

SOCIAL INVESTMENT FUND

(JA-0041)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Government of Jamaica (GOJ)

EXECUTING AGENCY: Jamaica Social Investment Fund (JSIF)

AMOUNT AND SOURCE:

IDB:	US\$10 million (IFF)
GOJ:	US\$10 million
IBRD:	US\$20 million
Beneficiaries:	US\$ 5 million
Others (grant funds):	<u>US\$ 5 million</u>
Total:	US\$50 million

FINANCIAL TERMS AND CONDITIONS:

Amortization period:	25 years
Disbursement period:	4 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%
Disbursement period:	4 years
Currency:	US\$ from the Single Currency Facility

OBJECTIVES: The primary goal of the proposed project is to contribute to the reduction of poverty and help create an environment for sustainable national development. More specifically, JSIF will assist GOJ to respond to the needs of the most vulnerable groups currently underserved by existing social programs and institutional mechanisms. To do so, it will: (a) establish an efficient demand-driven and complementary mechanism to deliver basic social services and infrastructure to the poor; (b) mobilize and channel additional resources to the areas of social infrastructure, economic infrastructure, and social assistance; and (c) increase national institutional capacity to identify, design, implement, manage and sustain small-scale community-based projects.

DESCRIPTION: The project consists of two components: (a) an **investment** component (US\$7.8 million) which will finance demand-driven, small-scale subprojects in the areas of social infrastructure, economic infrastructure, social assistance, and organizational strengthening; and (b) an **institutional support** component (US\$2.2 million) which will finance JSIF's

equipment and operating expenses, as well as technical assistance and training to improve the JSIF's capacity to manage its operations.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of April 23, 1996, classified the project as a Category III operation. The Environmental and Social Impact Report has been prepared and was considered by the Committee on Environmental and Social Impact (CESI) at a meeting on February 11, 1997. The executing agency prepared and, on February 3, 1997, disclosed to the public the program's environmental report containing the proposed environmental criteria and procedures.

BENEFITS:

The operation would contribute to improving the living conditions of the poor in Jamaica, through the financing of small scale community-based projects. These projects will have immediate benefits, through improved access to priority social services and infrastructure. In the longer term, it will, first, strengthen communities' and NGO's abilities to prepare, execute and maintain subprojects. Second, it will demonstrate Government's ability to carry out targeted, efficient, and transparent actions in response to the needs of low-income communities.

RISKS:

The risks of the program stem primarily from the newness of the social fund model in Jamaica and of the institution itself. JSIF has been fully operational only since November 1996 so that all of its systems (operative, administrative, information, financial) are still being tested and consolidated. While the design that has been adopted, with appropriate modifications for the local context, has sought to incorporate lessons learned by other social investment funds (SIFs), only growing experience in the months ahead will identify the adjustments necessary to perfect the organization's performance. One risk is that there may be leakage of resources to non-targeted groups and/or areas because of political interference in JSIF's operations. This risk is mitigated by the creation of JSIF as an autonomous Government company with transparent and efficient operating procedures, clear targeting and eligibility criteria and adequate institutional checks and balances. The participatory nature of the project itself also creates strong incentives for various stakeholders - especially beneficiary communities, NGOs, parish councils and central government - not only to provide counterpart resources, but also to limit the diversion of resources to non-targeted beneficiaries.

A second risk is that lack of coherence and coordination with other sectoral activities could result in duplication of effort, inconsistency with established norms and strategies, and a lack of provision of recurrent costs after the project ends, thereby jeopardizing the sustainability of benefits. To address this risk, JSIF is incorporating sector norms and technical specifications into its appraisal criteria. It has created the position of inter-agency coordinator in its staff to ensure that fluid communication is maintained at all times with the various actors in the social sectors, particularly the line ministries, and the performance of the inter-institutional agreements that specify approval and maintenance procedures and requirements are monitored. JSIF will also involve key sector ministries, local governments and NGOs in the appraisal of subprojects.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy for the 1995-1997 period seeks to assist the country in rationalizing and modernizing the State, reducing poverty, and enhancing the sustainability and quality of social services. The proposed project fits within this strategy, as it will assist in developing and strengthening an efficient, transparent institution that will finance investments targeted to low-income groups underserved by existing social programs and organizations, thereby improving these communities' access to priority social services. The project will also strengthen the capacity of grassroots groups, NGOs, parish councils and line ministries to identify, design, implement and sustain small-scale community-based projects.

**POVERTY
TARGETING:**

The program meets the social reform and poverty reduction goals of the Eighth General Increase in the Resources of the Bank, as investments are geographically targeted to lowest-income communities.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions to the first disbursement:

- a. Presentation of a signed contract between GOJ and JSIF for transfer of project resources and counterpart funds, as well as responsibility for executing the project (paragraph 3.1);
- b. establishment of a special bank account to receive the loan funds, in which JSIF will be signatory; and of a special bank account for local counterpart funds, to be managed by JSIF (paragraph 3.1);

- c. the unit cost system is operative and a mechanism is in place to update the unit cost database (paragraph 4.8);
- d. detailed appraisal criteria for all eligible subprojects and a project preparation manual have been completed, approved by the Bank, and adopted by JSIF (paragraph 4.8); and
- e. regarding environmental management systems, JSIF will: (i) incorporate environmental guidelines agreed upon by JSIF, the IDB and IBRD into its Operational Manual; (ii) adopt the environmental and social action plan agreed upon with the Bank and IBRD; and (iii) present to the Bank the terms of reference and contract of the environmental consultant(s) who will assist the institution in developing detailed environmental screening criteria for subproject appraisal (paragraph 4.15).

The loan contract will also contain the following obligations:

- a. No changes will be made to the Operational Manual without the prior approval of the Bank (paragraph 3.2);
- b. JSIF's management level positions will be staffed satisfactorily to the Bank (paragraph 3.4); and
- c. financing of "productive" projects, i.e. the construction and rehabilitation of agroprocessing facilities, will be limited to 5 percent of the resources in the investment component of the Bank loan (paragraph 2.3 b.).

PROCUREMENT:

The contract will require that international public bidding will be mandatory for acquisition of goods and related services that exceed US\$250,000 and US\$1 million for civil works. However, since maximum subproject cost is US\$350,000, no international competitive bidding is expected under the proposed program.

I. FRAME OF REFERENCE

A. Introduction

- 1.1 Jamaica's high social indicators, the result of successive governments efforts to improve social services, belie a deterioration in the country's social conditions. Twenty-eight percent of the population now lives below the poverty line. Low-income groups' access to health care, quality education, and water and sanitation, is increasingly problematic. Rising levels of violence place added stress on already difficult living conditions in urban areas. In addition to its commitment to improving macroeconomic performance, the Government of Jamaica (GOJ) is determined to address these challenges and has developed a Social Agenda that includes public sector modernization and specific sectoral reforms, as well as a National Poverty Eradication Program (NPEP).
- 1.2 The NPEP has at its center the promotion of community-based activities to create and sustain development at the local level. Recognizing that the traditional line ministries have a limited capacity to execute community-based activities and seeking to attract and channel new resources to priority projects in targeted poor communities, GOJ requested assistance from the IBRD and the IDB in establishing the Jamaica Social Investment Fund (JSIF). After a year of preparation and consolidation, JSIF formally opened its doors in November 1996 and has begun its task of financing demand-driven, small-scale subprojects in the areas of social and economic infrastructure, social assistance and organizational strengthening.

B. Socioeconomic context

- 1.3 In the latter half of the 1980s, the Government of Jamaica (GOJ) implemented an aggressive reform program to transform a state-dominated and highly protected system into a market-driven economy, which resulted in GDP growth averaging 3.9 percent annually between 1986 and 1991. This period also saw a reduction in Government expenditures on social services, the removal or reduction of subsidies and price controls, and a deterioration in the public sector's institutional capacity to deliver essential services.
- 1.4 After the robust growth of the second half of the 1980s, the economy experienced a marked slowdown in the 1990s. Although the current Government, elected in 1989 and again in 1993, accelerated economic reforms including privatization, trade and exchange rate liberalization, and enhanced fiscal management, Jamaica continues to face a challenging economic environment. In spite of the adoption of an appropriate mix of economic stabilization policies, problems continued around the monetary and fiscal pressures created by an excessive debt overhang, both domestic and external.

- 1.5 Slippages in maintaining fiscal discipline have led to several episodes where inflation and exchange rate depreciation accelerated sharply, requiring even stronger monetary measures leading to high domestic interest rates and therefore increased domestic debt servicing costs. The consequent cuts in non-debt-related public expenditures and restraints on private investment affected negatively the living conditions of Jamaica's population, particularly the poor. According to preliminary estimates, economic activity showed a decline of 1.5 percent in 1996. The adverse economic conditions have been associated with closures of many manufacturing firms and the severe problems being experienced by the financial sector.
- 1.6 This situation is having an impact on the population, which is growing at 1 percent per year. Almost one third of the population now lives in poverty. The difficulties being experienced and the closures of enterprises have led to the loss of thousands of jobs, amounting to over 2 percent of the labor force. Consequently, any tendency to rising real incomes as a result of the declining inflation rate has been offset by growing unemployment. The lay-offs, especially in the garment sector, have particularly affected the young and women. The government has announced a rescue package aimed primarily at the financial sector for which some US\$180 million have been allocated for this fiscal year. This will add enormously to budgetary constraints with serious implications for the implementation of capital projects and spending on social programs of interest to the poor.

C. Poverty in Jamaica

- 1.7 Poverty in Jamaica is not a new phenomenon. Trends in poverty mirror the fluctuations in the country's economic fortunes. From 1962 to the early 1970s, poverty declined because aggregate income was growing strongly as the bauxite and tourism sectors boomed. Between the early 1970s and mid-1980s, a decline in aggregate income negated the positive impacts of social safety nets and structural adjustment on the poor. Per capita income is now lower than at the beginning of the 1970s. According to the Survey of Living Conditions conducted annually by GOJ, poverty has increased since 1988, becoming particularly acute in 1991 following the rapid devaluation of the Jamaican dollar. As of 1993, using a consumption-based per capita poverty line, it is estimated that 28 percent of the population lives in poverty. Income distribution is also highly skewed: in 1993, the poorest fifth of the population had access to only 5 percent of national consumption expenditure while the wealthiest quintile consumed almost ten times as much (49 percent).
- 1.8 Sixty percent of the poor live in rural areas, with the remaining distributed evenly between the Kingston Metropolitan Area and other towns. The depth and severity of poverty are also greater in the rural areas where poverty is characterized by an under-productive small farm sector, low wage employment or lack of employment

opportunities, low levels of education and inadequate physical and social infrastructure. The urban poor, though fewer in number, are more vulnerable to changes in the economic environment as they are more fully integrated into the monetized economy and usually have fewer resources upon which to draw. Well-being is linked closely with ownership of assets including labor, human capital, land and housing, household relations and social capital. High levels of violence in urban areas erode these assets, resulting in lack of work and employment opportunities, disruptions in the delivery of social services, disincentives to invest in housing and the disintegration of family and social structures, and thus heighten vulnerability. 1/

- 1.9 At a national level, a disproportionate percentage of the poor are youth under the age of 25, and 14 percent are elderly. Women comprise 51 percent of those living below the poverty line and poverty is only slightly more prevalent among female-headed households. In the Kingston Metropolitan Area, however, where there are more female-headed households (65 percent), the prevalence of poverty is significantly higher for female-headed households (21 percent) than for male headed-households (11 percent).
- 1.10 The unemployment rate of the poor in 1995 was 15 percent, 70 percent of whom were below the age of 25 and 65 percent of whom were women. Poverty is largely a phenomenon of the working poor, as demand for their labor is not strong enough to push up real earnings and they lack skills and access to higher-paying jobs. The majority of poor are farmers, agricultural laborers, domestic servants, street vendors and craftspersons. There is a clear association between poverty and years of education: nearly 70 percent of the employed poor reported no secondary education compared with 45 percent of the employed non-poor. 2/

D. Social conditions

- 1.11 Jamaica has human development indicators superior to most countries with similar levels of per capita GDP, due primarily to the country's continued efforts over the years to provide basic social services to all citizens. The educational system's coverage is extensive with net enrollment rates of 84 percent for pre-primary, 98 percent for primary, 85 percent for lower secondary and 45 percent for upper secondary. Life expectancy is over 70 years, infant mortality is 24 per 1,000 live births, severe malnutrition is rare and child immunization almost universal. No significant gender bias exists in the provision of social services.

1/ World Bank, 1995. **A Participatory Study of Urban Poverty and Violence in Jamaica**, December 1995.

2/ World Bank, 1994. **Jamaica A Strategy for Growth and Poverty Reduction: Country Economic Memorandum**, April 1994.

- 1.12 Jamaica's high social indicators, however, mask a deterioration in the quality of publicly provided social services due, in part, to a reduction in public expenditures in the social sectors. Fiscal pressures have made necessary a reduction in public expenditures in the social sectors, particularly during the 1990s. The Ministry of Education's share of public expenditure has declined from 13 percent in fiscal year 1989-1990 to 8.5 percent in fiscal year 1995-1996. In real terms, Government expenditures on education in fiscal year 1994-1995 barely exceeded 1982-1983 levels. The Ministry of Health's share of public expenditure hovers around 6 percent, down from a high of 8 percent in 1982-1983. Between 1982-1983 and 1989-1990 real resources allocated to the health sector declined by roughly one-third. And the recurrent budget for primary care has remained constant in real terms despite the expansion of primary care infrastructure in the early 1970s and early 1980s, which has adversely affected the quality and coverage of services.

1. Education

- 1.13 Although universal primary school coverage has almost been achieved, weak institutional capacity in the sector, the impact of budgetary constraints and the inequitable distribution of resources have combined to produce a system that is unable to provide many students with an acceptable quality of basic education or access to appropriate technical training. Budgetary constraints over the past decade have seriously affected the equipping and maintenance of school facilities. Low educational quality is in part due to a shortage of educational inputs and inadequate infrastructure, with the physical environments of many schools not conducive to learning. Furthermore, available resources are not distributed equitably: schools serving students from low-income families areas are relatively poorly equipped, are in worse physical condition, and suffer from overcrowding.

2. Health

- 1.14 Jamaica has seen a progressive improvement in the health status of its population over the last quarter century. However, as in education, low institutional capacity and prolonged insufficient public funding for health care has caused a serious deterioration in the quality of care in public health facilities. One result has been a significant shift to private providers for outpatient care, even among poorer groups, a shift that exacerbates the inequalities of access to health care as low-income families must either make do with inadequately operated, maintained and equipped public health facilities or have recourse, necessarily infrequent, to costly private providers.

3. Water, sanitation and roads

- 1.15 Inadequate financial resources have resulted in slowed expansion of the basic infrastructure and significant deterioration of existing

investments. Water and sanitation statistics show a greater association of the rural areas with inferior living conditions. In 1994, 24 percent of the population lacked access to safe drinking water while in the rural areas the proportion was 40 percent. Access to sanitation facilities is relatively high, but in rural areas three times as many people lacked good sanitation facilities than in the urban areas. There are also considerable deficiencies in the water and sanitation facilities within schools, health centers and other public infrastructure, thereby increasing overall health risks.

- 1.16 The road and street network is badly deteriorated due to lack of maintenance expenditure. In some areas, roads are completely cut-off, leaving communities isolated and at times causing social disturbances. Drainage is inadequate and severe flooding not uncommon.

4. Crime and violence

- 1.17 The high levels of crime, predominant in poor urban neighborhoods, have a detrimental impact on the quality of life of many Jamaicans. Violence limits access to school and employment, results in high costs to the health care system, and impedes the delivery of water and sanitation to many areas.

E. Social sector institutional setting

- 1.18 Social services and infrastructure in Jamaica are provided by central government ministries and agencies, local government (parish councils), non-governmental organizations (NGOs), community-based organizations (CBOs) and the private sector.

1. Public sector

- 1.19 The Ministry of Education is the principal provider of formal primary and secondary education, with only about 5 percent of students enrolled in private schools. In contrast, 80 percent of children enrolled at the pre-primary level attend community-based basic schools which raise most of their revenue through fees and donations. Technical-vocational training is provided through the secondary school system, through skills-training programs offered by the Human Employment and Resource Training (HEART) national training agency as well as by public and private employers, and through training institutions that offer apprenticeships. Most special education is provided in schools owned and operated by NGOs which receive limited Government subsidies. Adult education is offered through a Government-funded company and over 75 NGOs.
- 1.20 The public health system is highly centralized. The Ministry of Health provides almost all of the inpatient care through a network of 344 health centers and 24 hospitals, undertakes health education and environmental health activities, and is responsible for family planning promotion. In recent years, the private sector's role has

increased significantly such that it now provides about 75 percent of outpatient services.

- 1.21 In nutrition, the Ministry of Health implements the Supplementary Feeding Program targeted to malnourished children under five, a Food Stamp Program is administered through the Ministry of Labour, Social Security and Sport and the Ministry of Education provides lunch to approximately 280,000 students under the School Feeding Program. The NGO community plays an active role in health promotion.
- 1.22 In social welfare, the Ministry of Labour, Social Security and Sport administers an array of public assistance programs aimed primarily at the aged, disabled and destitute, in part through grants to twelve private voluntary organizations. Additional poverty reduction programs are being implemented by the Office of the Prime Minister and the Social Development Commission, the Ministry of Agriculture and the Rural Agricultural Development Agency, and the Ministry of Public Utilities and Transport and the National Water Commission as well as NGOs and the private sector. The new poverty eradication program (see paragraph 1.33 below) seeks to streamline and coordinate these varied and at times duplicative initiatives.
- 1.23 At the local level, as decentralization progresses, parish councils will play an increasingly important role in the provision of basic infrastructure and services such as water supply, road maintenance and solid waste management. Responsibilities between the parishes and central ministries are being delineated under GOJ's Local Government Reform Program. Water and sanitation responsibilities will be shared among the parishes, the Ministry of Local Government and Works and the National Water Commission. Responsibility for roads will be split between the Ministry of Local Government and Works and the parishes.
- 1.24 **Implementation capacity.** The public sector accounts for 8 percent of jobs in Jamaica and expenditure on personnel is Government's largest single recurrent cost item (54 percent of non-interest expenditure in 1994-1995). Despite its numerous agencies and employees, the general level of efficiency and effectiveness of public entities is low. The quality of service to the public has declined over the years.
- 1.25 The major public institutions implementing poverty programs face institutional constraints common to the entire public sector. These constraints include: (a) limited capacity of the core of ministries to provide strategic leadership, formulate effective policies and monitor operations of line entities; (b) over-centralized authority in financial and personnel management decisions; (c) serious human resource deficiencies due to low wages, insufficient training and lack of effective performance evaluation systems; and (d) cumbersome budgetary and procurement

regulations. Government recognizes its weak administrative capacity in implementing policies and programs and has committed itself to reforming central and local government in order to boost efficiency. Both the IDB and the IBRD are supporting these efforts (see paragraphs 1.35 and 1.36 below). The reforms, however, will take several years to yield results and, in the meantime, the above constraints will continue to pose serious impediments to programs targeted to the poor. Failure to tackle poverty effectively in turn poses risks to the sustainability of GOJ's macroeconomic reform program.

2. Non-governmental organizations (NGOs)

- 1.26 There are a large number and variety of social institutions operating at the community level in Jamaica, ranging from sports clubs and neighborhood watch committees to schools, churches and NGOs.
- 1.27 There are approximately 150 NGOs promoting social development in Jamaica. Rough estimates indicate that their total annual budget exceeds J\$200 million (US\$6 million). NGO programs are concentrated in the area of human services, including youth and human development, formal and non-formal education, welfare services, disaster relief and rehabilitation, health and counseling. NGOs are also involved in education and advocacy, community development, environmental protection, services for the disabled, employment creation, housing and sanitation, agriculture and legal assistance. Most NGOs are headquartered in the Kingston Metropolitan Area and focus their programs on urban areas.
- 1.28 Rural areas are served predominantly by CBOs which are comprised of the beneficiaries themselves and operate in a specific geographic area. Estimates of the numbers of CBOs range from 1,200 to 1,500 with almost 70 percent in rural Jamaica. There are also a vast number of citizens organizations, benevolent societies, neighborhood associations, service clubs and the like active across the island.
- 1.29 The implementation capacity of NGOs and CBOs varies significantly. In general, strengths include: close relationship with communities and involvement of beneficiaries in program implementation; willingness to innovate in social service provision; flexibility in responding to observed and expressed needs of target populations; commitment to serving as a channel of communication between the disadvantaged and decision-makers; and an openness to collaborating with other sectors, including Government, private sector and donor-lender community. Weaknesses include: limited coverage, weak management structures and financial bases, inadequate record-keeping and information management, lack of collaboration and coordination within the sector and between other sectors and limited influence on policy.

- 1.30 Deliberate attempts have been made to strengthen the working relationship between the public and non-governmental sectors. At the urging of the NGO community, Government established an NGO Desk at the Planning Institute of Jamaica (PIOJ) to structure the collaboration between the two sectors. Government now involves NGOs in the planning and implementation of major policies and programs, most recently in the preparation of the national poverty eradication program. NGOs have also sought the input of GOJ in their own programs and have offered their services to Government through contractual and other arrangements.

3. Private sector

- 1.31 The local manufacturing and contracting industries in Jamaica contribute approximately 18 percent and 9 percent of GDP, respectively. There are a limited number of firms considered efficient at undertaking large-scale civil works projects. Small civil works contracting firms are numerous, coverage is island-wide and technical capacity is adequate. Contractors have been exposed to competitive bidding procedures.

F. Government Social Sector Strategy

- 1.32 Together with its continuing commitment to improving macroeconomic performance, GOJ is giving priority to social development and poverty reduction efforts. It has consolidated responsibility for its social strategy in the Prime Minister's Office, has undertaken efforts to improve the implementation capacity of the public sector and has begun to recognize and encourage the role of NGOs in social service programs.
- 1.33 The Social Agenda, Government's social strategy, is a broad set of social development and welfare programs with the long-term objectives of eradicating poverty, developing human resources, promoting social rehabilitation and fostering community development. As a major component of the Social Agenda, Cabinet approved in 1995 the National Policy Towards Poverty Eradication and the NPEP, which seek to mobilize all available resources in a streamlined and coordinated action designed to reduce and eventually eradicate poverty.
- 1.34 Government recognizes that its poverty eradication policy, to be successful, must incorporate measures to promote both economic growth and social development. Thus, the NPEP has four major subprograms: (a) community-based activities to create and sustain development at the local level; (b) human resources and social development to provide equitable access of the poor to quality education and health services; (c) protection of environmental and natural resources; and (d) building of the enabling environment to strengthen and promote sound economic policies to achieve growth and to establish an institutional framework aimed at more efficient management, coordination and coherence in program implementation. NPEP programs are to be guided by the following principles:

(a) integration of policies and activities to optimize resources and maximize impact; (b) partnership between Government and the private sector, NGOs, CBOs communities, and donors; (c) community-based participation in the design, implementation and evaluation of projects; and (d) targeting to the most deprived communities. **As an important new mechanism to achieve its poverty reduction goals, Government established the JSIF to mobilize and channel additional resources to priority projects in targeted poor communities using an approach consistent with all of these principles.**

G. The project's relationship to other IDB and IBRD programs

- 1.35 The Bank's strategy for the 1995-1997 period is designed to help Jamaica address its principal development constraints. The Bank's objectives are to assist the country in: (a) rationalizing and modernizing the state; (b) reducing poverty and environmental degradation; (c) enhancing the sustainability and quality of social services; and (d) promoting more rapid export growth. Its social sector strategy includes initiatives that support GOJ efforts to reform the health sector, continue to strengthen primary and vocational education, and improve the efficiency of the shelter sector. There are also projects under preparation in water supply and sanitation (aimed at enhancing delivery and sustainability within a regulatory and policy framework that encourages private and autonomous public entity participation), land use and microenterprise credit programs. Economic infrastructure projects (roads and tourism development) account for the remainder of the lending program.
- 1.36 The IBRD, in addition to supporting JSIF, has under execution a secondary education reform program as well as a student loan project. It has recently approved a public sector modernization project which seeks to strengthen and modernize central and local governments and assist in rebalancing the roles of the public and private sectors, and is currently preparing a parish infrastructure project.
- 1.37 The proposed JSIF project complements these longer-term institutional reforms and larger, technically more complicated investment by financing small-scale, community level social and economic infrastructure and social services interventions in targeted areas using an efficient new delivery mechanism.

H. Rationale for Bank's participation

- 1.38 The Bank's support of a social investment fund in Jamaica is justified by a number of factors. While Jamaica's living standard indices are relatively favorable compared to other middle-income countries in the region, these indicators mask underlying problems in the social sectors, among them a serious deterioration in the quality of infrastructure and equipment in existing facilities. Badly needed rehabilitation of infrastructure and the provision

equipment and supplies, particularly for low-income communities, are made difficult by both fiscal exigencies, which are affecting the implementation of capital projects and spending on social programs, and by the inability of ongoing social programs and line ministries to reach vulnerable communities in an efficient and transparent manner. A number of problems - from serious human resources deficiencies due to low wages and insufficient training, to cumbersome budgetary and procurement regulations - limit the capacity of public institutions to promote and execute targeted, efficient, small-scale, community-based projects.

- 1.39 The SIF constitutes an important instrument in the country's response to these problems. With an efficient, transparent delivery mechanism, a targeted promotion strategy, strict appraisal criteria to ensure viable, sustainable subprojects (see paragraph 3.16), and a proven ability to mobilize external financing, it can effectively reach the most vulnerable groups with priority investments.
- 1.40 Moreover, in Jamaica, NGOs and CBOs operating at the community level are playing an increasingly important role in promoting economic development and social cohesion, especially among underserved groups. The proposed design of the JSIF will not only strengthen the institutional capacity of these organizations, but also help them to build linkages with government agencies and the private sector so that they can maximize their impact at the community level.
- 1.41 The IDB and the IBRD have together assisted Government in the design and creation of JSIF. Joint missions, complementary technical assistance, and agreement on all aspects of the program's operational guidelines and features have characterized the collaboration, which will continue with coordinated monitoring and evaluation plans. The banks have been, and will continue to be, important in bringing international experience to the design and operation of JSIF, and in leveraging additional funds from other agencies.

II. THE PROJECT

A. Objectives

- 2.1 The primary goal of the proposed project is to contribute to the reduction of poverty and help create an environment for sustainable national development. More specifically, JSIF will assist GOJ to respond to the needs of the most vulnerable groups currently underserved by existing social programs and institutional mechanisms. To do so, it will: (a) establish an efficient demand-driven and complementary mechanism to deliver basic social services and infrastructure to the poor; (b) mobilize and channel additional resources to the areas of social infrastructure, economic infrastructure, and social assistance; and (c) increase national institutional capacity to identify, design, implement, manage and sustain small-scale community-based projects.

B. Project description

- 2.2 The project consists of two components: (a) an **investment** component which will finance demand-driven, small-scale subprojects in the areas of social infrastructure, economic infrastructure, social assistance, and organizational strengthening; and (b) an **institutional support** component which will finance JSIF's equipment and operating expenses, as well as technical assistance and training to improve the JSIF's capacity to manage its operations.

C. Investment component (US\$7.8 million)

- 2.3 JSIF provides grant financing for small-scale community-based subprojects designed to increase human and social capital in the following categories: social infrastructure, economic infrastructure, social assistance and organizational strengthening.
- a. **Social infrastructure**, defined as infrastructure related to the provision of social services, includes rehabilitation, construction and equipping of schools, health centers, day care centers, homes for the elderly and the disabled, community centers, training facilities and sports facilities; and the construction and rehabilitation of public sanitary conveniences and sewage systems; construction and rehabilitation of small-scale community based water systems, and drains and canals.
- b. **Economic infrastructure**, defined as infrastructure that delivers economic benefits, would include the rehabilitation and upgrading of parochial, feeder and urban access roads and the construction and rehabilitation of community-based agroprocessing facilities. Financing of the latter category will be limited to 5 percent of the total investment component resources.

- c. **Social assistance** would include support to programs offering services in career guidance and job placement, counseling (including conflict resolution and drug abuse) and parenting and family-life education; as well as skills training to the productive sector and the disabled. This subproject category, together with the financing of social infrastructure above, responds particularly to the issues facing Jamaica youth; its inclusion is a result of the urban violence study undertaken during program preparation (see paragraph 1.8).
 - d. **Organizational strengthening** would include technical assistance and training to governmental organizations and NGOs in participatory project identification and prioritization and to subproject sponsors and executing agencies to upgrade skills in preparation, implementation and management of small-scale community-based projects.
- 2.4 The subproject menu may be changed during program implementation, especially as a result of changes in community demand. However, any such change will be consulted with the IDB and the IBRD in advance and will necessitate the ex ante preparation of detailed appraisal criteria and preparation guidelines. In this regard, the Bank will finance a study, parallel to the project, which will explore the alternative of financing direct subsidies to poor communities to improve their access to social services. The results of such a study, and the possibility of including this line of financing into the JSIF menu, will be considered during the first year's review of the project.
- D. Institutional support component (US\$2.2 million)
- 2.5 This component will include up to US\$213,000 to finance technical assistance and training to strengthen the JSIF's ability to: (a) manage the subproject cycle; (b) develop appropriate environment procedures and monitoring; and (c) refine the management information system (MIS). ^{3/}
- 2.6 This component also includes financing for equipment and operating expenses. JSIF's remuneration levels and recruitment procedures are sufficient to ensure high caliber staff. Due to the temporary nature of JSIF and the non-civil service status of its staff, JSIF staff are considered consultants to the Government and are treated as such for the purposes of this project. Overhead costs are

^{3/} The IBRD and the Government of Netherlands will finance technical assistance to: (a) institutionalize participatory methodologies in subproject identification and appraisal; (b) improve operational capacity and internal procedures in the areas of promotion and poverty targeting, and to develop gender guidelines for the operational guidelines; (c) strengthen impact monitoring and evaluation; and (d) improve financial management and planning.

estimated at about 15 percent of the total program over the 4-year period.

E. Size of program

- 2.7 The proposed project is part of a total JSIF program of US\$50 million, of which US\$23 million from external sources have already been approved.
- 2.8 The program has been scaled according to: (a) JSIF's expected operating capacity, based on the caliber of the staff, the administrative and operational procedures established in the Operational Manual and already in use, and the experience of similar funds in the region; (b) the total volume of resources which JSIF expects to allocate over a four-year period (US\$40 million); (c) the volume of available and anticipated resources from other international institutions and of local counterpart funds (see paragraph 2.10 below); and (d) expected demand.
- 2.9 With regard to its operating capacity, JSIF has a highly qualified, dynamic core staff that has been engaged in program preparation for one year and feels a high degree of ownership of the institution and the program. It also has broad political support, a functioning, active and representative Board, an IDB/IBRD approved Operational Manual, basic administrative and financial management systems in place, and a MIS which will be fully operational by March 1997. With its experience to date and the technical assistance to be financed under the program, JSIF should be capable of administering the proposed program according to Bank-approved standards.
- 2.10 After only two months in full operation, JSIF has a pipeline of 41 subprojects totaling approximately US\$2.5 million. Promotion efforts are well under way and have included meetings with key line ministries, parish councils, NGOs and CBOs; preparation of promotional materials for use by ministries and NGOs, as well as directly with community groups; carefully drafted publicity spots in the media - radio and newspapers - regarding JSIF and subproject eligibility criteria. In addition, a needs assessment exercise carried out by JSIF with NGOs, local governments, line ministries, and representative communities yielded information on numbers and types of priority subprojects that allow an estimate of the relative demand by category as follows:

Table II-1 INITIAL SECTORAL DISTRIBUTION OF SUBPROJECTS					
Sector	Year 1	Year 2	Year 3	Year 4	Total
Social infrastructure	44	89	89	79	300
Economic infrastructure	10	17	18	15	60
Social services	10	29	29	28	95
Organizational strengthening	15	30	30	30	105
TOTAL	79	165	166	150	560

- 2.11 Thus, JSIF expects to finance a minimum of 560 subprojects over the four years of program implementation.

F. Program cost and financing plan

- 2.12 The Bank financing is part of a total program whose cost is estimated at US\$50 million. The proposed loan of US\$10 million will finance 20 percent of total program cost over the planned four-year implementation period. The financing plan is shown in Table II-2. IBRD approved a US\$20 million loan in September 1996, which became effective the following November. GOJ has made available approximately US\$2.5 million from counterpart funds generated through the European Union General Import Program to assist JSIF and facilitate its start up and rapid consideration of subprojects. GOJ will commit an additional US\$7.5 million over the course of the program for a total of US\$10 million or 20 percent of total program cost. Beneficiaries will provide a minimum of 5 percent of subproject costs. It has been conservatively estimated that beneficiaries and sponsors together will provide an estimated 10 percent of total cost of subprojects, although this percentage will vary per project depending on its type, the resources available from the sponsoring agency and the income level of the beneficiary community. The contribution of the beneficiaries and sponsors will be in the form of labor and local materials, project preparation and supervision services.
- 2.13 The program will also be co-financed by the Government of the Netherlands (GON) through a US\$3 million grant, recently approved, that will be managed by the IBRD under a Trust Fund arrangement. The European Union has expressed interest in providing additional grant resources pending an initial assessment of JSIF's operations.

<p align="center">Table II-2 PROGRAM COST TABLE (thousands of US\$ equivalent)</p>								
CATEGORIES	IDB	IBRD	BENEFICIARIES	GON	OTHERS	GOJ	TOTAL	%
JSIF INSTITUTIONAL SUPPORT	2,230	4,674	-	450	500	1,437	9,291	18.6
Salaries and fees	1,462	3,446	-	-	-	764	5,672	11.3
Vehicles and equipment	120	240	-	-	-	120	480	1.0
Operating expenses	435	869	-	-	-	435	1,739	3.5
Technical assistance and training	213	119	-	450	500	118	1,400	2.8
JSIF SUBPROJECTS	7,670	15,326	5,000	2,550	1,500	8,563	40,609	81.2
FINANCIAL EXPENSES	100	-	-	-	-	-	100	0.2
Inspection and supervision	100	-	-	-	-	-	100	0.2
TOTAL PROGRAM COST	10,000	20,000	5,000	3,000	2,000	10,000	50,000	100.0
% per source of funds	20.0	40.0	10.0	6.0	4.0	20.0	100.0	

- 2.14 A total of US\$40.7 million, or 81 percent, of the total project cost is allocated to finance subprojects. Given the fact that JSIF is demand driven, the breakdown of funds assigned to the different categories of subprojects will depend on demand and operational experience. Given its nature of multiple works, the allocation for subproject finance includes estimates for contingencies and cost escalation.

G. IDB-IBRD coordination

- 2.15 Operational coordination between the IDB and IBRD loans, which began with joint preparation of the operation and the present document, will include joint monitoring missions, periodic beneficiary assessments and participation in a midterm evaluation. Both Banks will finance the same subproject menu, follow similar procurement guidelines and support and monitor JSIF's Operational Manual. Similarly, ongoing communications have been maintained with other external donors, current and prospective, and all have agreed to abide by the existing structure and guidelines of the IDB/IBRD-approved Operational Manual, to simplify JSIF's administration of resources and the program as a whole.

H. Terms and conditions of the loan

- 2.16 The IDB financing, in the amount of US\$10 million, will be drawn on the Ordinary Capital resources with interest rate support from the Intermediate Financing Facility Account (IFF). These funds will cover 20 percent of the total requirements for the program. The following table shows the terms and conditions of the loan:

Table II-3 TERMS AND CONDITIONS OF THE LOAN	
Source of funds:	Ordinary Capital
Amount:	US\$10 million
Terms:	
amortization period	25 years
grace period	4 years
commitment of funds	3.5 years
disbursement	4 years
Interest rate:	Variable <u>1/</u>
Inspection and supervision:	1% of the loan amount
Credit fee:	0.75% per year on undisbursed amounts
Currency:	United States dollar from the Single Currency Facility
<u>1/</u> The Intermediate Finance Facility	

III. ORGANIZATIONAL FRAMEWORK AND PROGRAM EXECUTION

A. The borrower and the executing agency

- 3.1 The borrower will be the Government of Jamaica (GOJ) and the executing agency will be the Jamaica Social Investment Fund (JSIF). Government will transfer on a grant basis, the funds from the loan and the local counterpart to JSIF. **Certification that a contract for such a transfer has been signed and is in effect will be a condition prior to first disbursement.** Disbursement procedures and guidelines prepared by the Ministry of Finance for monitoring the progress of expenditures on externally-financed projects will be followed. Based upon annual work plans prepared by JSIF and supplemented by quarterly statements of projected cash requirements, the Ministry of Finance will release funds to JSIF. Local counterpart funds will be deposited in a special bank account managed by the executing agency. Resources from the Bank loan will also be deposited in a special account in a commercial bank in which JSIF will be signatory. **The establishment of both accounts will be a condition prior to first disbursement.**

B. Organizational framework and program execution

1. JSIF's organization

- 3.2 The establishment of JSIF was formally approved by Cabinet in December, 1995 as a temporary, autonomous public company under the Companies Act. JSIF was incorporated in February 1996. As detailed in the Memorandum and Articles of Association of JSIF, the company acts as a project financing agency which promotes, appraises, finances and supervises projects in accordance with its Operational Manual. An Operational Manual has been approved by the Board, the IBRD and the Bank. No changes will be made to the manual without the prior approval of the Banks. JSIF disburses funds on a grant basis to finance subprojects sponsored by eligible institutions, including central government ministries and agencies, local government, NGOs, CBOs, and the private sector. Subprojects are executed by contractors (private sector firms, NGOs or CBOs) which perform the works, provide the equipment or carry out services financed under the subproject.
- 3.3 **The Board of Directors** of JSIF guides and supervises the overall administration and operations of the organization and has specific responsibility for approving the initial Operational Manual and any changes in it, the annual budget and workplan, appointing senior management, and approving subprojects unless otherwise delegated to a subcommittee of the Board or JSIF management. The Board is comprised of nine members, plus the Managing Director of JSIF. At least three Board members must be representatives of the private sector, and of these at least two must be from NGOs. At least three Board members must be representatives of the public sector,

of which two will be from social sector line ministries. The Board terms are staggered with each director having a three-year tenure and one-third of the Board retiring each year, though eligible for reelection. The composition and staggered terms of the Board of Directors are designed to help ensure transparency in the operations of JSIF, sufficient coordination with line ministries and continuity through political cycles. The Board will be assisted by specialized committees. Initially, three committees have been created: (a) the Projects Committee, in charge of review and approval of financing of subprojects; (b) the Procurement and Contracts Committee, which will supervise all matters related to procurement and contracting; and (c) the Audit Committee, for all matters regarding internal and external controls.

- 3.4 **Management.** The Managing Director is responsible for the day-to-day operations of JSIF. The Managing Director is supported by a Deputy Managing Director and three departments: Pre-Implementation, Implementation, and Finance and Administration. Pre-Implementation has the responsibility for the initial stages of the project cycle, including promotion, preparation, and appraisal. The Implementation Department is responsible for the contracting and execution stages of the cycle. The Board, Managing Director, and departments are supported by three units: Internal Audit and Evaluation, Legal Advisory, and an MIS. JSIF's organizational structure is shown in Annex III-1. JSIF's management level positions are now staffed satisfactorily to the Bank.
- 3.5 **MIS.** Operational management is supported by a computerized MIS to monitor the subproject cycle and the performance of JSIF. The MIS consists of: (a) a subproject database; (b) a budgeting and supervision control system; and (c) geographically discriminated information system.
- 3.6 **Staffing.** Given the expected size of the operation, it is estimated that at the height of its operations, JSIF will be staffed with approximately 45-50 managerial, technical and support staff. Depending on demand and need, small regional offices may be opened in order to improve promotions and supervision tasks and technical services.
- 3.7 **JSIF start-up.** A core group of consultants was contracted and started work under the auspices of the PIOJ in 1995. This Project Preparation Management Unit, financed with resources from a IBRD-sponsored Japan Grant, developed an initial subproject menu and a preliminary operations and administrative manual, and defined the basic organizational design for JSIF with technical assistance from IBRD and IDB. In July 1996 members of the Board and a Managing Director were appointed and a team of professionals was hired for JSIF. The team immediately undertook the formulation of nineteen pilot subprojects to test the applicability of the proposed procedures and standards of the JSIF Operational Manual and began to develop a promotions strategy. The fund officially opened its

doors in November, 1996 and now has a pipeline of forty-one subprojects at different stages of the project cycle. Resources from the Dutch government, from the World Bank and from GOJ (for the first year) have been approved and have begun to be disbursed. The Board of Directors is meeting regularly, thirty-one staff – including all key management positions – have been contracted, growing linkages with the line ministries and parish councils are being forged, and a management information system is at an advanced stage of development.

- 3.8 The JSIF staff is currently working with the line ministries to incorporate appropriate norms and standards for subprojects, developing detailed appraisal guidelines for all subprojects and completing a subproject preparation manual. While the guidelines and manual are being completed, the IBRD is reviewing ex ante the first five subprojects in each menu category and conducting technical audits of a sample of approved subprojects, in order to monitor subproject quality.

2. The project cycle

- 3.9 The stages of JSIF subproject cycle are typical of successful SIFs and involve **subproject promotion, identification and preparation; appraisal and approval; contracting, execution and supervision; and completion**. A diagram of the subproject cycle is presented in Annex III-2.

a. Project promotion, identification and preparation

- 3.10 JSIF is undertaking promotional strategies, using national media, community meetings and regional workshops, to ensure effective coverage across the island. The promotions strategy is designed to increase awareness among the potential participants, the subproject eligibility and selection criteria and the general guidelines and procedures governing access to JSIF resources, including the centrality of community participation throughout the subproject cycle. The promotions strategy is developed and undertaken by the Promotions Division and involves:

- a. the preparation and wide dissemination of informational materials to line ministries, local governments, NGOs, CBOs and communities and the private sector outlining JSIF eligibility principles (see Annex III-3), the subproject menu and eligibility criteria (see Annex III-4), subproject application forms, and guidelines to facilitate the elaboration of subproject ideas into structured proposals;
- b. an initial campaign targeted toward organizations with experience and capacity to stimulate quality applications for subprojects which can be quickly financed to produce a demonstration effect and build JSIF credibility;

- c. a series of workshops in priority regions with limited capacity in order to train local institutions in the identification and preparation of subproject proposals; and
 - d. site visits of JSIF promotions staff to the poorest and most difficult to access communities to help identify their needs using participatory techniques. The poverty map, described below, combined with information gathered from field organizations and local research is used to geographically target the promotions strategy to the poorest communities.
- 3.11 To establish the need for the proposed investment as well as to build community cohesion and ownership, all subprojects are identified using participatory techniques to sharpen the community focus on its needs and priorities. Project identification is undertaken in conjunction with or by line ministries, Government's Social Development Commission, parish councils and NGOs/CBOs. JSIF is providing technical assistance and training to these organizations in the use of participatory identification techniques and will gradually reduce its direct involvement in the process.
- 3.12 Staff of the Promotions Division undertakes the initial screening of subproject proposals for consistency with JSIF's eligibility principles and subproject eligibility criteria, which have been developed to conform with sector policies and norms. When appropriate, profiles of eligible subprojects are submitted to the relevant line ministry for its nonobjection to further processing of the subproject.
- 3.13 **Targeting.** Though it is a demand-driven mechanism, the JSIF will utilize targeting as a critical element of its operation, given the overreaching goal of the fund to ensure that benefits reach regions and vulnerable groups currently underserved by existing delivery mechanisms. The targeting strategies to be employed involve: (a) the use of a community ranking derived from the poverty map; (b) social and economic assessment of the community and its needs; (c) the subproject menu, as it represents subproject activities that are more likely to concentrate benefits to the poor; (d) indicative allocation to subproject types based, primarily, on demand and the JSIF priority assigned to these areas; and (e) promotion activities in the poorest and less organized regions.
- 3.14 A poverty map completed in January 1996 by the Social Policy Analysis Unit of the PIOJ with JSIF-financed local technical assistance serves as the principal instrument for geographical poverty targeting. The poverty mapping exercise involved three main activities: (a) the identification of communities across Jamaica; (b) the selection of indicators, by a technical advisory committee, to be used to determine the deprivation status of these communities; and (c) the development of a methodology to measure the relative deprivation status of these communities. The

5,074 census enumeration districts were amalgamated to 506 communities. Using the 1991 Population Census which is the only available data source covering the entire island, the indicators selected were: (a) percentage of households without piped water into their dwelling; (b) percentage of households without exclusive use of toilet facilities; (c) percentage of labor force aged 15-29 years unemployed; and (d) percentage of age group 14-29 with primary school education only. The 506 communities were then ranked based on these indicators and divided into quartiles. JSIF establishes indicative allocation targets by poverty quartile. The project will finance, if necessary, technical assistance to refine the poverty map and JSIF's targeting strategy based on experience.

- 3.15 To ensure that poor communities have the resources needed for project preparation, the JSIF will have funds available for this purpose. JSIF will seek low cost funds from different sources, including grants or contributions from private sector entities; however, JSIF will use, as necessary, loan resources to finance preparation as part of subproject costs.

b. Appraisal

- 3.16 Staff of the Appraisal Division undertake a preliminary desk analysis to confirm that the subproject is consistent with JSIF eligibility principles, the subproject menu and criteria and that required documentation is complete. This analysis is followed by a site visit conducted with a representative of the subproject sponsor, as well as an official of the relevant line ministry, parish council, or the Social Development Commission. Information contained in the project proposal and confirmed or supplemented during the site visit provides the basis for appraisal according to the following criteria, as detailed in JSIF's Operational Manual:

- a. **Technical criteria** for subproject appraisal are used for each type of subproject based on existing technical standards and norms provided by the relevant line ministries and other Government entities to ensure sectoral coherence and compatibility. A matrix illustrating ministries/agencies that JSIF will collaborate with appears in Annex III-5. In the case of service projects, the technical assessment will evaluate the content and relevance of the service being provided to the community.
- b. **Financial analysis.** The estimated cost of each component of the subproject cost schedule will be assessed against unit costs included in the cost data base system developed by JSIF, providing explanations for any significant variances. The source of financing for the subproject is assessed, counterpart contributions confirmed and guarantees sought for the financing of recurrent costs. Where line ministries are responsible for

recurrent costs, they will be requested to assure funds are available.

- c. **Economic analysis.** For subprojects with no easily measurable income-generating potential, the cost-effectiveness of the subproject will be used as measure of economic viability. For subprojects with measurable costs and benefits, in addition to cost-effectiveness, a cost benefit analysis will be conducted with economic rates of return obtained as measure of economic worth of the subproject. When an application for rehabilitation works is received, a simple methodology will be applied by the appraisal team, to assess first the need for rehabilitation and second the economic advantage of having the site rehabilitated vs. having new construction. When rehabilitation is considered, the solution should, at least, meet the standards that the prototype unit contains.
- d. **Social analysis** confirms the identity of the potential beneficiaries and assesses their degree of participation in the identification and preparation of the subproject proposal. Confirmation of the willingness and ability of the community and/or sponsor to participate in supervision of subproject output after implementation is also sought. Social analysis also includes an assessment of the likely impact of the project, during and after implementation, on the communities with particular reference to differential impacts by gender. Special emphasis will be placed on the impact of proposed subprojects on youth and women, and on social cohesion, in general. A baseline for impact indicators is established at this stage.
- e. **Institutional and sustainability analysis** will be done for all subprojects, with special attention to be given to those sponsored by poor communities with identifiably weak organizational structures. For these, evidence of legal or formal structure and history of operation will be required. Also, their ability to contribute to project costs, as well as their willingness and capacity to participate in the subproject operation and maintenance will be assessed; historic data and programming of future events to raise funds will be used to determine their institutional and financial capacity. Where training for maintenance is considered necessary, it will be identified through this assessment.
- f. **Environmental analysis** is undertaken on subprojects with potential environmental impact although, given the size and nature of subprojects, no significant negative environmental impacts are anticipated. The environmental assessment identifies measures for mitigation of minor adverse environmental impacts or critical environmental problems requiring further investigation.

c. Approval and Bank review

- 3.17 An appraisal report is prepared for each subproject, according to a predesigned format, and reviewed at different levels in the organization. All subproject proposals and appraisal reports are reviewed by the Management Committee of JSIF for recommendation to the Board of Directors. Authority to approve, reject or request revision and resubmission of all subprojects rests with the Board which meets monthly or more frequently if necessary. The Board can delegate this authority to the Projects Subcommittee which meets at least every two weeks or, in the case of small contracts, to the JSIF Management Committee. The Projects Subcommittee includes at least one NGO and one private sector representative.
- 3.18 Once approved, subproject proposals are submitted for clearance from external financing sources when required. The Bank will review the first five subprojects of each subproject category (i.e., social infrastructure, economic infrastructure, social services and organizational strengthening) prior to contracting to ensure adherence to eligibility and appraisal criteria. After that, the following procedures will apply to Bank-financed subprojects: (a) for civil works contracts over US\$200,000, equipment contracts over US\$100,000, and services and sponsor-executed contracts over US\$25,000, prior review by the Bank will be required; and (b) for subprojects under these limits, the Bank carries out a random ex post review, based on summary project data sheets acceptable to the Bank and bidding documents and contracts to be retained by JSIF. No changes in these procedures will be made without prior approval of the Bank.

d. Contracting, execution and supervision

- 3.19 Upon approval of a subproject request, an agreement is signed between the subproject sponsor and JSIF delineating the responsibilities of both parties. The agreement authorizes JSIF, on behalf of the subproject sponsor, to proceed with the selection of an executing agency/contractor in accordance with Bank procedures. Once all pre-contractual conditions are satisfied, JSIF enters into a contract with the executing agency/contractor.
- 3.20 Executing agencies/contractors present appropriate guarantees, including performance bonds in the case of private sector contractors carrying out civil works, under guidelines included in the Operational Manual. Upon presentation of appropriate guarantees, JSIF disburses directly to the contractor a mobilization advance followed by regular disbursements based on work completed and confirmed during JSIF site supervision visits. Although changes in standard subproject costs are not expected given the accuracy and regular updating of the unit cost database, cost adjustments are handled through separate requests for a change in budget.

- 3.21 Subproject execution is supervised by staff of JSIF's Supervision Division and, for infrastructure subprojects, by external on-site technical supervisors contracted by JSIF and financed as part of the subproject cost. The beneficiary group or project sponsor also monitors the quality of works, goods or services and general performance of the contractor. Requests for disbursements are made upon verification of work completed by both the external supervisor and the beneficiary group or project sponsor. JSIF supervisors visit the subproject site periodically to inspect the progress of the work, assess general contractor performance and authorize requested disbursements. In addition, local consultants are to be contracted to perform physical audits on a random sample of subprojects to evaluate their technical quality and operational and maintenance cost coverage and to evaluate the adequacy of JSIF's appraisal and supervision systems.

e. Project completion

- 3.22 The project completion stage involves certification and handover of works completed, final payments and preparation of a subproject completion report. The subproject completion report to be generated by the MIS evaluates contractor performance, subproject processing time and cost. This information is to be incorporated in subsequent project planning and implementation activities.

C. Procurement

- 3.23 Acquisition of goods and related services and contracting of civil works financed by the loan, will be subject to the procedures stated in Annex B of the loan contract. International public bidding will be mandatory for acquisition of goods and related services that exceed US\$250,000 and US\$1 million for civil works. The maximum subproject cost is US\$350,000, with average subproject cost estimated at US\$50,000, thus, no international competitive bidding is expected under the proposed program. All procurement under the set limits will be done following procedures agreed with GOJ and accepted by all co-financers. Direct contracting will be allowed, both for civil works and for equipment and goods, but only up to aggregate limits of US\$1.2 million for the former and US\$450,000 for the latter, and only in accordance with Bank policy, that is, for the expansion of contracts for works or goods, when compatibility of goods and spare parts is required, or in emergencies such as natural disasters. Procurement of consulting services will also be done according to regular Bank procedures as stated in Annex C of the Loan Contract. Annex III-9 presents a preliminary Acquisitions Plan. These procurement guidelines are part of the Operational Manual. Table III-1 shows a summary of the expected procurement arrangements:

Table III-1 PROCUREMENT ARRANGEMENTS (in US\$ thousands)			
CATEGORY	LIMITS	METHOD	EXPECTED AMOUNTS
Civil works	More than 1,000	ICB	-
	Between 351 and 1,000	NCB	-
	More than 100 and less than 350	NCB	10,500
	Less than 100	Three quotations	15,900
	Some works less than 25	Direct contracting	1,200
Equipment and goods	More than 250	ICB	-
	Between 25 and 250	NCB	4,400
	Less than 25	Three quotations	3,700
	Some less than 2	Direct contracting	450
ICB = International Competitive Bidding NCB = National Competitive Bidding			

D. Financial aspects

1. Execution and disbursement schedule

- 3.24 The resources of the program will be committed within a period of three and one half years from the effective date of the loan contract, and are expected to be disbursed within four years from the same date. Commitment of resources is defined as the signing of the agreement to finance a project, by JSIF, the sponsor, and the contractor. The six-month difference between commitment and disbursement termination dates should provide sufficient time for the completion of all projects contracted. The following table contains a conservative estimate of disbursements for the program:

Table III-2 DISBURSEMENT SCHEDULE (in US\$ thousands)						
SOURCE	YEAR 1	YEAR 2	YEAR 3	Year 4	TOTAL	%/SOURCE
IDB	1,113	3,424	2,981	2,482	10,000	20
IBRD	2,597	6,434	5,980	4,989	20,000	40
Beneficiaries	616	1,482	1,546	1,356	5,000	10
GON	742	749	749	760	3,000	6
Others	258	251	751	740	2,000	4
GOJ	2,500	2,500	2,500	2,500	10,000	20
Total	7,826	14,840	14,507	12,827	50,000	100
% / year	15.6	29.7	29.0	25.7	100.0	

2. Advance of funds

- 3.25 To facilitate the execution of the program, an advance of funds is recommended up to the equivalent of 10 percent of the loan resources.

E. Program monitoring, evaluation and control

- 3.26 Program monitoring and evaluation will be used to identify problems and needed changes in implementation and/or targets. Supervision of the program will be done by the Bank's Country Office, with support from the project team. A preliminary monitoring and evaluation plan appears in Annex III-6.

1. Annual review and programming

- 3.27 Every year JSIF and the Bank will hold meetings to review program execution. The reviews will include: (a) review of overall program execution during the previous year; (b) discussion of progress of broader social sector agenda and JSIF's role in it; (c) monitoring of specific program achievements against detailed benchmarks specified in the logical framework presented in Annex III-7; and (d) review of the effectiveness of project cycle and MIS application. As an additional source of information for the annual reviews, JSIF will conduct evaluations of a minimum of ten completed projects, representing the different subproject categories, twice during the execution period, using an evaluation methodology previously agreed to with the Bank. The annual reviews will serve as the basis for the programming of the following year's action plan. During the first annual review JSIF will consider the recommendations of the Bank-financed study of demand-side subsidies (see paragraph 2.4) regarding including of this type of subproject in the JSIF menu.

2. Benchmarks and reports

- 3.28 During program execution, JSIF will present to the Bank semi-annual reports that, as a minimum, will summarize the number of projects processed, number and type of beneficiary reached, and the financial information of the period. Reports will use the indicators which have been selected by JSIF, the Bank and IBRD and incorporated into the MIS. They can be found in the project's technical files. Annex III-7 highlights key indicators and benchmarks.

3. External audits

- 3.29 During the execution of the loan, JSIF will present to the Bank the program's yearly financial statements audited by a firm of independent auditors acceptable to the Bank. They will be presented to the Bank following the close of the Government's fiscal year, starting with the year in which the program's execution begins.

4. Internal controls

- 3.30 JSIF's operations will be submitted to two systematic control systems. An internal audit unit will provide a basic accounting and procedural follow-up. It will also monitor the performance of the contractors and sponsoring agencies executing projects with JSIF funds.
- 3.31 Operational management of projects will be supported by a MIS established to work "on-line". The system will facilitate management's capability to monitor and enforce responsibility for each aspect of project development and execution.

5. Midterm review

- 3.32 A midterm review to evaluate the performance of JSIF will be conducted with the support of the IDB and the IBRD after 50 percent of the loan has been committed, or no later than September 1999. The review will be designed to provide an evaluation of the experience of JSIF at the operational level and in the context of the Government's NPEP. Of particular interest to the Bank will be an assessment of the experience to date with social assistance subprojects, particularly the financing of initiatives targeted to youth. A midterm review report will be submitted to the Bank reviewing project performance, highlighting any major problems and issues, and proposing solutions.

6. Ex post evaluation

- 3.33 Throughout program implementation, data will be collected to facilitate not only ongoing monitoring, annual and end-of-project evaluations but also an ex post evaluation, should one be thought useful. The need of such an evaluation will be determined during the second annual review by the GOJ and the Bank. At that time, if the evaluation is thought necessary, an appropriate methodology will be agreed upon, which will include at a minimum, the use of indicators that have already been selected to measure, among others, the quality, quantity and impact of subprojects, as well as institutional performance (see paragraph 3.27).

IV. FEASIBILITY, BENEFITS AND RISKS

A. Project feasibility

1. Lessons learned

- 4.1 The preparation and design of JSIF has profited from lessons learned in other SIFs, the Bank's own experience with project implementation in Jamaica, and the strengths and weaknesses of other poverty alleviation initiatives that have been undertaken in Jamaica. The feasibility of JSIF project rests primarily on key design features derived from these experiences, as well as on the strong backing which it has been able to garner from all three political parties, the caliber and enthusiasm of its core staff, and the resources which it has been able to attract from external sources as well as from Government.
- 4.2 **Lessons from the Bank's portfolio in Jamaica.** Bank financed projects in Jamaica in recent years have faced obstacles that have adversely affected their execution, particularly: (a) a chronic lack of experienced, trained and motivated staff in executing units, especially in line ministries; (b) an unwieldy process for contracting goods and services; and (c) untimeliness and insufficiency of counterpart contributions. ^{4/} The design of the JSIF project, as presented in chapter III, responds to these lessons of the past, especially, by ensuring the autonomy of the fund (which in turn makes possible hiring well-qualified, motivated staff), and by relying on simplified contracting procedures and attracting and channeling external financing.
- 4.3 **The experience of Government poverty reduction projects.** Recent reviews of GOJ's poverty alleviation projects and the four main institutions (three Government and one NGO) which finance social and environmental projects reveal similar problems and lessons, which the design of this project has taken into account. ^{5/} Most of the projects reported slow implementation due to low or irregular cash flow, inadequate staffing and slow decision-making. Those projects which incorporated community cooperation and NGOs in implementation were most successful. Four common problems were: (a) lack of formalized procedures for funding or implementing projects; (b) inadequate administration and supervision of projects due to limited financial and weak human resources; (c) incomplete project proposals and cost estimates, complicated by the consistent overestimation of costs; and (d) lack of institutional and financial autonomy, which resulted in delayed and insufficient disbursements from central budget sources. JSIF's autonomy,

^{4/} Jamaica CP, 1995 and portfolio reviews in 1994-1996 period.

^{5/} Planning Institute of Jamaica, 1995.

staffing, financing, and automated subproject cycle based on appropriate sectoral appraisal criteria are designed to overcome these problems.

- 4.4 **Other SIFs.** The combined experience of the Bank and the IBRD with over 30 SIFs programs worldwide have also influenced the preparation and design of the proposed project and enhanced its chances for success. During preparation, the Bank financed, through nonreimbursable technical cooperations, study seminars to two Central American funds in which members of JSIF staff and Board participated. The IBRD financed technical assistance in targeting methodologies and participatory subproject preparation from staff and consultants with experience in other social funds. And the design for the automated subproject cycle and MIS, with the accompanying staff training, has been carried out with the support of consultants, contracted by the Bank, with experience in the design and implementation of several social fund projects.
- 4.5 The design of JSIF also reflects experience in other countries in that it recognizes that a SIF is only one element of a much broader poverty reduction strategy and that financing relatively simple, short-term investments does not substitute, but rather complements, other types of sector reforms and investments with a longer-term impact on poverty reduction. In Jamaica, other efforts - supported by the IDB and the IBRD, as cited in chapter I - are now under way to undertake important social sector reforms, rebalance the roles of the public and private sectors, and improve the line ministries' institutional capacity, in addition to policies being implemented to promote economic growth. JSIF complements the longer term focus of these other initiatives with immediate social assistance and services targeted to the most vulnerable communities.
- 4.6 Other lessons which have been taken into consideration in the proposed project, as shown in chapters II and III, include the importance of: (a) institutional autonomy and freedom from political interference; (b) transparency and accountability, which are strengthened by a comprehensive Operational Manual, an effective MIS, frequent and standardized reporting, contracting of independent evaluations and systematic feedback from project beneficiaries; (c) attracting high-caliber, motivated staff by paying competitive wages; (d) expedited procurement and disbursement procedures; (e) effective coordination with line ministries; (f) involving CBOs, NGOs and local governments in the subproject cycle; (g) using simple, but efficient targeting and promotion activities to reach the poorest regions and beneficiaries; (h) technically simple subproject designs; (i) encouraging strong local participation during all phases of the subproject cycle to help ensure sustainability; and (j) strong supervision mechanisms.

2. Socioeconomic feasibility

- 4.7 The socioeconomic feasibility of the proposed project rests in part on the subproject promotion and appraisal mechanisms, established in the Operational Manual and now being tested and consolidated in the first months of operation. JSIF staff, guided by operating guidelines and with the technical assistance from external consultants, has been developing the capacity to promote and appraise eligible subprojects. The first projects were identified through field visits by JSIF and local consultants to ten communities selected from the lowest quartile on the poverty map. Following community needs assessments, 37 individual projects were prepared. These were later grouped into 19 integrated subprojects processed by JSIF, nine of which have already been presented to the Board of Directors.
- 4.8 The Bank's consultants reviewed the 19-project sample and, in general, approved of the targeting and appraisal methodologies used by JSIF, but had a number of suggestions to improve the process, which included: (a) development of a project preparation manual, to be used by external consultants or NGOs as well as the JSIF staff, to ensure uniformity and quality of subprojects; (b) preparation of detailed guidelines for each of the types of evaluation - social, economic, technical, environmental, financial and institutional - included in the appraisal process; (c) completion of the unit cost system and adoption of a mechanism to update the unit cost database; and (d) structuring the appraisal team for any subproject so that it comprises a mixture of social/institutional, technical/environmental, and economic skills. JSIF has incorporated the appraisal team structure into its operational guidelines, and the project preparation manual and the evaluation guidelines are now being prepared with the assistance of consultants. **Completion and adoption of these guidelines and manual, as well as the unit cost system and a mechanism to update it will be conditions prior to first disbursement.**
- 4.9 Technical assistance to be financed with program resources will assist JSIF staff to further strengthen all aspects of the subproject cycle, environmental procedures, the MIS, participatory needs assessment and project identification, appraisal of social services and organizational strengthening subprojects, gender and impact monitoring and evaluation.
- 4.10 **Targeting.** As described in chapter III, JSIF will use a variety of mechanisms to ensure that it reaches the geographical regions and groups that are currently underserved by existing social programs. In addition to the use of a poverty map (see paragraph 3.13), the promotion strategy within the subproject cycle - which encourages participation of beneficiary groups at all stages - and the menu of subprojects eligible for financing, should ensure that the intended groups benefit. In addition, technical assistance to particularly vulnerable communities will be financed with program resources (see

paragraph 3.10) to compensate for possible weaknesses in subproject prioritization and preparation.

- 4.11 **Sustainability** of subproject investments has been a concern in many SIFs. In JSIF, a number of measures have been incorporated into the subproject cycle to ensure sustainability, including: the participation of beneficiary groups in all stages of the cycle, the need for community contribution to every subproject, the obligation of sponsors to present a specific plan for operations and maintenance, and, for subprojects generating recurrent costs, the use of coordination agreements with line ministries and local governments to guarantee continued financing. For social services subprojects, particular attention will be placed on the institutional analysis of the capacity of the sponsor to sustain services beyond JSIF financing.
- 4.12 Given its temporary mandate, the sustainability of JSIF as an institution is not an issue. Based on experience, Government may wish to extend or transform the agency as it sees fit. The duration and scope of JSIF after the end of the proposed project would be evaluated with respects to its performance, the status of parallel public sector reforms and Government's evolving poverty reduction strategy.

3. Technical feasibility

- 4.13 Technical feasibility rests on JSIF's capacity to finance subprojects that are in accordance with sectoral standards and norms. To achieve this, JSIF, with the assistance of consultants and the collaboration of the ministries, is developing technical criteria for each type of subproject. An ongoing consultative mechanism, supervised by an interinstitutional coordinator in JSIF, is in place to maintain a fluid dialogue with the ministries. Technical appraisal will confirm that subproject design and specifications conform to the appropriate norms. The analysis of the 19-project sample determined that, generally, the infrastructure, equipment and other inputs proposed were consistent in scale, quality, cost and content with the proposed activities of the subproject and that implementation is technically feasible. The project preparation guidelines and manual under preparation, however (see paragraph 4.8 above), will strengthen this capability.

4. Environmental and social impact

- 4.14 The program has been classified as a Category III operation by the Environmental Management Committee (EMC). The analysis performed to prepare an Environmental and Social Impact Report concluded that the types of small-scale projects to be financed with program resources have a positive overall environmental impact. Any adverse effects would be minor and controllable through the preventive measures included in the report submitted to the EMC and

incorporated into the environmental and social action plan agreed upon with the Bank and the IBRD.

- 4.15 In line with the suggestions reflected in the environmental report, the program includes technical assistance resources to assist in the establishment of environmental quality control systems and the training of JSIF staff, contractors, and participating agencies in the environmental quality control standards and criteria to be used. As a condition prior to first disbursement, JSIF will: (a) incorporate environmental guidelines agreed upon by JSIF, the IDB and IBRD into its Operational Manual; (b) adopt the environmental and social action plan agreed upon; and (c) present to the Bank the terms of reference and contract of the environmental consultant(s) who will assist the institution in developing detailed environmental screening criteria for subproject appraisal. Finally, as part of its reporting requirements to the Bank, JSIF will inform on progress on the remaining activities presented in the action plan, including the incorporation of gender guidelines in its Operational Manual.

B. Benefits

- 4.16 The operation would contribute to the improvement of the living conditions of the poor in Jamaica, through the financing of small scale community-based projects. These projects will have immediate benefits, through improved access to priority social services and infrastructure. In the longer term, it will, first, strengthen communities' and NGO's abilities to prepare, execute and maintain subprojects. Second, it will demonstrate Government's ability to carry out targeted, efficient, and transparent actions in response to the needs of low-income communities, which in turn will strengthen its ability to sustain its macroeconomic strategy.

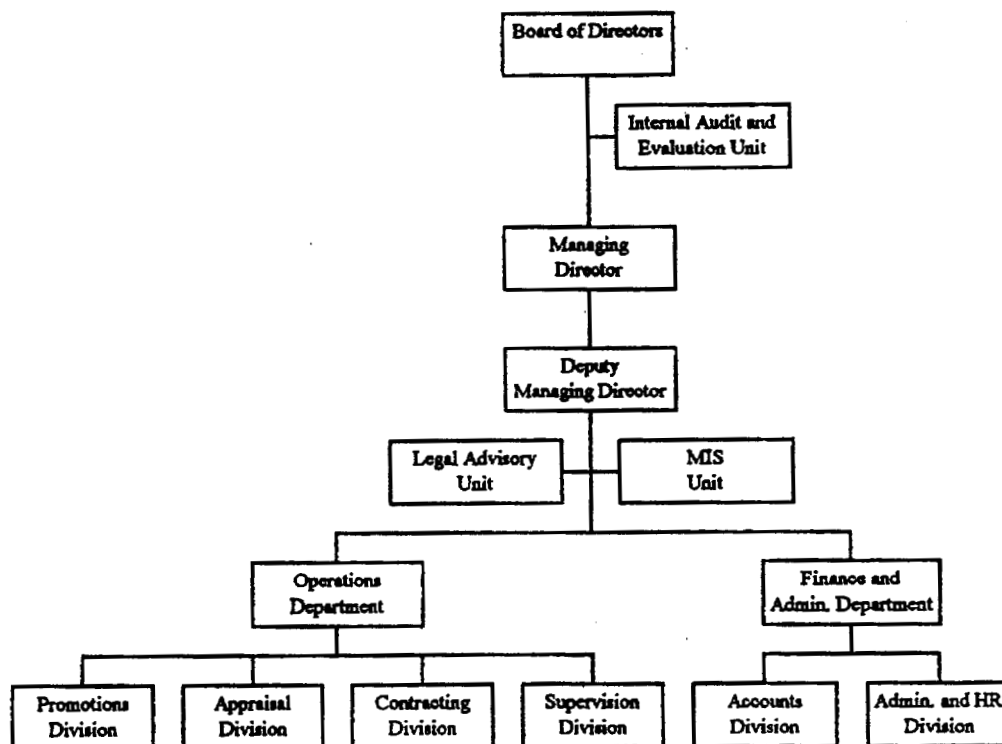
C. Risks

- 4.17 The risks of the program stem primarily from the newness of the SIF model in Jamaica and of the institution itself. JSIF has been fully operational only since November, so that all of its systems (operative, administrative, information, financial) are still being tested and consolidated. While the design that has been adopted, with appropriate modifications for the local context, has sought to incorporate lessons learned by other SIFs, only growing experience in the weeks and months ahead will identify the adjustments necessary to perfect the organization's performance. One risk is that there be leakage of resources to non-target groups and/or areas because of political interference in JSIF's operations. This risk is mitigated by the creation of JSIF as an autonomous Government company with transparent and efficient operating procedures, clear targeting and eligibility criteria and adequate institutional checks and balances. The participatory nature of the project itself also creates strong incentives for various stakeholders - especially

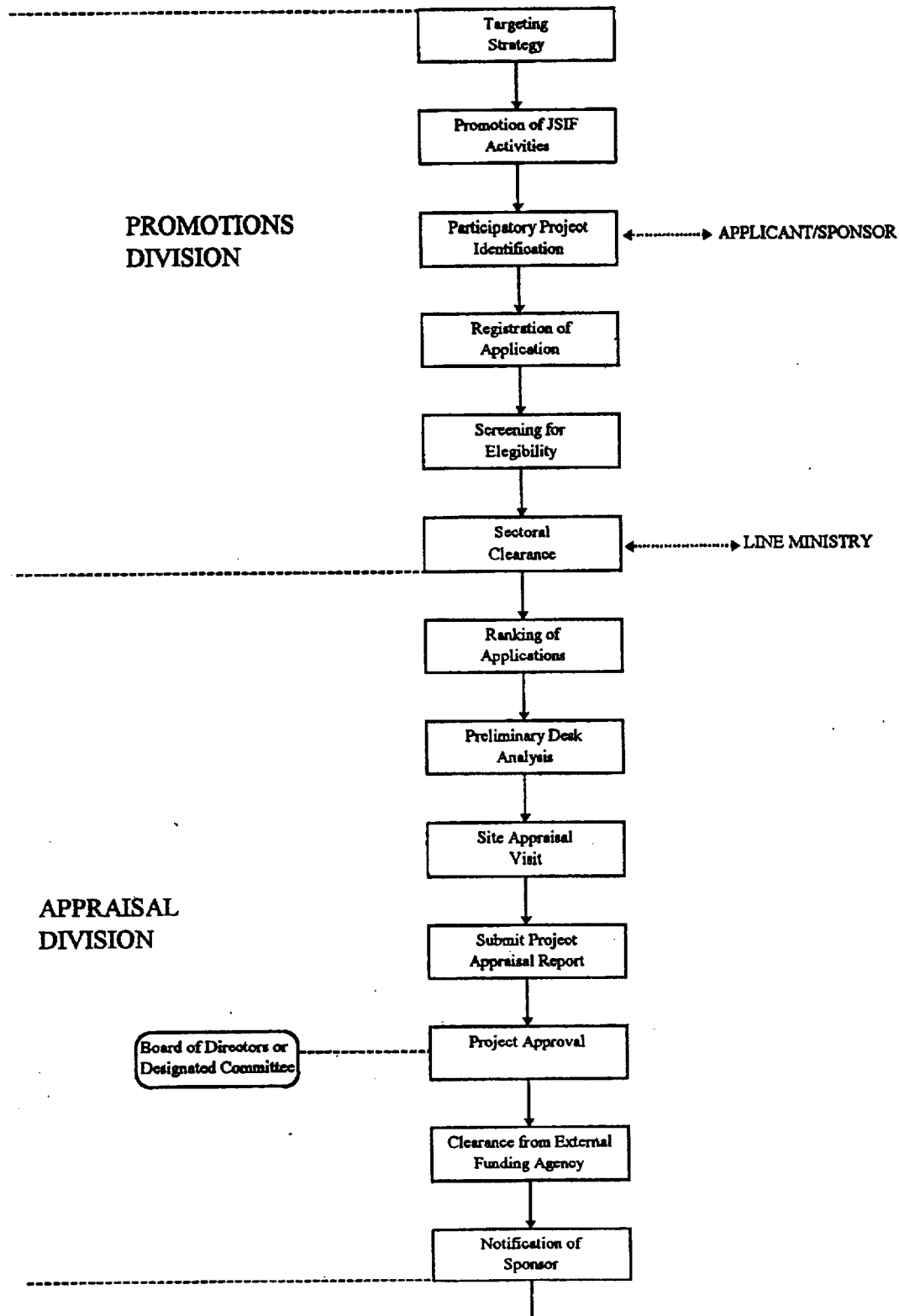
beneficiary communities, NGOs, parish councils and central government – not only to provide counterpart resources, but also to limit the diversion of resources to non-targeted beneficiaries.

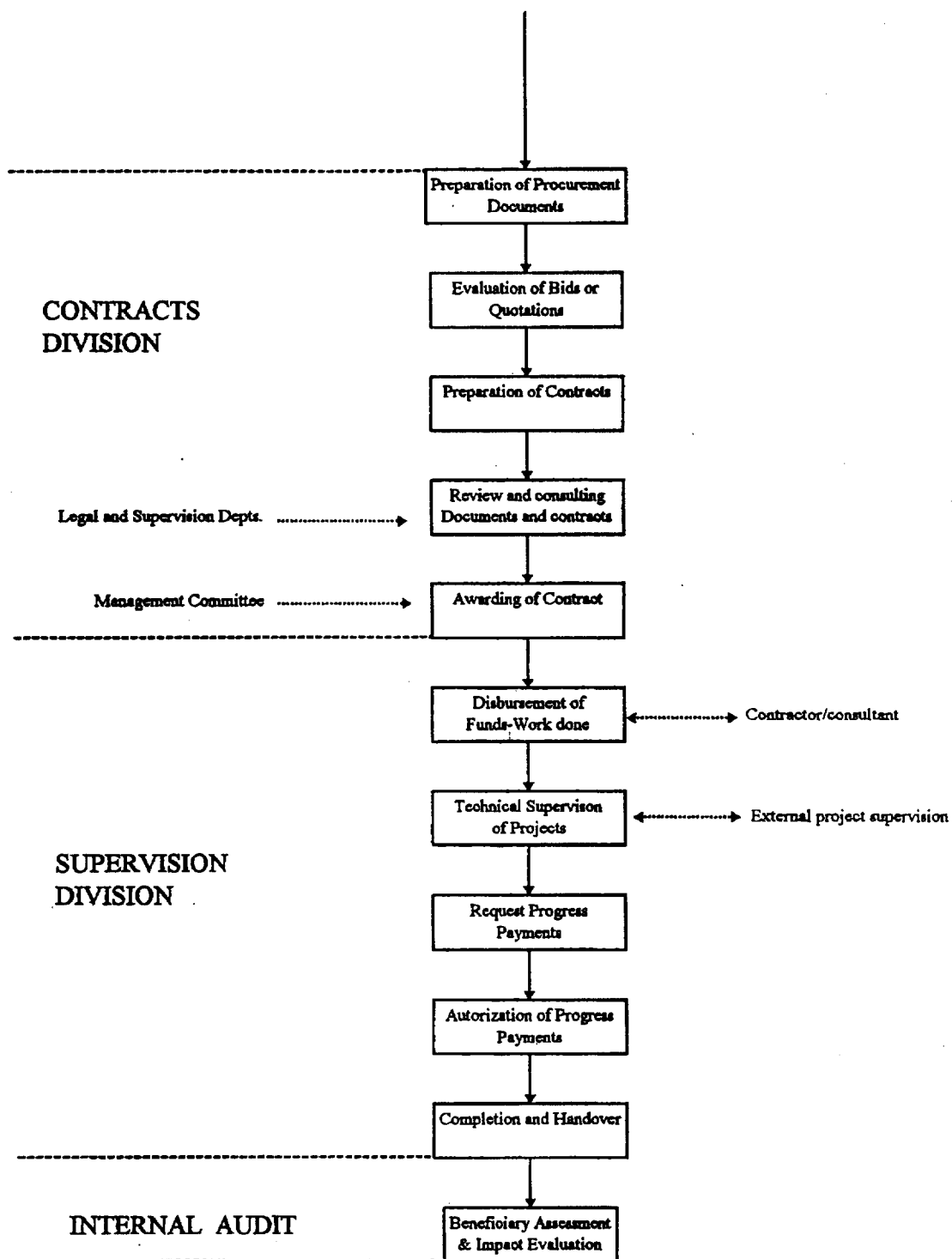
- 4.18 A second risk is that lack of coherence and coordination with other sectoral activities which could result in duplication of effort, inconsistency with established norms and strategies, and a lack of absorption of recurrent costs after the project ends, jeopardizing the sustainability of benefits. To address this risk, JSIF is incorporating sector norms and technical specifications into its appraisal criteria. It has created the position of inter-agency coordinator in its staff to ensure that fluid communication is maintained at all times with the various actors in the social sectors, particularly the line ministries, and monitor the performance of the inter-institutional agreements that specify approval and maintenance procedures and requirements. JSIF will also encourage the participation by key sector ministries, local governments and NGOs in the appraisal of subprojects.

ORGANIZATIONAL STRUCTURE



SUBPROJECT CYCLE





ELIGIBILITY PRINCIPLES

1. **Subproject menu:** All projects must be on the menu of eligible subprojects.
2. **Poverty targeting:** Projects will benefit the poor. The types of eligible subprojects will help ensure high coverage of poor people. Projects will also be targeted towards the poorest regions of the country based on a poverty map.
3. **Beneficiary participation:** Projects must incorporate beneficiary participation at all stages of project identification, design, implementation and operation.
4. **Beneficiary cost-sharing:** The beneficiary group/project sponsor will be required to make a counterpart contribution, either in cash or kind, towards financing of the project. The exact proportion of beneficiary contribution will vary by type of project and resources of the beneficiary but, at minimum, will amount to 5% of subproject cost.
5. **Eligible applicants:** JSIF will consider applications for project financing from project sponsors representing community groups. Project sponsors may be central government ministries, local government authorities, non-government and community based organizations, community groups and private sector entities. An individual may not sponsor a project. Subprojects for individual benefit will only be considered if requested by the community.
6. **Project sponsorship:** JSIF will not sponsor projects. It will respond to the demand for project proposed by sponsors. JSIF, government agencies and other groups will promote, encourage and orient the demand for project financing.
7. **Project implementation:** JSIF will not execute projects on its own, but will employ the services of contractors (civil works and goods projects) or consultants (service projects) to implement approved projects. Contractors and consultants may be private sector companies, non-governmental and community-based organizations or individuals which meet JSIF's requirements for implementation of small-scale community-based projects. Except for certain types of projects (e.g., some social assistance projects), a sponsor may not serve as contractor on the project.
8. **Recurrent expenditures:** JSIF will not provide resources to supplement recurrent expenditures.

9. **Sustainability:** JSIF will not finance recurrent costs, including maintenance. Fund support will be conditional upon confirmation that resources (private and public) will be made available to meet recurrent expenditures.
10. **Complementarity:** JSIF will collaborate with line ministries to ensure complementarity of objectives. Infrastructure projects must, as far as possible, conform to the norms and standards of line ministries or relevant authorities.
11. **Project size:** JSIF will finance small-scale community-base projects with a cost not exceeding US\$350,000.
12. **Project costs and benefits:** Projects will employ least-cost designs and deliver maximum benefits for a given cost. Projects will be appraised according to standard methods of measuring costs and benefits.

OPERATIONAL MANUAL

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- Terms of reference for external project supervision
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- Completion certificate
- Completion report
- Performance indicators

MENU OF ELIGIBLE SUBPROJECTS		
AREA	SUBPROJECT TYPE	SPECIAL CONDITIONS
1. SOCIAL INFRASTRUCTURE		
EDUCATION	Civil works: Rehabilitation, expansion, and construction of pre-primary (basic and infant), primary, and all-age schools (including school libraries).	Standards to conform to Ministry of Education norms. Support conditional on guarantee of funds to meet recurrent costs, including maintenance.
	Equipment: Purchase of basic furniture, equipment and library books for pre-primary, primary and all-age schools.	Equipment to be provided to existing operation or provision to coincide with opening of new school. Equipment must conform to pre-determined list and Ministry of Education norms.
HEALTH	Civil works: Rehabilitation, expansion and construction of health centers.	Priority on rehabilitation and expansion. Standards to conform to Ministry of Health norms. Support conditional on guarantee of funds to meet recurrent costs, including maintenance.
	Equipment: Purchase of furniture and basic medical equipment for health centers.	To conform to pre-determined list and Ministry of Health norms.
SOCIAL DEVELOPMENT/ WELFARE	Civil works: Construction and rehabilitation of day care centers and homes for children, the elderly, and disabled.	Support conditional on guarantee of funds to meet recurrent costs, including maintenance.
	Equipment: Provision of furniture and basic equipment for day care centers and homes for children, the elderly, and disabled.	To conform to pre-determined list.
	Civil works: Rehabilitation of integrated community spaces (including teen centers, training facilities, sport facilities).	Support conditional on guarantee of funds to meet recurrent costs, including maintenance. Appraisal to include type, coverage and profile of beneficiaries.
	Equipment: Provision of furniture and basic equipment for integrated community spaces.	To conform to pre-determined list.
SANITATION	Civil works: Construction and rehabilitation of public sanitary conveniences (latrines, community showers), and sewage systems.	To conform to public health standards. Construction to be coupled with training program in maintenance and use.
	Civil works: Construction and rehabilitation of small-scale community based water systems.	To conform to national standards.
	Civil works: Construction and rehabilitation of drains and canals.	To conform to public health standards.

MENU OF ELIGIBLE SUBPROJECTS		
AREA	SUBPROJECT TYPE	SPECIAL CONDITIONS
2. ECONOMIC INFRASTRUCTURE		
PRODUCTIVE SECTOR SUPPORT	Civil works: Rehabilitation and upgrading of parochial, feeder and urban access roads.	Evidence that road is frequently used by target groups for transport of legitimate goods and services of personal use to access schools, health facilities or workplaces.
	Civil works: Construction and rehabilitation of small community-based agroprocessing facilities.	To conform to standards set by relevant governmental agencies. Support conditional on guarantee of availability of funds and/or expertise to effect regular preventive and comprehensive maintenance.
	Equipment: Provision of equipment for agroprocessing facilities.	To conform to standards set by relevant government agencies. Total of investments not to exceed 5 percent project resources.
3. SOCIAL SERVICES		
COUNSELING AND TRAINING	Services: Provision of assistance to programs that offer services in career guidance and job placement.	Target population to be clearly identified and potential impact of training demonstrated. Subprojects must be executed by NGOs/CBOs.
	Services: Provision of assistance to programs that offer services in counseling (including conflict resolution and drug abuse) and parenting and family-life education.	Target population to be clearly identified and potential impact of programs demonstrated. Subprojects must be executed by NGOs/CBOs.
	Services: Skills training to be productive sectors.	Target population to be clearly identified and potential impact of programs demonstrated. Subprojects must be executed by NGOs/CBOs.
	Services: Skills training for the disabled.	Target population to be clearly identified and potential impact of programs demonstrated. Subprojects must be executed by NGOs/CBOs.
4. ORGANIZATIONAL STRENGTHENING		
	Technical assistance and training to government and non-government institutions in participatory project identification and to subproject sponsors and executing agencies to upgrade skills in preparation, implementation and management of small-scale community-base projects.	Strong linkage with beneficiary groups must be demonstrated. Support to be linked to specific projects financed by the JSIF.

MINISTRY/AGENCY MATRIX

The following matrix identifies the ministries/agencies responsible (either primarily or secondarily) for subproject collaboration and support. The coordination mechanisms between JSIF and these ministries/agencies will take the form of an inter-institutional agreement.

SUBPROJECT	MINISTRY/AGENCY WITH SECTOR RESPONSIBILITY
1. SOCIAL INFRASTRUCTURE	
Basic, primary and all-age schools	Ministry of Education, Youth and Culture
Health centers	Ministry of Health
Homes for children	Ministry of Health
Homes for elderly	Ministry of Local Government and Works/parish councils
Homes for the disabled	Ministry of Labour, Social Security and Sports
Community centers for training and sports facilities	Social Development Commission
Sanitary conveniences, drains and canals	Ministry of Local Government and Works/parish councils
2. ECONOMIC INFRASTRUCTURE	
Productive sector support	
a. Parochial, feeder roads	Ministry of Local Government and Works and Rural Agreement Development Agency
b. Agroprocessing	Ministry of Agriculture and Rural Agreement Development Agency
3. SOCIAL SERVICES	
Career guidance and job placement	HEART and Social Development Commission
Counselling, parenting and family life training	Ministry of Education, Youth and Culture, HEART and Social Development Commission
Skills training for the disable and the productive sector	Ministry of Labour, Social Security and Sports
4. ORGANIZATIONAL STRENGTHENING	
Technical assistance and training to NGOs and subproject sponsors	Social Development Commission

PRELIMINARY EVALUATION AND SUPERVISION PLAN

APPROXIMATE DATE	ACTIVITY	RESPONSIBLE INSTITUTION(S)
August 1997	Technical audit	JSIF-contracted consultants, IBRD
September 1997	IBRD annual portfolio review; IDB launch	JSIF, IBRD, and IDB
April 1998	Beneficiary assessment	JSIF-contracted consultants
June 1998	Technical audit	JSIF-contracted consultants
June 1998	Impact evaluation	JSIF-contracted consultants
September 1998	Midterm review	IBRD, IDB, donors and JSIF
April 1999	Beneficiary assessment	JSIF-contracted consultants
September 1999	Annual portfolio review	JSIF, IBRD and IDB
January 2000	Impact evaluation	JSIF-contracted consultants
September 2000	Final portfolio review	JSIF, IBRD, IDB and donors
June 2001	Impact evaluation	JSIF, IDB

LOGICAL FRAMEWORK

PROGRAM SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOALS 1. Contribute to improving the living conditions of poor communities and help create an environment for sustainable national development.	1. At least 80% of beneficiaries find JSIF project improved their living conditions.	1. Living conditions and household surveys, poverty map, census for different years. 2. Beneficiary assessment. 3. Impact assessment.	
PURPOSE 1. Sustainable and effective projects that improve access to basic social services to the poor and that respond to priority needs of low-income communities are financed.	1. 70% of subprojects have been sponsored by local organizations and coordinated with relevant public agencies. 2. 70% of subproject resources are invested in lower two quartiles. 3. 70% of projects are in lower two quartiles. 4. Service access improvements: 4.1 At least 20% increase in available student spaces in schools financed by JSIF. 4.2 At least 20% increase in attention to: pre-natal cases, in-site deliveries, home deliveries, 0-2 years monitoring. 4.3 At least 20% increase in communities in quartiles 3 and 4 with public sanitary conveniences. 4.4 At least 10% increase in young men and women receiving conflict resolution and life skills training. 5. Subprojects are operating at expected levels and adequately maintained.	1. JSIF's records in the MIS and in physical files. 2. Project files and annual evaluations of completed projects. 3. Certification of completion of works. Disbursement records. 4. JSIF's records.	1. Communities are capable of identifying needs and organizing themselves to request assistance and to contribute to the execution and operation of subprojects. 2. Beneficiaries access and use services and give proper maintenance to infrastructure and equipment. 3. There is effective coordination between communities, sponsors and government agencies for subproject operation and maintenance.

PROGRAM SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
OUTPUTS			
1.1 Subprojects financed and executed.	<p>1.1 Number and cost of subprojects approved by JSIF:</p> <p>Year 1....74 US\$5.3 million</p> <p>Year 2...165 US\$12.3 million</p> <p>Year 3...166 US\$12.4 million</p> <p>Year 4...150 US\$10.8 million</p> <p>1.2 Number and cost of subprojects financed with IDB funds:</p> <p>Year 1....10 US\$0.6 million</p> <p>Year 2....35 US\$2.8 million</p> <p>Year 3....28 US\$2.4 million</p> <p>Year 4....24 US\$1.9 million</p>	1.1 JSIF's MIS records and completion reports.	<p>1. Communities have the ability to identify needs and organize themselves to request assistance and to contribute to the execution and operation of the projects.</p> <p>2. Communities are willing and able to contribute toward cost and participate in operation and maintenance.</p> <p>3. Low-income communities and public agencies are willing to work together in project operation and maintenance.</p>
2.1 Relevant government agencies and NGOs strengthened in their capacity for participatory project identification.	2.1 Four training seminars and work-shops to government agencies and NGOs in participatory project identification delivered per year.	2. JSIF's records.	4. Communities are open to receiving training and assistance.
2.2 Sponsors' and executing agencies' skills upgraded in preparation, implementation and management of small-scale community-base projects.	2.2 Two training seminars and work-shops to sponsors and executing agencies delivered each year.		
2.3 Grassroots groups trained in the design and formulation of sub-project proposals.	<p>2.3 Ten training seminars and work-shops to grassroots groups in design and formulation of subproject proposals delivered each year.</p> <p>2.4 Five thousand brochures and promotional material produced and distributed by Dec. 1997.</p> <p>2.5 Radio spots written and aired on a weekly basis by Dec. 1997 and continued throughout implementation.</p> <p>2.6 Twenty beneficiary communities, NGOs, CBOs trained in each area by 1998, and at least 20 every year thereafter.</p>		

PROGRAM SUMMARY	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>3.1 Strengthened ability of JSIF to manage the project cycle; in participatory techniques; in poverty map refinement, targeting, impact and evaluation systems; environmental issues assessment; MIS and financial management and planning.</p> <p>3.2 JSIF's equipment and operating expenses financed.</p>	<p>3.1 Subprojects executed on schedule.</p> <p>3.2 Subprojects executed within budget.</p> <p>3.3 Appropriate staff receiving training by August 1997.</p> <p>3.4 Ten staff trained per year in appropriate field.</p> <p>3.5 List of equipment and vehicles purchased.</p>	<p>3.1 JSIF's records.</p> <p>3.2 Institutional strengthening biannual report.</p> <p>3.3 JSIF's accounting records.</p>	<p>3.1 JSIF's employees are receptive to training and use knowledge acquired and JSIF evolves as an efficient institution in the delivery of resources.</p> <p>3.2 Equipment and vehicles are properly operated and maintained.</p>
<p>ACTIVITIES</p> <p>1. Establish and get IDB approval of detailed appraisal criteria for eligible subprojects, including environmental criteria.</p> <p>2. Establish special account for IDB loan funds.</p> <p>3. Establish special bank account for local counterpart funds.</p> <p>4. Put unit cost system in operation and an updating mechanism in place.</p> <p>5. Subprojects are promoted, appraised, approved and monitored.</p> <p>6. Prepare NCB documents and award contract for equipment and vehicles.</p>	<p>1. Operational Manual updated and approved by IDB before first disbursement.</p> <p>2. Account opened before first disbursement.</p> <p>3. Account opened before first disbursement.</p> <p>4. MIS installed before first disbursement.</p> <p>5. Bid published in local newspapers.</p>	<p>1. Updated Operational Manual.</p> <p>2. Evidence of bank account existence presented to the Bank before first disbursement.</p> <p>3. Evidence of bank account existence presented to the Bank before first disbursement.</p> <p>4. MIS status report.</p> <p>5. JSIF's reports.</p> <p>6. Copies of local newspapers and contract.</p>	<p>1. Program promoted by JSIF to targeted population.</p> <p>2. Program given high priority by GOJ for budget allocation.</p> <p>3. JSIF is properly staffed with high quality professionals and technicians.</p> <p>4. Demand responds to JSIF promotional strategy.</p>

TENTATIVE PROCUREMENT PLAN

PROGRAM PROCUREMENT MAIN ACQUISITIONS	FINANCING	METHOD	PREQUALIFICATION	DATES
CIVIL WORKS (SUBPROJECTS)				
1. CONTRACTS BETWEEN US\$101,000 - US\$350,000 Estimated aggregate amount: US\$11.4 million a. 1997, II semester US\$1.2 million b. 1998, I semester US\$1.8 million 1998, II semester US\$1.8 million c. 1999, I semester US\$1.9 million 1999, II semester US\$3.3 million d. 2000, I semester US\$1.4 million	IDB 20% IBRD 40% GOJ 20% OTHERS 20%	NCB NCB NCB NCB NCB	NO NO NO NO NO	II/97 I/98 II/98 I/99 II/99 I/00
2. CONTRACTS BETWEEN US\$25,000 - US\$100,000 Estimated aggregate amount: US\$13.5 million a. 1997, II semester US\$0.7 million b. 1998, I semester US\$2.2 million 1998, II semester US\$2.2 million c. 1999, I semester US\$2.3 million 1999, II semester US\$4.1 million d. 2000, I semester US\$2 million	IDB 20% IBRD 40% GOJ 20% OTHERS 20%	LS LS LS LS LS	NO NO NO NO NO	II/97 I/98 II/98 I/99 II/99 I/00
3. CONTRACTS OF LESS THAN US\$25,000 Estimated aggregate amount: US\$986,000 a. 1997, II semester US\$146,000 b. 1998, I semester US\$146,000 1998, II semester US\$146,000 c. 1999, I semester US\$146,000 1999, II semester US\$274,000 d. 2000, I semester US\$128,000	IDB 20% IBRD 40% GOJ 20% OTHERS 20%	LS/DC LS/DC LS/DC LS/DC LS/DC	NO NO NO NO NO	II/97 I/98 II/98 I/99 II/99 I/00
EQUIPMENT (SUBPROJECTS)				
1. CONTRACTS BETWEEN US\$25,000 - US\$250,000 Estimated aggregate amount: US\$8.7 million a. 1997, II semester US\$1.4 million b. 1998, I semester US\$1.2 million 1998, II semester US\$1.3 million c. 1999, I semester US\$1.3 million 1999, II semester US\$2.5 million d. 2000, I semester US\$1 million	IDB 20% IBRD 40% GOJ 20% OTHERS 20%	NCB NCB NCB NCB NCB	NO NO NO NO NO	II/97 I/98 II/98 I/99 II/99 I/00
2. CONTRACTS OF LESS THAN US\$25,000 Estimated aggregate amount: US\$3.6 million a. 1997, II semester US\$491,000 b. 1998, I semester US\$508,000 1998, II semester US\$508,000 c. 1999, I semester US\$660,000 1999, II semester US\$961,000 d. 2000, I semester US\$447,000	IDB 20% IBRD 40% GOJ 20% OTHERS 20%	LS LS LS LS LS	NO NO NO NO NO	II/97 I/98 II/98 I/99 II/99 I/00
INSTITUTIONAL SUPPORT PURCHASE OF VEHICLES AND EQUIPMENT				
1. BIDDINGS FOR A TOTAL OF US\$120,000	IDB 100%	NCB	NO	II/97

DATES = Refer to semester of year
DC = Direct contracting

LS = Local shopping
NCB = National competitive bidding

PROPOSED RESOLUTION

JAMAICA. LOAN No. ____/OC-JA TO THE GOVERNMENT OF JAMAICA

Social Investment Fund Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank as administrator of the Intermediate Financing Facility Account, hereinafter referred to as the "Account", to enter into such contract or contracts as may be necessary with the Government of Jamaica, as Borrower, and to adopt other pertinent measures to use the resources of the Account to pay a portion of the interest due by the Borrower on outstanding balances of the loan authorized by Resolution DE- /97, in accordance with the provisions set forth in Document FN-263-2, as amended, approved by the Board of Executive Directors on December 21, 1983.