26.1	7.7	64.0	10.3	66.6	26.0	156.8	44.0
Manufacturing								
Plant Rehabilitation	3.4	2.0	3.5	1.8	-	-	7.5	3.8 ^{c/}
Plant Expansion	-	-	-	-	32.2	16.1	32.2	16.1 ^{c/}
Total	3.4	2.0	3.5	1.8	32.2	16.1	39.7	19.9
Science								
Jamaica Institute of Science	3.0	-	1.0	-	3.0	-	9.0	- ^{d/via JNIC}
Other	-	-	11.5	10.0	14.0	12.0	180.8	22.0 ^{a/}
Total	3.0	-	14.5	10.0	17.0	12.0	189.8	22.0
Transport								
Coastal Road	0.2	-	-	-	-	-	0.2	- ^{a/}
Craft Center	0.5	0.1	-	-	-	-	0.5	0.1 ^{a/}
Total	0.7	0.1	-	-	-	-	0.7	0.1
Water and Energy								
Rural Electrification	-	-	4.2	1.8	11.8	5.9	16.0	7.7 ^{a/}
Feasibility Study for Energy Assessment	0.8	0.4	0.4	0.2	0.3	0.1	1.5	0.7 ^{a/}
Alternative Energy Demonstration Centers	0.4	0.2	0.6	0.3	0.5	0.2	1.5	0.7 ^{a/}
Small Hydro Electricity Projects	1.1	0.7	1.8	1.5	3.1	1.7	9.2	3.9 ^{a/}
Offshore Oil and Gas Exploration	16.7	7.8	10.5	5.2	3.0	1.6	30.6	12.6 ^{a/}
Onshore Oil and Gas Exploration	1.7	1.6	1.7	1.3	4.0	3.6	9.4	8.5 ^{a/}
Small Western Hydroelectricity (JPS)	3.4	3.6	13.2	4.8	23.0	9.6	42.1	18.0 ^{a/}
Water Reserves Utilization	-	-	10.6	3.2	19.3	5.7	49.9	8.9 ^{a/}
Energy Sector Assistance	2.7	1.2	1.8	1.4	1.8	1.4	3.6	2.8 ^{b/}
Total	24.1	15.5	55.8	22.4	64.4	32.5	179.4	70.5

JAMAICA - EXPECTED DISBURSEMENTS ON NEW PROJECTS, 1981/82-1983/84

	1981/82		1982/83		1983/84		Total 1981/82-1983/84	
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign
Other Utilities								
Rural Water Supply	1.8	-	3.2	1.3	10.0	6.0	14.0	7.3 ^{a/}
St. Ann's Pt. Water Supply	0.6	-	1.3	1.0	4.8	2.9	8.7	3.9 ^{a/}
Blue Mountain Multi-purpose Scheme	2.5	1.6	12.0	4.0	14.0	6.0	28.5	11.6 ^{a/}
May Pen/Spanish Town Sewerage	0.6	-	3.0	1.3	8.0	4.8	11.6	6.1 ^{a/}
National Water Expansion Program	0.7	-	9.9	3.0	10.5	4.0	22.1	7.0 ^{a/}
Water Commission	0.3	-	0.7	-	1.7	-	4.7	2.4 ^{a/}
Total	4.5	1.6	12.1	10.6	49.0	23.7	89.6	35.9
Transport & Communication								
Main Roads	-	-	1.2	-	0.2	-	1.4	0.8 ^{a/}
Farm Roads	-	-	1.2	-	-	-	1.2	0.6 ^{a/}
VHT System	-	-	0.3	-	0.3	-	0.6	0.3 ^{a/}
Field Water Control	-	-	0.8	-	0.7	-	1.5	0.8 ^{a/}
Local Bridges	-	-	0.5	-	1.7	-	2.2	1.1 ^{a/}
Local Roads	-	-	7.6	-	11.8	-	19.6	10.0 ^{a/}
St. James Phases V and VI	4.7	2.4	9.3	6.1	0.3	0.1	14.3	8.6 ^{a/}
International Airports	1.6	2.3	3.6	2.3	2.4	1.6	9.6	6.2 ^{a/}
Air Jamaica	-	-	76.0	28.6	65.7	43.8	141.7	72.2 ^{a/}
Jamaica Merchant Marine Ships	4.6	6.0	35.0	20.2	60.5	41.8	104.1	68.6 ^{a/}
Jamaica Broadcasting Co.	1.6	1.6	-	-	15.2	6.3	15.2	1.6 ^{a/}
Jamaica Telephone Co.	-	-	-	-	15.2	6.3	15.2	6.3 ^{a/}
JAMTEL	0.7	4.4	3.2	3.4	10.2	7.6	20.1	15.4 ^{a/}
Total	14.2	17.3	119.9	60.6	169.0	101.0	333.1	178.9
Other Economic Infrastructure								
Port Antonio Redevelopment	0.0	0.4	3.0	0.6	8.6	1.7	13.6	2.7 ^{a/}
Jig Bridge Redevelopment	-	-	2.0	0.2	-	-	2.0	0.2 ^{a/}
Longridge Bay South Cully	4.6	1.1	4.7	-	1.2	-	10.5	1.1 ^{a/}
Kingston West End	0.0	0.3	4.0	1.2	-	-	5.0	1.5 ^{a/}
Other UDC Projects	0.8	0.9	1.2	-	10.0	2.9	12.0	3.8 ^{a/}
Kingston Free Zone	0.2	3.1	11.5	4.0	12.7	7.1	29.4	14.2 ^{a/}
Total	15.6	5.8	26.4	6.0	32.5	11.7	72.5	23.5
Health								
Ministry of Works	-	-	4.2	-	5.7	-	9.9	0.8 ^{a/}
Upgrading Hospitals	11.0	7.2	8.5	4.0	8.5	5.5	27.0	16.2 ^{a/}
Total	11.0	7.2	12.7	4.0	14.2	5.5	36.9	16.7
Education								
IBRD Education III	0.8	0.6	4.4	1.6	5.5	3.7	10.7	5.9 ^{b/}
Primary School Bldg. Progr.	1.8	1.7	4.5	2.3	5.9	2.2	15.2	5.7 ^{a/}
CAS	0.5	0.4	0.8	0.6	-	-	1.3	1.0 ^{a/}
Youth Development Centres	1.0	2.0	4.0	3.0	11.5	5.8	23.5	10.8 ^{a/}
Total	10.1	4.7	17.7	7.5	22.9	11.7	50.7	23.4
Other Social Infrastructures								
National Parks	-	-	0.5	-	-	-	0.5	0.5 ^{a/}
Public Stations	-	-	6.9	-	14.4	-	21.3	0.8 ^{a/}
UDF Construction	-	-	3.7	-	5.5	-	9.2	0.8 ^{a/}
Ministry of Local Government Amenities, Facilities	-	-	9.5	-	12.2	-	21.7	0.8 ^{a/}
Other	0.7	-	0.1	-	0.1	-	1.9	0.8 ^{a/}
Special Development Proj.	-	-	1.0	-	1.5	-	2.5	0.8 ^{a/}
Total	1.7	-	21.7	-	33.7	-	57.1	-
Total	130.6	61.4	408.7	133.3	666.5	240.2	1205.8	434.9

- a/ Central Government
- b/ Central Government, Institutional
- c/ Non-consolidated Public Enterprises
- d/ Public Enterprises
- e/ Private

- f/ Includes the following projects:
 - 1) Pilot Hillside Restoration
 - 2) Soil Conservation and Watershed Management
 - 3) Small Farm Credit

Source: Ministry of Finance and mission estimates.

JAMAICA - EXPECTED DISBURSEMENTS ON ONGOING PROJECTS, 1981/82-1983/84
(in millions of J\$)

	1981/82		1982/83		1983/84		Total 1981/82-1983/84		Lending Agency	Notes
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign		
Agriculture										
Agric. Engineering Services	4.0	-	1.0	-	0.5	-	5.5	-		a/
Minor Irrigation	2.0	-	0.2	-	0.8	-	3.6	-		a/
Food Crops - Small Farmer Loan	3.0	-	4.0	-	4.0	-	11.0	-		a/
Control Authority	0.5	-	0.5	-	0.3	-	1.1	-		a/
Livestock Research	0.6	-	0.4	-	0.4	-	1.4	-		a/
Fond Farms	1.4	-	0.4	-	0.4	-	1.2	-		a/
Crop Research	0.3	-	0.3	-	0.3	-	0.9	-		a/
Nursery Production	1.5	-	1.5	-	1.0	-	6.0	-		a/
Fertilizer Study	1.5	-	2.0	-	2.0	-	6.5	-		a/
Project Land Lease	6.0	-	4.0	-	4.0	-	14.0	-		a/
Wired Soil Mulo	0.1	-	0.1	-	0.1	-	0.3	-		a/
Sustain Assistance Program	5.5	-	2.8	-	2.8	-	11.1	-		a/
Crops Care Project	2.5	-	1.0	-	1.0	-	4.5	-		a/
Dev. of Orchard Crops	0.1	-	0.5	-	0.5	-	1.1	-		a/
Livestock Improvement	0.1	-	0.1	-	0.1	-	0.3	-		a/
Dev. of Land Settlements	4.0	-	2.0	-	2.0	-	8.0	-		a/
Pioneer Farms	1.0	-	0.5	-	0.5	-	2.0	-		a/
Soil Conservation Works - Str	1.1	-	1.0	-	1.0	-	3.1	-		a/
Acquisition of Land	2.1	-	1.6	-	1.1	-	4.8	-		a/
Farmers Training Centers	0.3	-	0.2	-	0.1	-	0.6	-		a/
Veterinary Services	0.2	-	0.2	-	0.2	-	0.6	-		a/
Coffal Berry Borer Control	2.0	-	1.0	-	1.0	-	4.0	-		a/
Mis. of Finance Frame/ Moneybank Land	1.8	-	1.5	-	-	-	3.3	-		a/
Urban Areas	0.4	-	0.3	-	0.3	-	1.0	-		a/
Rice Development	2.8	-	2.5	-	2.5	-	7.8	-		a/
Fisheries Development	1.1	-	1.0	-	1.0	-	3.1	-		a/
Other Agricultural Projects	0.2	-	0.1	-	0.1	-	0.4	-		a/
JA PDS/C Drainage	2.6	1.0	1.0	1.0	0.9	0.9	9.5	2.9	IDB	b/
Jamaica Plantations	1.0	0.5	1.0	0.5	-	-	2.0	1.0	EDF	b/
Self Supporting Farmers Dev.	11.5	4.3	10.8	7.0	1.6	1.6	23.7	12.9	IDB	b/
Fisheries Port Complex	4.0	2.0	2.5	2.5	2.5	2.5	9.0	7.0	YFV	b/
First Rural Development	4.0	2.2	5.0	2.5	2.1	2.1	15.1	6.8	IBRD	b/
Macro Drains	1.0	1.0	-	-	-	-	3.0	1.0	EDF/Neth	b/
Macro/Keyholefield Drains	2.8	2.1	-	-	-	-	2.8	2.1	Neth	b/
Knockalva Dairy Dev.	1.0	1.0	-	-	-	-	1.0	1.0	Neth	b/
Tank Building	1.0	1.5	3.0	1.5	3.0	1.5	9.0	4.5	Neth	b/
Integrating Rural Dev.	4.8	2.0	6.8	4.0	5.7	5.0	19.3	11.0	USAID	b/
Agricultural Marketing	2.5	1.0	6.5	2.5	4.0	4.0	13.0	8.5	USAID	b/
Agricultural Planning	1.7	0.7	1.5	0.5	1.5	0.5	4.7	1.7	USAID	b/
Inland Fisheries	4.0	1.5	3.5	1.6	2.3	1.6	10.4	4.8	USAID	b/
Agricultural Research	1.0	2.0	4.0	2.0	3.0	3.0	15.5	7.0	IDB	b/
Rural Markets	1.0	1.0	7.0	3.5	3.2	3.2	13.2	8.7	IDB	b/
Soil Conservation Program	1.0	0.5	-	-	-	-	1.0	0.5	FAO/NORWAY	b/
Rural Physical Planning	1.5	1.0	0.5	-	0.3	-	2.5	1.0	Neth	b/
Ebony Park Oasis	4.0	1.0	-	-	-	-	4.0	1.0	Neth	b/
Greenwall Youth & Community Dev.	1.5	-	-	-	-	-	0.5	-	Neth	b/
Seed Farm Project	1.5	0.7	-	-	-	-	1.5	0.7	YDF	b/
Hurricane Mit. - Forests	0.6	0.6	-	-	-	-	0.6	0.6	UNEP	b/
Loan to AD	1.6	-	-	-	-	-	1.6	-		c/
ADC Dairy - Industrial Dev.	1.1	-	1.0	-	1.0	-	3.1	-		c/
Shottleswood Dairy	0.6	-	-	-	-	-	0.6	-		c/
ADC Rice & Cattle Feed Project	0.3	-	0.3	-	0.3	-	0.9	-		c/
NBC Sugar Factory Rehab.	20.5	3.7	9.5	2.1	2.3	2.3	32.6	7.8	IBRD	d/
Total Agriculture	150.7	10.7	95.5	33.2	63.1	28.4	509.3	92.5		
Manufacturing										
Industrial Training & Special Employment	0.5	-	0.6	-	0.7	-	1.8	-		e/
JTDC Food To B & Process. Co.	0.5	-	0.4	-	0.7	-	1.8	-		f/
JTC Factory Building Program	4.6	-	1.6	-	1.8	-	10.0	-		f/
Grant to Institute of Craft	1.4	-	1.6	-	1.7	-	4.7	-		f/
Loan to Cornwall Dairy	0.5	-	0.4	-	-	-	0.9	-		f/
JTC Garment Ind. Unit	0.3	-	0.1	-	0.3	-	0.9	-		f/
JTC Furniture and Comm	1.7	-	1.9	-	2.1	-	5.7	-		f/
Textile & Leather Plant	2.2	-	2.8	-	-	-	5.0	-		f/
Total Manufacturing	14.0	-	9.8	-	7.3	-	31.1	-		

JAMAICA - EXPECTED DISBURSEMENTS ON ONGOING PROJECTS, 1981/82-1983/84

	1981/82		1982/83		1983/84		Total 1981/82-1983/84		Lending Agency	Notes
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign		
2.2										
Industrial Minerals	0.5	-	0.3	-	0.6	-	1.4	-		a/
Mineral Mining Energy Dev.	0.3	-	1.2	-	1.5	-	3.5	-		a/
Mineral Rights Mining via NIC	2.5	-	2.5	-	1.5	-	7.5	-		d/
Industrial Gypsum Quarries via NIC	1.2	-	1.0	-	1.0	-	3.0	-		d/
Total Mining	4.5	-	5.0	-	5.6	-	15.4	-		
2.3										
Alverna River Bath	0.3	-	0.1	-	0.3	-	0.9	-		c/
Alverna Baths	0.1	-	0.1	-	0.1	-	0.3	-		c/
Hotel Training	0.4	-	-	-	-	-	0.4	-		c/
Hotel Market Port Antonio	0.2	-	-	-	-	-	0.2	-		c/
Road	2.5	-	2.8	-	-	-	5.3	-		c/
Hotel Tourist Board	19.1	-	17.5	-	16.5	-	53.1	-		c/
Hotel Vacations Ltd.	4.0	-	4.8	-	3.8	-	14.6	-		c/
Hotel Reservations Services	2.4	-	0.4	-	0.4	-	1.2	-		c/
Total Tourism	27.0	-	25.9	-	23.1	-	76.0	-		
2.4										
Electricity Authority	1.0	-	-	-	-	-	1.0	-		c/
Public Services Co.	57.0	7.0	33.3	6.8	11.7	6.7	102.0	20.5	IBRD	d/
Total Power	58.0	7.0	33.3	6.8	11.7	6.7	103.0	20.5		
2.5										
2.5.1 Utilities										
Water Supplies	3.4	-	3.7	-	4.1	-	11.2	-		a/
Water Meters	1.2	-	1.1	-	1.2	-	3.3	-		a/
Water Mtn. of Local Govt.	0.2	-	0.4	-	0.3	-	0.9	-		a/
Water Supply NWC	4.4	5.5	4.2	3.5	-	-	8.6	5.0	IBRD	d/
Water Sewerage & Water/NWC	17.7	3.3	10.8	-	-	-	28.5	3.3		d/
Water Supply NWA	12.1	-	12.5	-	0.5	-	25.1	-		d/
Water Div/Jamaica NWA	3.1	0.9	0.5	-	0.1	-	6.1	0.9		d/
Water and Sewerage	11.7	-	5.0	-	1.7	-	19.4	-		d/
Water	1.5	-	2.2	-	1.1	-	4.9	-		d/
Total Other Utilities	57.4	5.7	41.4	1.5	9.2	-	108.0	9.2		
2.5.2 Transport and Communications										
Airports	0.4	-	0.5	-	0.3	-	1.8	-		a/
Construction Imp.	3.3	-	2.5	-	2.5	-	8.3	-		a/
Disaster Prevention	6.3	-	6.1	-	5.7	-	17.8	-		a/
Emergency Reconstruction	2.4	-	-	-	-	-	2.4	-		a/
Navigation Works, Rivers, Sea	1.6	-	2.0	-	2.0	-	5.6	-		a/
Roads Local	0.3	-	1.0	-	1.0	-	2.3	-		a/
Roads	0.5	-	0.5	-	0.6	-	1.6	-		a/
Construction, Improv. Local Rds	5.1	-	3.0	-	3.0	-	11.1	-		a/
Primary Roads	2.7	2.0	0.5	-	-	-	3.2	2.0	IBD	b/
Road II	4.0	2.6	0.5	-	0.1	-	4.6	2.6	IBRD	b/
Roads III	14.3	11.5	10.4	7.8	-	-	29.7	13.3	IBRD	b/
Roads Alien	2.0	2.0	-	-	-	-	2.0	2.0	IBD/Germ.	b/
Roads Alien Roads & Drains	2.0	2.0	-	-	-	-	2.0	2.0	CDB	b/
Roads	0.4	-	0.4	-	0.4	-	1.7	-		a/
Jamaica Railway Corp.	15.4	7.1	3.5	-	3.5	-	19.3	7.1	France	c/
Jamaica Telephone Co.	22.3	12.7	1.4	1.9	-	-	24.2	14.6		d/
POSTNET	8.4	-	7.0	-	0.1	-	13.1	-		d/
Jamaica Merchant Marine	19.4	19.4	-	-	-	-	19.4	19.4		d/
Port Authority	4.3	2.7	6.2	6.2	7.4	4.3	21.9	11.2		d/
Total Transport and Communications	119.3	62.0	45.9	7.9	26.8	4.3	192.0	74.2		
2.6										
2.6.1 Other Services										
Health Services	3.4	-	3.0	-	3.4	-	14.3	-		a/
Health Admin	2.4	-	1.3	-	1.3	-	4.0	-		a/
Health Education Project	0.7	0.8	-	-	-	-	2.0	0.8	IBRD	b/
Other Health	12.1	0.4	5.9	-	5.7	-	23.7	0.8		

JAMAICA - EXPECTED DISBURSEMENTS ON ONGOING PROJECTS, 1981/82-1983/84

	1981/82		1982/83		1983/84		Total 1981/82-1983/84		Lending Agency	Notes
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign		
Education										
Primary & Special Education	0.4	0.4	0.7	0.7	-	-	1.1	1.1	Mech	a/
Male Schools	1.5	1.6	-	-	-	-	1.6	1.6	EDF	a/
Primary Schools	2.0	0.9	0.1	-	-	-	2.1	0.9	Canada	a/
Prison Project	0.1	0.1	-	-	-	-	0.3	0.3	USAID	a/
Rural Education	3.7	3.4	-	-	-	-	3.7	3.4	USAID	a/
Manpower Training & Planning	1.4	-	2.1	-	-	-	3.5	-	Cuba	a/
Institute of Sports	0.9	-	0.9	-	-	-	1.8	-	UNDB/Mech	a/
CAST	0.2	-	-	-	-	-	0.2	-		
CAST	1.0	1.0	1.2	1.2	-	-	2.2	2.2	Norway	a/
JAMAL	0.2	0.1	-	-	-	-	0.2	0.1		
School of Agriculture	0.2	0.1	-	-	-	-	0.5	0.5		
Charlemagne High School	0.3	0.3	-	-	-	-	0.5	0.5		
Basic Services for Children	0.7	0.1	0.8	0.4	0.9	0.4	2.4	1.1		
Total Education	12.9	4.3	5.8	2.3	0.9	0.4	19.6	11.2		
Other Social Infrastructure										
Police Station	0.6	-	0.6	-	0.6	-	1.8	-		a/
DF Construction	0.4	-	0.5	-	0.5	-	1.4	-		a/
Military	5.7	-	0.2	-	0.2	-	6.2	-		a/
Courthouse	1.6	-	0.8	-	0.6	-	3.0	-		a/
Prisons	0.5	-	0.6	-	0.3	-	1.4	-		a/
Community Enterprise Organization	2.3	-	1.2	-	0.5	-	4.0	-		a/
Min. of Local Government	4.9	-	3.6	-	3.9	-	12.4	-		a/
National Parks	0.7	-	0.5	-	0.8	-	2.0	-		a/
Water and Protection	2.6	-	3.0	-	3.6	-	9.2	-		a/
Marine	0.3	-	0.3	-	0.4	-	1.0	-		a/
Ecological Research	0.3	-	0.3	-	0.4	-	0.9	-		a/
Hurricane Allen	1.3	-	-	-	-	-	1.3	-		a/
Total Other Social Infrastructure	27.4	-	11.6	-	11.8	-	44.6	-		
Housing										
Rural Housing	3.7	-	4.0	-	5.5	-	14.2	-		a/
Trinidad Housing	2.6	-	0.5	-	0.5	-	2.6	-		a/
Slum Clearance	1.2	-	1.0	-	0.7	-	2.9	-		a/
Housing Cooperatives	0.9	-	0.9	-	0.9	-	2.7	-		a/
Sites & Services	1.0	-	3.8	-	3.0	-	9.8	-		a/
Joint Venture	2.0	-	-	-	-	-	2.0	-		a/
Land Acquisition	1.5	-	2.1	-	2.5	-	6.2	-		a/
Planning	1.2	-	3.0	-	3.0	-	8.2	-		a/
Other Min. of Housing	0.4	-	0.2	-	0.5	-	2.2	-		a/
Sites and Services	2.7	-	3.4	-	-	-	11.6	-	IBRD	a/
Quarter Upgrading	0.3	4.5	14.7	9.1	-	-	22.2	13.7	USAID	a/
National Urban Upgrading	0.2	3.8	6.2	3.8	-	-	12.4	7.6	USAID	a/
Quarter Upgrading	1.0	0.2	0.6	0.5	-	-	1.6	0.7	Mech	a/
National Housing Corp.	17.0	-	7.5	-	6.0	-	31.0	-		a/
National Housing Trust	2.6	-	18.1	-	74.9	-	209.8	-		a/
Jamaica Mortgage Bank	1.0	-	-	-	-	-	13.8	-		a/
Total Housing	147.0	8.8	109.7	13.4	98.5	-	355.2	22.0		
Other Economic Infrastructure										
SDC Helicopter Bay Dev	1.1	0.7	2.0	0.4	-	-	6.4	1.1		d/
USA Others	1.3	1.5	1.1	0.2	0.7	-	7.7	1.7		d/
Fire & Garbage Vehicles	3.1	1.0	-	-	-	-	5.1	1.0		d/
Total	5.5	3.2	3.1	0.6	0.7	-	19.2	3.8		
Administrative										
Contribution to ICR	3.9	-	3.5	-	-	-	7.4	-		a/
CIB	1.2	-	1.2	-	-	-	2.4	-		a/
IPC	0.3	-	-	-	-	-	0.3	-		a/
Surveys and Enquiries	1.5	-	1.8	-	-	-	3.3	-		a/
Feasibility Studies	4.9	-	3.0	-	-	-	9.9	-		a/
Government Buildings	4.0	-	4.5	-	5.0	-	13.5	-		a/
Administrative Staff College	2.6	-	0.5	-	0.6	-	1.5	-		a/
Min. of Local Govt.	3.6	-	3.6	-	1.4	-	12.6	-		a/
Deferred Payment Program	3.0	-	-	-	-	-	9.0	-		a/
Min. of Finance Purchases of Stocks	3.0	-	4.0	-	-	-	7.0	-		a/
Acquisition of Properties	2.0	-	-	-	-	-	2.0	-		a/
Total Administrative	28.8	-	28.1	-	7.7	-	81.9	-		

JAMAICA - EXPECTED DISBURSEMENTS ON ONGOING PROJECTS, 1981/82-1983/84

	1981/82		1982/83		1983/84		Total 1981/82-1983/84		Lending Agency	Notes
	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign		
<u>Special Employment Program</u>	<u>37.0</u>	<u>-</u>	<u>42.5</u>	<u>-</u>	<u>47.5</u>	<u>-</u>	<u>127.0</u>	<u>-</u>		
<u>Continuances</u>	<u>50.0</u>	<u>-</u>	<u>50.0</u>	<u>-</u>	<u>50.0</u>	<u>-</u>	<u>150.0</u>	<u>-</u>		
<u>Total Ongoing Projects</u>	<u>755.4</u>	<u>126.7</u>	<u>511.7</u>	<u>67.7</u>	<u>368.9</u>	<u>39.8</u>	<u>1,636.0</u>	<u>234.2</u>		

a/ Central Government
 b/ Central Government, Institutional
 c/ Non-Consolidated Public Enterprises
 d/ Public Enterprises
 e/ Private

Source: Ministry of Finance and mission estimates.

The World Bank / 1818 H Street, N.W., Washington, D.C. 20433, U.S.A. • Telephone: (202) 477-1234 • Cables: INTBAFRAD

MAR - 3 1982 February 26, 1982

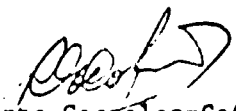
Mr. William B. Wheeler
Director
Regional Development Office for
the Caribbean
USAID, Box 302-B
c/o American Embassy
Bridgetown, Barbados

Dear Mr. Wheeler,

Concerning your questions about the eligibility of Barbados and Jamaica for using Caribbean Development Facility (CDF) resources, I am pleased to confirm to you that, during the June 1981 meeting of the Caribbean Group, the working group of financial institutions which sponsored those meetings (World Bank, IDB, CDB and IMF) considered that both Barbados and Jamaica were eligible, and made recommendations to donors for providing the required resources. In the economic work done since then, we have not found any reason to change such eligibility status.

Sincerely yours,

ACTION	INFO
	(CDO)
DIR	✓
ADMN	✓
FIN	
EC	
CONT	
RLA	
CDO	
AGIU	
EDUC	
HLTH	
W/O	
DU	03/11/82
TA	


Roberto González-Cofino
Chief
Country Programs Division
Latin America and the Caribbean
Regional Office

cc: Mr. George Hill

BANCO INTERAMERICANO DE DESARROLLO  INTER-AMERICAN DEVELOPMENT BANK
 BANCO INTERAMERICANO DE DESENVOLVIMENTO BANQUE INTERAMERICAINE DE DEVELOPPEMENT

WASHINGTON, D.C. 20577
 CABLE: INTAMBANC

OD7-010-RG
 February 18, 1982

Mr. William R. Wheeler
 USAID Representative
 Caribbean Regional Development Office
 c/o Embassy of the United States of America
 Bridgetown, Barbados


Dear Mr. Wheeler,

Following our most recent conversations in Barbados in January 1982, we wish to take this opportunity to emphasize the positive impact which the Caribbean Development Facility (CDF) is having in assisting the countries of the Caribbean region with the sound financing of development projects, especially in the IDB member countries of Jamaica, Barbados and Guyana.

The CDF has had a significant impact in assisting Caribbean countries which face balance of payment difficulties and whose strained public sector finances have created difficulties in the financing of priority development projects. Through the assistance provided by the CDF and international financial organizations, these countries have the opportunity to pursue economic and financial alternatives which can contribute to their long term development.

The IDB will continue to assist in this effort, and urge that the positive assistance of the CDF will continue to receive your highest priority.

Yours sincerely,


 for Luis Sánchez Masi
 Chief Division 7 - Region III
 Operations Department

cc. Mr. William B. Cair, Director
 Office of Caribbean Affairs, USAID

Mr. Rober Warne, Director
 Office of Caribbean Affairs,
 Department of State

Mr. David Coore
 Field Office in Barbados

Financial Status of CDF I, II and III

A. Caribbean Development Facility I

AID's first contribution to the Caribbean Development Facility was a \$20 million loan to the CDB, signed in September 1978. Of that total, \$18 million was made available to Jamaica (\$11.1 million), Guyana (\$5.4 million) and Barbados (\$1.5 million). These countries (usually referred to as the More Developed Countries of the region, (or MDCs) have fully drawn down all resources available under CDF I.

An additional \$2.0 million was allocated to the mini-states of the Eastern Caribbean (usually referred to as the Less Developed Countries of the region, or LDCs). The funds allocated to the MDCs have been fully disbursed and the LDC funds are expected to be disbursed before the PACD of September 30, 1982.

The \$18 million provided to the MDCs were utilized to finance the local costs of 14 high priority development projects assisted by the other Free World donors. By financing local costs which were to have been the responsibility of the host government, AID funds eased the problem of public sector savings, permitted progress to be made on high priority investment projects which otherwise would have been stalled, and increased the availability of scarce foreign exchange. As indicated in Table X-I, the MDC portion of the project is fully disbursed.

CDF assistance to the LDCs was provided in a more traditional manner. This was necessitated by the fact that donor agencies operating in the LDCs often agree from the outset to finance all investment costs; there is often no counterpart contribution which the CDF could finance. The \$2.0 million available to the LDCs was thus designed to provide life-of-project financing for a broad range of investment projects for which no other donor financing had been secured. The eligibility criteria for MDC projects outlined above -- target group impact and technical, economic, financial and environmental soundness -- were also employed for LDC projects. Since the LDC projects were not reviewed by other donors, thorough project appraisals were generally required to verify their eligibility for CDF financing.

The CDB has approved or identified projects to fully absorb the total allocation of the LDC allocation under CDF I. However, implementation of some of the projects has been very slow with only \$975,000 disbursed to date. Four LDCs have received assistance, Dominica, St. Lucia, St. Vincent and St. Kitts. In Dominica and St. Vincent the funds were used to assist with the rehabilitation following hurricane damage of the banana industry which is

TABLE X - I
FINANCIAL STATUS OF CDF I

PROJECTS	COUNTRY	Disbursements by Functional A/C US\$'000					TOTAL
		FN	SD	HP	EH		
Industrial Estates	Barbados	-	400	-	-	400	
Oistins Fisheries Terminal	Barbados	300	-	-	-	300	
Samuel Jackman Prescod Polytechnic		-	-	-	800	800	
		<u>300</u>	<u>400</u>	<u>-</u>	<u>800</u>	<u>1,500</u>	
West Demerara Roads	Guyana	1240	-	-	-	1,240	
Tapakuma Irrigation	Guyana	1963	-	-	-	1,963	
Mahaica/Mahaicony/Abary	Guyana	1997	-	-	-	1,997	
IBRD Education	Guyana	-	-	-	200	200	
		<u>5200</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>5,400</u>	
Self Supporting Farmers Development	Jamaica	3612	-	-	-	3,612	
First Rural Development	Jamaica	1888	-	-	-	1,888	
Sites & Services	Jamaica	-	2000	-	-	2,000	
Small Scale Enterprises Dev.	Jamaica	-	600	-	-	600	
Students Loan Revolving Fund	Jamaica	-	-	-	199	199	
IBRD Education	Jamaica	-	-	-	801	801	
Second Population	Jamaica	-	-	2000	-	2,000	
		<u>5500</u>	<u>2600</u>	<u>2000</u>	<u>1000</u>	<u>11,100</u>	
		<u>11000</u>	<u>3000</u>	<u>2000</u>	<u>2000</u>	<u>18,000</u>	
		<u>Dis.</u>	<u>Undis.</u>	<u>Dis.</u>	<u>Undis.</u>	<u>Dis.</u>	
Banana Rehabilitation	St. Vincent	482	-	-	-	482	
Rural Electrification	St. Lucia	123	197	-	-	123	
Industrial Estates	St. Kitts	-	-	58	189	58	
Banana Rehabilitation	Dominica	312	-	-	-	312	
Port Rehabilitation	Dominica	-	-	-	639 ^{1/}	-	
TOTAL LDCs' (2000)		<u>917</u>	<u>197</u>	<u>58</u>	<u>828</u>	<u>975</u>	

^{1/} RDO/C approval is required for which documentation awaited from borrower.

pivotal to the economies of these islands. Funds totalling \$794,000 have been fully disbursed on these two projects. In St. Lucia a project to extend electricity to isolated villages in the northern and southern parts of the island has experienced implementation delays due to division of the resources of the executing agency to effect emergency repairs as a result of damage caused by Hurricane Allen in 1980. Since recommencement of project activities in September 1981, progress has been slow as a result of government budgetary constraints. The CDB is proposing a reduction of the project in an effort to effect completion by PACD.

In St. Kitts/Nevis an industrial estate project to provide 40,000 sq. ft. of factory space is in progress. To date 25,000 sq. ft. has been approved for construction, although it is unlikely that the project will be completed within the PACD.

A fifth project, the Dominica Port Rehabilitation, has been identified for funding from this component making it fully earmarked. However, a formal agreement between the CDB and the Government of Dominica has not yet been signed and this is delaying the request for AID approval by the Bank.

Despite this procedural delay, the major portion of the Port Rehabilitation project is proceeding under a CDB loan using World Bank (IDA) resources. The prime construction contractor has been relocated (a U.S. firm), a contract signed, and the contractor is now mobilizing. Given the pace at which construction is expected to proceed, it may be possible to draw down the AID funds by the PACD. However, an extension in the PACD probably will be required.

Overall, we anticipate CDB will request a PACD extension of up to nine months for the LDC portion of CDF I.

B. Caribbean Development Facility II

AID's second contribution to the Caribbean Development Facility was a \$17.5 million loan to the MDCs and a \$2.5 million grant to the LDCs as a part of the Basic Human Needs Project. In the MDCs, Jamaica was allotted \$10 million, Guyana \$5 million and Barbados \$2.5 million. The funds have been fully disbursed to 10 high priority projects in these countries, providing employment for an estimated 6,500 people.

During the funding period, Jamaica suffered from political and economic instability, flooding and hurricane damage, and shortages of human and material resources which led in some cases to slowdowns in the progress of some CDF-supported projects. In others, however, progress was made but claims for reimbursement

under CDF were not sent to the CDB. In at least one case project progress was delayed when cost overruns led to redesign and protracted negotiations between the government and the prime donor.

The second CDF tranche was significant in its support of increased public sector investment levels and good rates of progress in priority development projects. It provided needed foreign exchange to the recipient MDC governments and helped them maintain their progress under CG-approved medium term development programs.

A GAO audit, performed in July 1980, studied the problems in Jamaica that caused the slow rate of disbursement of funds under CDF II and recommended that AID insure that the CDB improve the frequency of transmissions of prime donor project monitoring reports to AID to assure fully awareness by AID and CDB of project progress and problems. AID should also insure that the CDB staff periodically visit AID/CDF project sites to supplement and verify information provided by prime donors. Although this implied an AID/CDB role beyond that originally envisaged, a joint AID/CDB evaluation team was assembled to assess the scope and extent of subproject.

The team visited project sites and held discussions with Ministry and Project Managerial Staff in three MDCs. The major conclusion of the evaluation was that CDF I and II had achieved their broad objectives and recommended modifications in the implementation system to enhance project monitoring. These changes were incorporated in CDF III.

The PACD of CDF III was June 30, 1981; all project funds were accrued for eligible activities by that date. Table X-II presents a detailed financial plan for CDF II.

C. Caribbean Development Facility III

The third contribution provided by AID to the Caribbean Development Facility was a \$16 million loan for on-lending to the MDCs of which Jamaica was allotted \$7 million, Barbados \$4 million and Guyana \$5 million.

Guyana has drawn down all \$5 million while Jamaica and Barbados expect to fully draw-down their allocations by the extended PACD of March 31, 1982. At present disbursements to Jamaica are \$6.022 million and Barbados \$3.478 million. From information available it appears Jamaica has accrued expenditures available in excess of its allocation. In Barbados there have been delays on the World Bank Education project due to financial difficulties, the contractors necessitating a short extension of the PACD.

TABLE X:- II
FINANCIAL STATUS OF CDF II

Project	Country	Disbursements by Functional A/c \$'000				TOTAL
		FN	SD	HP	EH	
Sanitary Sewers	Barbados	-	1200	-	-	1,200
IBRD Education	Barbados	-	-	-	842	842
Samuel Jackman Prescod Polytechnic	Barbados	-	-	-	458	458
			1200		1300	2,500
Tapakuma Irrigation	Guyana	1525	-	-	-	1,525
Mahaica/Mahaicony/Abary	Guyana	2975	-	-	-	2,975
IBRD Education	Guyana	-	-	-	500	500
		4500	-	-	500	5,000
Self-Supporting Farmers Dev.	Jamaica	2060	-	-	-	2,060
First Rural Development	Jamaica	4129	-	-	-	4,129
Sites & Services	Jamaica	-	620	-	-	620
Secondary Main & Parish Council Roads	Jamaica	90	-	-	-	90
Fourth Highway	Jamaica	433	-	-	-	433
Mandeville Water Supply	Jamaica	-	193	-	-	193
Montego Bay/Falmouth Water Supply	Jamaica	-	1487	-	-	1,487
Second Population	Jamaica	-	-	988	-	988
		6712	2300	988	-	10,000
		11212	3500	988	1800	17,500

All the countries used CDF III funds to maintain progress of beneficiary projects under the previous two tranches bringing some of the projects to their conclusions.

Table X-III provides detailed financial data for CDF III.

TABLE X - III
FINANCIAL STATUS OF CDF III

Project	Country	Disbursements by Functional Category as at 12/31/81 (US\$'000)				TOTAL	To be Disbursed by 3/31/82
		FN	SD	HP	EH		
Oistins Fisheries	Barbados	221				221	29
Sanitary Sewers	Barbados	-	1150	-	-	1150	-
IBRD Education	Barbados	-	-	-	1620	1620	380
Samuel Jackman Prescod Polytechnic	Barbados	-	-	-	487	487	113
		<u>221</u>	<u>1150</u>	-	<u>2107</u>	<u>3478</u>	<u>522</u>
Tapakuma Irrigation	Guyana	667	-	-	-	667	-
Mahaica/Mahaicony/Abary	Guyana	<u>4333</u>	-	-	-	<u>4333</u>	-
		5000	-	-	-	5000	-
Self-Supporting Farmers Development	Jamaica	1406	-	-	-	1406	-
First Rural Development	Jamaica	1030	-	-	-	1030	765
Sites & Services	Jamaica	-	1260	-	-	1260	-
Fourth Highway	Jamaica	1336	-	-	-	1336	213
Mandeville Water Supply	Jamaica	-	241	-	-	241	-
Montego Bay/Falmouth Water Supply	Jamaica	-	749	-	-	749	-
		<u>3772</u>	<u>2250</u>	-	-	<u>6022</u>	<u>978</u>
		8993	3400		2107	14500	1500
					TOTAL FUNDING	\$16,000	

AGENCY FOR INTERNATIONAL DEVELOPMENT
ADVICE OF PROGRAM CHANGE

DATE:

COUNTRY: Caribbean Regional

PROJECT TITLE: Caribbean Development Facility IV

PROJECT NUMBER: 538-0049

FY82 CP REFERENCE: ANNEX III - Latin America and
the Caribbean P.29

APPROPRIATION CATEGORY: Agriculture, Rural Development
and Nutrition; Education and
Human Resources Development;
Selected Development Activities

INTENDED OBLIGATION: \$ 4,000,000 ARDN
\$ 2,800,000 EDU
\$ 5,200,000 SDA

\$12,000,000 Loan

This is to advise that A.I.D. intends to obligate \$12 million in loan funds in FY 1982 for the Caribbean Development Facility IV Project. The Congressional Presentation indicates an obligation level of \$16 million in loan funds and \$4 million in grant funds for the CDF IV project. As a result of the weak economic performance of Guyana, a decision was made to delete Guyana from participation in the project at this time. In addition, the Mission will submit the \$4.0 million grant portion of CDF IV as a separate project for the less-developed island states of the Eastern Caribbean. As a result of these changes, total project funding requirements are now \$12 million in loan funds.

The purpose of the project is to assist the Governments of Barbados and Jamaica to maintain adequate levels of development investment by providing additional resources, primarily for local costs, needed to finance essential socioeconomic development subprojects which are also being assisted by other international donor agencies. The recipient countries, in turn, will have committed themselves to undertake self-help measures reflected in the medium term economic programs, approved by the Caribbean Group for Cooperation in Economic Development, which will lead to financial stability and long term growth.

Other donor activities to be supported by the project included: Jamaica Rural Development (IBRD); Jamaica Sites and Services (IBRD); Barbados Education (IBRD) and Oistens Fisheries Development (European Development Fund). AID funds are loaned to the Caribbean Development Bank for on-lending to Barbados and Jamaica.

ANNEX: Activity Data Sheet

PROGRAM

PLANNED PROGRAM SUMMARY SHEET

CP 82-05 (8-80)

TITLE Caribbean Development Facility IV		FUNDING SOURCE:	AG. RD & N:	HEALTH:	PROPOSED OBLIGATION (In thousands of dollars)		
			4,000		FY 82	12,000 (L)	LIFE OF PROJECT FUNDING: 12,000 (L)
NUMBER GRANT <input type="checkbox"/> LOAN <input checked="" type="checkbox"/>	NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>	POPULATION:	ED. & HR:	SEL. ACT.:	INITIAL OBLIGATION FY 82	ESTIMATED FINAL OBLIGATION FY 82	ESTIMATED COMPLETION DATE OF PROJECT FY 82
			2,000	5,000			

Purpose:

To assist governments in the English-speaking Caribbean to maintain adequate levels of investment in priority development projects which benefit the poor.

Project Description:

The CDF, initially developed in 1978 by the CGCFD and implemented through the Caribbean Development Bank, has been instrumental in easing the economic burden of the Caribbean by providing productive employment and local cost financing and in creating the continuity of priority development projects. CDF was a major Caribbean Group initiative in providing additional donor funds to support economic development in the region while structural adjustments were initiated. Examples of projects which are receiving AID assistance under the CDF program include: Jamaica - IBRD Sites and Services Project (under which 5,115 lots have been made available for housing to low-income families); Jamaica - IDB Self-supporting Farmers Development program (which has provided in excess of US\$17 million of agricultural credit to small farmers); and the Barbados - IBRD Education program (which has constructed two new primary schools and extensions to two secondary institutions). In total, eleven projects have been supported in Jamaica, five in Barbados, and four in Guyana. Without CDF assistance, these priority development projects, selected in part on the basis of their direct impact on low-income families, could have been halted by the domestic fiscal austerity imposed by the structural adjustment process.

The 1982 CDF loan will be the fourth tranche of a planned five year program. Despite continued austerity and self-help measures by participating Caribbean countries, unified donor support is still necessary given the deterioration in the terms of trade, exacerbated by the

oil increases and the resultant adverse impact on Caribbean countries. Loan funds will continue to be used for the local costs of externally financed projects in rural development, education, and selected development activities in Barbados and Jamaica.

Relation of Project to AID Regional Strategy:

CDF is an integral part of our strategy to support coordinated stabilization and development initiatives under the auspices of the CG. In collaboration with other donors, it will permit Caribbean countries currently undergoing structural changes to continue high-priority development efforts within a framework of sound economic policies.

Host Country and Other Donors:

It is expected that in FY 82 the international donor community will make CDF contributions similar to those made in previous years. (Over \$345 million has been committed through June 1981 to Barbados and Jamaica).

Beneficiaries:

Principal beneficiaries are the poor in both rural and urban areas of recipient countries.

COMPTON SYSTEMS, INC.
ORGANIZATIONAL CHART
 (Professional Staff)

