



# Project Completion Report

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## PCR

***Project Name: Parish Infrastructure Development Program***

***Country: JAMAICA***

***Sector/Subsector: DU***

***Original Project Team: Alicia S Ritchie (RE3/SO3) project team leader; Stefan Queck (RE3/OD6); Michele Frederick-Johnson (COF/CJA); Robert Daughters (RE3/SO3); Valnora Leister (LEG); Roger Pipe (Consultant); and Patricia Sadeghi (RE3/SO3)***

***Project Number: JA0107***

***Loan Number (s), TC(s): 1197/OC-JA***

***CRG Date: April 26, 2007***

***Final Approval Date of PCR: November 14, 2008***

***PCR Team: Principal Author and Members:***

***Stuart Hughes (COF/CJA), Joseph Cox (Consultant)***



## **Acronyms and Abbreviations**

<b>PIDP</b>	<b>-</b>	<b>Parish Infrastructure Development Programme</b>
<b>GOJ</b>	<b>-</b>	<b>Government of Jamaica</b>
<b>EA</b>	<b>-</b>	<b>Executing Agency</b>
<b>GDP</b>	<b>-</b>	<b>Gross Domestic Product</b>
<b>PRF</b>	<b>-</b>	<b>Parochial Revenue Fund</b>
<b>LGRP</b>	<b>-</b>	<b>Local Government Reform Programme</b>
<b>MLGCD</b>		<b>Ministry of Local Government &amp; Community Development</b>
<b>PC</b>	<b>-</b>	<b>Parish Council</b>
<b>LA</b>	<b>-</b>	<b>Local Authority</b>
<b>KSAC</b>	<b>-</b>	<b>Kingston and St Andrew Corporation</b>
<b>PDC</b>	<b>-</b>	<b>Parish Development Committee</b>
<b>PCU</b>	<b>-</b>	<b>Programme Coordinating Unit</b>
<b>TSU</b>	<b>-</b>	<b>Technical Services Unit</b>
<b>NAC</b>	<b>-</b>	<b>National Advisory Council</b>
<b>MOF</b>	<b>-</b>	<b>Ministry of Finance</b>
<b>PIOJ</b>	<b>-</b>	<b>Planning Institute of Jamaica</b>
<b>SDC</b>	<b>-</b>	<b>Social Development Commission</b>



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(For orientation on completing this version of the PCR please roll mouse over highlighted text).

## I. Basic Information

BASIC DATA (AMOUNTS IN US\$)								
<b>PROJECT NO:</b> JA0107		<b>TITLE:</b> Parish Infrastructure Development Program						
<b>Borrower:</b> Government of Jamaica <b>Executing Agency (EA):</b> Ministry of Local Government, Youth and Community Development		<b>Date of Board Approval:</b> 01 September 1999 <b>Date of Loan Contract Effectiveness:</b> 23 September 1999						
<b>Loan(s):</b> 1197/OC-JA <b>Sector:</b> DU		<b>Date of Eligibility for First Disbursement:</b> 24 May 2000						
<b>Lending  ument:</b> Investment - Specific		<b>Months in Execution</b> * from Approval: 87 * from Contract Effectiveness: 86						
		<b>Disbursement Periods</b> <b>Original Date of Final Disbursement:</b> 23 September 2004 <b>Current Date of Final Disbursement:</b> 23 November 2006 <b>Cumulative Extension (Months):</b> 26 <b> al Extensions (Months):</b> 2						
		<b>Loan Amount(s)</b> * Original Amount: 35,000,000 * Current Amount: 16,330,000 * Pari Passu (if applicable):						
<b>Poverty Targeted Investment (PTI):</b> No <b>Social Equity (SEQ):</b> No <b>Environmental Classification:</b> A, B, or C		<b>Disbursements</b> * Amount to date: 11,594,300                      71 (%)						
		<b>Total Project Cost (Original Estimate):</b> 50,000,000						
		<b> rectioning</b> <b>this Project?</b> Received funds from another Project    [ ] Sent funds to another Project                [ ] N/A    [x]						
		<table border="1"> <thead> <tr> <th>To/From Project Number</th> <th>From Sub-Loan Number</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	To/From Project Number	From Sub-Loan Number	Amount			
To/From Project Number	From Sub-Loan Number	Amount						
		* Current amount (adjusted for redirectioning):						
		<b>On Alert Status</b> <b>Is project currently designated "on alert" by PAIS:</b> No <b>If yes then why is the project on alert (DO , IP Ratings and/or relevant PAIS indicators):</b>  <b>Comments on relevance of "on alert" status for this project (if applicable):</b>						

Summary Performance Ratings				
DO	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
IP	<input type="checkbox"/> Very Satisfactory (VS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
SU	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

## **II. The Project**

### **a. Project Context**

Consequent to its creation in 1998, MLGCD assumed responsibility for a process of Local Government reform which had been initialized five years earlier by the LGRP and spearheaded by a Local Government Reform Unit (LGRU) established in 1994 and sought Bank support to continue with the multiple and interrelated tasks necessary to achieve efficient and effective local governance.

It is instructive to note that prior to suspending its lending programme in Jamaica in 1998, the World Bank was preparing the PIDP in collaboration with the UNDP and CIDA. For the period 1995 – 1998, the three institutions initialized parish strengthening activities coupled with their support for legal reform under the LGRP. Those activities basically were the precursor for the current PIDP and the Bank collaborated with all three organizations in the preparation process. CIDA continued its involvement with the PIDP through a pilot programme in two parishes that focused on community participation in local decision making.

This in a context whereby previously, in an effort to improve public sector efficiency and effectiveness, the functions of local government were subsumed under Central Government from 1985 to 1993. However this failed and led to the Parish Councils losing their legitimacy coupled with the atomization of responsibility for services among various public agencies and subsequently a sharp deterioration in local infrastructure and basic services. Hence in 1993, a Local Government Reform Program (LGRP) was established to oversee a decentralization process with a view to restoring the functions and powers previously enjoyed by the parishes. However, the efficacy of the parish councils in a number of these areas have been compromised by the multiplicity of institutional actors involved, the paucity of resources and the inability of local government to manage overlapping interests and demands as well as to enforce existing laws and regulations.

Whereas the parishes now have significant responsibility for local service provision, progress in attaining similar levels of financial autonomy has been slower. Power has been returned to authorities to set and collect fees on a number of goods and services over which the councils have regulatory responsibility. In a context where the LGRP had been providing assistance to the parishes to determine appropriate levels for fees and licenses, as well as to improve collection and enforcement mechanisms, parish income still accounted for only 10 percent of total parish revenues. In November 1996, GOJ established a Parochial Revenue Fund (PRF) which has become the major resource for central financing of council operations. The PRF derives its funding from the proceeds of property taxes and motor vehicle licensing fees which are set by Central Government and collected by the Inland Revenue Department. Each parish receives 90 percent of the property taxes collected in the parish with the remaining 10 percent being placed in an equalization fund. Two-thirds of the revenue from motor vehicle licenses is placed in the PRF for distribution to the parishes according to a predetermined formula. Revenues from property taxes are earmarked for solid waste management, while those from motor vehicle registration are dedicated for road rehabilitation and maintenance. However, despite its positive impact on parish finances, the PRF still constitutes a centralized source of funds over which the parishes have very little authority.

During the execution of the project, there were several significant changes in senior personnel. In this vein, there was a change in the Minister of Local Government in 2003 (subsequent to the 2002 General Elections) as well as changes in Permanent Secretary for the MLGCY. Further, subsequent to the Local Government elections in 2003, there was a change in the political management of most parish council's with the opposition Jamaica Labour Party (JLP) winning most of the local authorities. This contrasted however with the Peoples National Party (PNP) being in control of the central government. All this contributed to a loss of momentum in project execution.



Further, Jamaica experienced in the late 1990s and early 2000s, and indeed continues to faces, a difficult fiscal environment with high deficit/GDP ratios as well as high domestic debt. This coupled with high interest payment costs has resulted in the economy being afflicted by and large by deteriorating public infrastructure, which through years of deferred expenditure and inadequate allocation of resources, now requires considerable sums to rehabilitate. Whereas there have been efforts to provide both budgetary and off budget financing to some of the priority areas, the flow of funds are inadequate. Hence nearly every project that requires GOJ fiscal space has been affected by delays in disbursement or inadequate flows of funds.

## **b. Project Description**

- i. **Development Objective(s)** To enhance the Parish Councils' (PC) capacity to finance, operate and maintain infrastructure and deliver services in a sustainable manner. The program has three chief components:
  - (i) Institutional strengthening and technical assistance component;
  - (ii) Infrastructure rehabilitation and services in the parishes;
  - (iii) Project management

Following agreement with the Executing Agency and GOJ the project outputs were re-scoped as at December 17, 2004, at which juncture based on an October 2004 agreement between GOJ and the Bank US\$18.67 million of the loan proceeds from the program were cancelled. As a result, given the advances already made under the infrastructure component and the availability of alternate resources to complete some of the remaining infrastructure investments, the remaining uncommitted resources were slated to be applied preferentially to the implementation of Policy Reform at the National Level, Institutional Strengthening at the Ministry Level and Capacity Building at the local level. However during the June 2005 Portfolio Review Mission, it was further agreed to limit all the activities under the Program to only those activities related to capacity building of the Local Authorities. However, it is worthy of note that whereas there was a formal cancellation of part of the loan, there was never any formal reformulation of the project. Nevertheless with the curtailment in loan funding it impacted negatively on the ability to fund specified project components.

## **ii. Components**

## **c. Quality -At- Entry Review (if applicable)**

### **Quality -At- Entry Review**

<input type="checkbox"/> Highly Satisfactory (HS) - 1	<input type="checkbox"/> Fully Satisfactory (S) - 2	<input type="checkbox"/> Less than Satisfactory (LS) - 3	<input type="checkbox"/> Unsatisfactory (U) - 4
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## **III. Results**

### **a. Outcomes**



## ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)

Development Objective(s) (Purpose)	Key Outcome Indicators																		
<p>1. To enhance the Parish Councils' (PC) capacity to finance, operate and maintain infrastructure and deliver services in a sustainable manner</p> <p><i>Classification: LP</i></p>																			
<p style="text-align: center;"><b>Planned Outcomes</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 33%; text-align: left;"><u>Baseline</u></th> <th style="width: 33%; text-align: left;"><u>Intermediate</u></th> <th style="width: 33%; text-align: left;"><u>End of Project</u></th> </tr> <tr> <td>1.1B &amp; 1.1I Parish Budgets provide adequate funding to operate maintain and expand the infrastructure and services (Sept. 2004)</td> <td></td> <td>1.1E Parish Budgets provide adequate funding to operate, maintain and expand the infrastructure and services in accordance with acceptable standards (Sept. 2006)</td> </tr> <tr> <td>1.2B &amp; 1.2I A financing mechanism designed and adopted to cover future Parish capital investments (Sept. 2004); 1.2E A financing mechanism designed in accordance with relevant standards and adopted to cover future Parish capital investments (Sept. 2006)</td> <td></td> <td></td> </tr> <tr> <td>1.3B Income from property tax increases from new rates, improved collection, enforcement and revaluation; 1.3I &amp; 1.3E Income from property taxes, from new rates and improved enforcement increased, as 85% of taxable revenues are collected</td> <td></td> <td></td> </tr> <tr> <td>1.4B &amp; 1.4I 100% of planned infrastructure projects executed as agreed (Sept. 2004); 100% of re-scoped infrastructure projects executed as agreed, in accordance with acceptable standards (Sept. 2006)</td> <td></td> <td></td> </tr> <tr> <td>1.5 Parishes have established an approved maintenance programme for all investments and have budgeted resources from a dedicated source</td> <td></td> <td></td> </tr> </table>	<u>Baseline</u>	<u>Intermediate</u>	<u>End of Project</u>	1.1B & 1.1I Parish Budgets provide adequate funding to operate maintain and expand the infrastructure and services (Sept. 2004)		1.1E Parish Budgets provide adequate funding to operate, maintain and expand the infrastructure and services in accordance with acceptable standards (Sept. 2006)	1.2B & 1.2I A financing mechanism designed and adopted to cover future Parish capital investments (Sept. 2004); 1.2E A financing mechanism designed in accordance with relevant standards and adopted to cover future Parish capital investments (Sept. 2006)			1.3B Income from property tax increases from new rates, improved collection, enforcement and revaluation; 1.3I & 1.3E Income from property taxes, from new rates and improved enforcement increased, as 85% of taxable revenues are collected			1.4B & 1.4I 100% of planned infrastructure projects executed as agreed (Sept. 2004); 100% of re-scoped infrastructure projects executed as agreed, in accordance with acceptable standards (Sept. 2006)			1.5 Parishes have established an approved maintenance programme for all investments and have budgeted resources from a dedicated source			<p style="text-align: center;"><b>Outcomes Achieved</b></p> <p>1.1 Not Achieved (Sept. 2006). Parish budgets are inadequate to provide funding to operate, maintain and expand the infrastructure and services</p> <p>1.2 Not Achieved (Sept. 2006). Parish revenues cover 53% of recurrent costs. No sustainable mechanisms are in place to finance capital investments in the medium term. There has been no change in the percentage of recurring costs covered by parish revenues since project commenced.</p> <p>1.3 Not Achieved (Sept. 2006). Collection rates fall to 36%. Some 65% of arearages are collected. Compliance rates are expected to increase with the increased capacity at the PCs and the support of MLG.</p> <p>1.4 Completed (Sept. 2006). The programmed rehabilitation of the remaining buildings, markets, roads and water systems was cancelled under the re-scoping exercise.</p> <p>1.5 Not achieved (Sept. 2006) . Parishes have not established approved maintenance programmes for all investments and have not budgeted dedicated resources</p>
<u>Baseline</u>	<u>Intermediate</u>	<u>End of Project</u>																	
1.1B & 1.1I Parish Budgets provide adequate funding to operate maintain and expand the infrastructure and services (Sept. 2004)		1.1E Parish Budgets provide adequate funding to operate, maintain and expand the infrastructure and services in accordance with acceptable standards (Sept. 2006)																	
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1.5 Parishes have established an approved maintenance programme for all investments and have budgeted resources from a dedicated source																			
<p>2.</p> <p><i>Classification: HP,P,LP, I</i> (In case of more objectives, create new row and complete.)</p>																			
<p style="text-align: center;"><b>Planned Outcomes</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 33%; text-align: left;"><u>Baseline</u></th> <th style="width: 33%; text-align: left;"><u>Intermediate</u></th> <th style="width: 33%; text-align: left;"><u>End of Project</u></th> </tr> <tr> <td>2.1B ____ (date)</td> <td>2.1I ____ (date)</td> <td>2.1E ____ (date)</td> </tr> <tr> <td>2.2</td> <td></td> <td></td> </tr> <tr> <td>2.3</td> <td></td> <td></td> </tr> </table>	<u>Baseline</u>	<u>Intermediate</u>	<u>End of Project</u>	2.1B ____ (date)	2.1I ____ (date)	2.1E ____ (date)	2.2			2.3			<p style="text-align: center;"><b>Outcomes Achieved</b></p> <p>2.1 ____ (date)</p> <p>2.2 ____ (date)</p> <p>2.3 ____ (date)</p>						
<u>Baseline</u>	<u>Intermediate</u>	<u>End of Project</u>																	
2.1B ____ (date)	2.1I ____ (date)	2.1E ____ (date)																	
2.2																			
2.3																			
<p><b>Reformulation.</b> </p> <p>[ x ] N/A</p>																			
<p><b>PPMR Retrofitting.</b> Indicate if and when the PPMR was retrofitted and explain any changes resulting from this exercise.</p> <p>[ x ] N/A</p>																			
<p><b>Summary Development Objective(s) Classification (DO):</b> </p>																			
<p>[ ] Highly Probable (HP)      [ ] Probable (P)      [x] Low Probability (LP)      [ ] Improbable (I)</p>																			
<p>Briefly justify DO classification, based on degree to which planned targets were met, explaining the differences between planned and achieved outcomes as well as any other relevant factors. Include references to evidence that can support these results.</p> <p><b>Most of the planned outcomes were not achieved. The majority of the assumptions no longer hold. There appears to be little commitment at the level of Central Government to several of the major policy reforms required under the program, including constitutional reform, PRF reform and property tax reform.</b></p> <p><b>The funds approved in the budget for financial year (FY) 2005/06 was completely inadequate and not in keeping with the re-scoping or mid-term review agreements. Hence most activities planned were not implemented.</b></p> <p><b>During the June 2005 Programming Mission, the GOJ indicated its intention to further limit the funds available to this Project. As a result, the majority of the Policy Reform activities and several of the capacity building activities were not completed under this Project. Therefore the DO as originally envisioned was not achieved.</b></p>																			
<p><b>Country Strategy.</b> Given the results described above, briefly discuss how the project contributed to the Bank's strategy in the country.</p> <p>In 1998/99 the Bank employed a two-tiered strategy, one to support the establishment of satisfactory macroeconomic conditions and</p>																			



two, the promotion of an improved environment for long-term private sector led growth and development. Within the strategy, the Bank concentrated its activities in five principal areas: (i) financial sector restructuring and reform; (ii) private sector development; (iii) public sector modernization; (iv) social development, promoting the accessibility of social services; and (v) environmental management. In its design the project fit well within the strategic framework in so far as it sought to strengthen local government capacities and resources, modernize the legal framework to support decentralization and invest in the rehabilitation of basic infrastructure and the improvement of services at the parish level. However subsequent to the project reformulation in October 2004, (approximately 69 percent of the funds available under the infrastructure component were cancelled) a number of the critical targets were cancelled or substantially reduced to the extent that the overall impact of the project was minimized and thereby did not fulfill its strategic objectives. This was compounded by an absence of political will in terms of the further devolution of power to the parishes inclusive of increased financial autonomy. Hence several of the major policy reforms (notably constitutional reform, PRF reform and property tax reform) required for successful project implementation failed to achieve expectations.

## Externalities

1. **In a difficult financial environment where the project suffered from chronic under financing in terms of the lack of adequate provision in successive annual budgets, the off-budget Parochial Revenue Fund provided a greater than anticipated contribution which increased the local counterpart contribution for infrastructure by 52%.**
2. This program was intended to complement LO-1219/OC-JA Land Administration and Management Program (LAMP) in the sector of land management in that PIDP was intended to complete legal reforms on the property tax act to enhance revenue of parish councils, conduct an assessment of the property tax system, revalue properties island-wide and improve the environmental management capacity and enforcement of Parish Councils. Unfortunately this complementarity did not happen.

## b. Outputs

IMPLEMENTATION PROGRESS (IP)	
<b>Components (Outputs):</b>	
<b>1. Component 1: <i>(title only)</i> Infrastructure and Parish Council (PC) facilities are rehabilitated</b> Total cost of Component 1: US\$21.8m Counterpart: US\$16.5m IDB: US\$5.3m IDB Disbursement: 24.3 %  <u>Classification:</u> VU	
<b>Key Output Indicators:</b>	





<b>Planned Outputs</b>			<b>Outputs Achieved</b>
<u>Baseline*</u>	<u>Annual/Intermediate</u>	<u>End of Project</u>	
1.1 B_200km roads (Sept 2004)	1.1I 195 km roads (Sept 2005)		1.1 188.9 km (Sept. 2006). Under the project if any PC wanted to expand the scope of road works beyond that previously determined, this was accommodated provided that the PC in question provided the requisite funds. Hence the actual quantum of roads exceeded planned. In some cases roads had to be repaired rather than patched. Work quality was satisfactory.
1.1E 195km roads(Sept. 2006)			
1.2B 20 markets to be upgraded (Sept.2004)	1.2I 1 market upgraded (September 2005)	1.2E 1 market upgraded (September 2006)	1.2 1 market upgraded (Sept. 2005) Based on the re-scoping agreement plans for the remaining 19 markets were cancelled.
1.3B 300 micro-water systems rehabilitated (Sept. 2004)	1.3I 0 micro-water systems rehabilitated	1.3E 0 micro-water systems rehabilitated	1.3 0 (Cancelled) (Dec. 2004). Some design work completed. Scrapped under re-scoping agreement
1.4B 13 PC buildings rehabilitated (Sept 2004)	1.4I 3 PC buildings rehabilitated (Sept. 2005)	1.4E 3 PC buildings rehabilitated	1.4 3 PC Building rehabilitated (Sept. 2005) 10 cancelled. KSAC, Manchester PC and St James PC buildings refurbished. Remaining 10 cancelled under the re-scoping agreement.
1.5B Operating & Maintenance equipment purchased (Sept. 2004)	1.5I Cancelled (Sept. 2005)	1.5E Cancelled (Sept. 2006)	1.5 Cancelled (Dec. 2004). Under the PIDP 9 Sports Utility Vehicles (SUVs) and 13 Pickups were purchased. Based on the re-scoping agreement the remaining O&M equipment was not procured.
* (if applicable)			

Briefly explain differences between planned and actual outputs (if applicable).

**Under the infrastructure component the differences were primarily determined by the re-scoping agreement.**

[ ] N/A

**Restructuring.** Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

Based on an December 2004 re-scoping agreement subsequent to the Mid-term review, that given the advances already made under the infrastructure component and the availability of alternate resources to complete some of the remaining infrastructure investments, the uncommitted resources be applied preferentially to the implementation of Policy Reform at the National level, Institutional Strengthening at the Ministry Level and Capacity Building at the local level.

[ ] N/A

## **2. Component 2 : Legal and Institutional Reforms for Parish Empowerment are adopted**

Total cost of Component 2: US\$160,490

Counterpart:US\$89,500

IDB:US\$71,000

IDB Disbursement: 44.2%

Classification VU

### **Key Output Indicators:**

<b>Planned Outputs</b>			<b>Outputs Achieved</b>
<u>Baseline*</u>	<u>Annual/Intermediate</u>	<u>End of Project</u>	<u>End of Project</u>
2.1B Legal Amendments are completed (March 2002)	2.1I 17 of 27 legal amendments are completed (Sept. 2006)	2.1E 17 of 27 legal amendments are completed (Sept. 2006)	2.1 Six amendments completed and gazetted (Sept. 2006).
2.2B Power to set property tax rates devolved to Parishes (Sept. 2004)	2.2I Power to set property tax rates devolved to Parishes (Sept. 2006)	2.2E Power to set property tax rates devolved to Parishes (Sept. 2006)	2.2 Not Achieved (Sept. 2006) – A lack of commitment by Central Govt. Also adversely affected by the decision to limit the funds to the project. Attempts being made to access grant funding
2.3B & 2.3I Constitutional recognition of local govt. (Sept. 2004)	2.3E Constitutional recognition of local Govt. (Sept. 2006)		2.3 Not Achieved (Sept. 2006) – A lack of commitment by Central Govt. Also adversely affected by the decision to limit the funds to the project. However the NAC interim report which includes recommendations on constitutional entrenchment has been submitted.
2.4B & 2.4I Design of PRF reviewed, modifications made, new mechanism (Sept. 2004)	2.4E Design of PRF Reviewed, modifications made, new mechanism (Sept. 2006)		2.4 Not Achieved (Sept. 2006) – A lack of commitment by Central Govt. Also adversely affected by the decision to limit the funds to the project. Resources not allocated to allow for financing framework study, out of which would have come recommendations in this regard
2.5B Parish bylaws revised and changes adopted (March 2002);	2.5I Parish bylaws revised and changes adopted (Sept. 2006)	2.5E Parish bylaws revised and changes adopted (Sept. 2006)	2.5 Draft by-laws reviewed and recommendation for completion proposed (Sept. 2006) Draft by-laws completed for Portmore Municipal Council.
* (if applicable)			



Briefly explain differences between planned and actual outputs (if applicable).

**Lack of funding & other external factors inclusive of a lack of commitment at the Central Government level has delayed this component significantly. Further as at June 2005, GOJ curtailed the activities to be completed to only those under the area of capacity building**

[ ] N/A

**Restructuring.** Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

**During the June 2005 Portfolio Review Mission, it was further agreed to limit all the activities under the Program to only those activities related to capacity building of the local authorities**

[ ] N/A

### 3. Component 3: Parish administration and management capacities are strengthened

Total cost of Component 3: US\$4.7m

Counterpart:US\$1.3m

IDB:US\$3.4m

IDB Disbursement: 72.3%

Classification U

#### Key Output Indicators:

<u>Planned Outputs</u>	<u>Outputs Achieved</u>
<p><u>Baseline*</u>      <u>Annual/Intermediate</u>      <u>End of Project</u></p> <p>3.1B Priority Staff positions in PCs have been filled (March 2002);  3.1I Priority Staff positions in PCs have been filled (March 2002);  3.1E 100% Priority staff positions in PCs have been filled (Sept. 2006)</p> <p>3.2B &amp; 3.2I Relevant staff have participated in 4 training events in the areas of (i) general administration and management, (ii) financial management, and (iii) planning and coordination by (March 2002) and completed all training by September 2004 ; 3.2E Relevant staff (approximately 1,000 persons) have participated in 4 training events in the areas of (i) general administration and management, (ii) financial management, and (iii) planning and coordination and completed all training(Sept. 2006)</p> <p>3.3B &amp;3.3I Management Information System(MIS), financial, accounting and reporting systems installed and operational and staff training begun (March 2002) Staff Training on all systems (Sept. 2004; 3.3E Management Information System(MIS), financial, accounting and reporting systems installed and operational and staff trained on all systems (Sept. 2006)</p> <p>3.4B &amp; 3.4I Parish operation manuals developed by MLG/ Consultants (March 2002) Parish operational manuals have been adopted, tested and revised as required by the MLG and the PCs (Sept. 2004); 3.4E Parish operational manuals developed by MLG/ Consultants are adopted, tested and revised as required by the MLG and the PCs (Sept. 2006) Organizational analysis completed and recommendations for framework presented to Local Authorities (Sept. 2006)</p> <p>3.5B &amp; 3.5I Infrastructure maintenance plans and environmental procedures as planned at outset of PIDP investments, have been adopted and are being practiced (March 2002); 3.5E Infrastructure maintenance plans and environmental procedures as planned at outset of PIDP investments, have been adopted and are being practiced (Sept. 2006)</p> <p>3.6B &amp; 3.6I Five-year strategic plans acceptable to the relevant authorities are produced by each parish, following community / PDC consultation (March 2002) Ten year strategic plans acceptable to the relevant authorities are produced by each parish following community/ PDC consultation (Sept. 2004); 3.6E Five-year strategic plans acceptable to the relevant authorities are produced by each parish, following community / PDC consultation (March 2005) and ten-year plans are produced (Sept. 2006)</p>	<p><u>End of Project</u></p> <p>3.1. Completed – Whereas some of the positions have been vacated, active recruitment is underway and the posts are expected to be filled shortly. (90% of priority staff positions filled)</p> <p>3.2. Achieved.</p> <p>3.3. Not achieved. 405 persons from MLG and the LAs completed computer training courses. Financial system installed and tested in 1 PC. GIS training incomplete. Consultants contracted to evaluate MIS system.</p> <p>3.4. Not achieved. Operational manuals were developed under the CIDA Project for Manchester and St James. These manuals were to be reviewed, tested and adopted by the other Local Authorities, however due to the limited time the manuals were not completed.</p> <p>3.5. Maintenance manuals developed. Manuals to be adopted by PCs as output of planned training.</p> <p>3.6. Not achieved. Draft plans formulated by eight (8) Las and reviewed by the MLG after planning process. Parish development plans have been developed for Portmore Municipal council.</p>



Briefly explain differences between planned and actual outputs (if applicable).

**Poor absorptive capacity, institutional inadequacies and flawed project management has limited the implementation progress and therefore several planned activities were not able to be completed**

[ ] N/A

**Restructuring.** Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

[ x ] N/A

#### Component 4 : Financial position of the PCs is strengthened

Total cost of Component 4: US\$4.7m

Counterpart: US\$1.3m

IDB: US\$3.4m

IDB Disbursement: 72.3%

Classification: U

#### Key Output Indicators:

Planned Outputs			Outputs Achieved
Baseline*	Annual/Intermediate	End of Project	End of Project
4.1B Property Tax revaluation exercise completed (March 2002);			4.1 Completed – 685 parcels of property revalued by the National Land Agency; Property tax assessment notices dispatched to landowners; Public communications program undertaken to inform public of the new tax system.
4.1E Property tax revaluation exercise completed (Sept. 2002)			
4.2B & 4.2I Budget system installed & fully operational (Sept. 2004)			4.2 Budgets have been standardized but there is need for training. Currently budget system is only partly utilized.
4.2E Budget system installed and fully operational (Sept. 2006)			
4.3B & 4.3I 65% and 85% of taxable revenues from property taxes are being collected by March 2002 and Sept. 2004 respectively; 4.3E 85% of taxable revenues from property taxes are being collected (Sept. 2006) Target revised down to 65%			4.3 Not Achieved. Results currently at 36%. MLG & PCs have put in place guidelines to improve compliance & collections. Some enforcement mechanisms have also been set-up. Also the Financing Framework study was not effected due to paucity of funding. This study was to include a detailed set of proposals for the property tax system & a consolidated policy framework for local government finances in Jamaica.
4.4B & 4.4I 60% & 85% of property tax arrears are being collected by March 2002 & Sept. 2004 respectively; 4.4E 85% of property tax arrears are being collected by Sept. 2006. New target set at 75% of property tax arrears			4.4 Not achieved. Results currently at 65%. MLG & PCs have put in place guidelines to improve compliance & collections. Some enforcement mechanisms have also been set-up. Also the Financing Framework study was not commissioned due to paucity of funding.

Briefly explain differences between planned and actual outputs (if applicable).

**A lack of commitment at the level of Central Government delayed this component significantly. Further as at June 2005 GOJ curtailed the activities to be completed to only those under the area of capacity building. A lack of funding dogged this activity particularly in 2005/06 and 2006/07. The substantial increases in property taxes, after revaluation, led to an upsurge in appeals and some amount of passive civil disobedience. There were also some delays in the delivery of Property tax assessment notices.**

[ ] N/A

**Restructuring.** Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

**During the June 2005 Portfolio Review Mission, it was further agreed to limit all the activities under the Program to only those activities related to capacity building of the local authorities.**

[ ] N/A

#### 5. Component 5: MLGCDS strengthening

Total cost of Component 5 : US\$166,750

Counterpart: US\$72,870

IDB: US\$93,880

IDB Disbursement: 55.8 %

Classification: U

#### Key Output Indicators:



<b>Planned Outputs</b>			<b>Outputs Achieved</b>
<u>Baseline*</u>	<u>Annual/Intermediate</u>	<u>End of Project</u>	<u>End of Project</u>
5.1B & 5.1I PCU, TSU, Human Resources & Financial Units are fully staffed (March 2002); 5.1E PCU, TSU, Human Resources are fully staffed (Sept. 2006)			5.1 PCU, TSU, HRD and Financial Units are not adequately staffed. (PCU – 45%, TSU – 45%, HRU – 75%, FU – 50%). MOU prevents units from attracting effective staff complement
5.2B & 5.2I MIS installed & operational (March 2002)			5.2 Completed (2002). System has not been properly maintained or upgraded, hence it is unreliable. MIS division understaffed. Plan in place for improving Human resources.
5.3B & 5.3I Ten-year comprehensive plans are formulated by the PCs, approved the MLG & adopted by the PCs after community planning process (Sept. 2004); 5.3E Ten-year comprehensive plans are formulated by the PCs, approved the MLG & adopted by the PCs after community planning process (Sept. 2006)			5.3 MLG's Urban Planning Dept. has been working with the LAs on 10-year Parish Development Plans. However given the GOJ decision to limit the funds available to the project activity could not be completed.
5.4B & 5.4I PC performance monitoring system installed & operational (March 2002); 5.4E PC performance monitoring system installed & operational (Sept. 2006)			5.4 Not Achieved. 0% overall progress
Briefly explain differences between planned and actual outputs (if applicable). <b>GOJs decision to further limit funding to the Capacity Building components led to some areas not being completed</b> [     ] N/A			
<b>Restructuring.</b> Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes. <b>GOJ as at June 2005 decided to further limit funding available to this project thereby curtailing the activities to be completed to only those under the area of Capacity Building.</b> [     ] N/A			
<b>6. Component 6 (title only): Community Participation in local decision making is improved</b> Total cost of Component 6: US\$230,180.69 Counterpart: US\$206,180.69 IDB:US\$24,000 IDB Disbursement:10.4 %  <u>Classification:</u> U			
<b>Key Output Indicators:</b>			
<b>Planned Outputs</b>			<b>Outputs Achieved</b>
<u>Baseline*</u>	<u>Annual/Intermediate</u>	<u>End of Project</u>	<u>End of Project</u>
6.1B & 6.1I PDCs have been formed in each of the parishes & are meeting on a regular basis (March 2002); 6.1E 1I PDCs have been formed in each of the parishes & are meeting on a regular basis (Sept. 2006)			6.1 All formed - only 12 functioning (including Portmore PCAC). They were all formed early in the project but their roles and functions were not well defined at times overlapping with the SDC.
6.2B & 6.2I Parishes design and agree upon an action plan for community participation activities to be carried out in years 3 – 5 of the program (March 2002); 6.2E 2I Parishes design and agree upon an action plan for community participation activities to be carried out in years 3 – 5 of the program (Sept. 2006)			6.2 Not Achieved. Action plan to be developed by LGRU in coordination with SDC.
6.3B & 6.3I After community planning process, five-year comprehensive plans have been formulated & adopted by the PCs (Sept. 2004); 6.3E After community planning process, five-year comprehensive plans have been formulated & adopted by the PCs (Sept. 2006)			6.3 Not Achieved. Work being conducted by NAC. Given the GOJ decision to limit the funds available to the project, this activity could not be completed under the project.
Briefly explain differences between planned and actual outputs (if applicable). <b>Inadequate funding has hampered this activity considerably coupled with a significant capacity issue in terms of the PDCs. Needed written guidance and structure. SDC was zoning areas for community works but inadequate funding stymied the efforts.</b> [     ] N/A			

**Restructuring.** Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

**Based on an December 2004 re-scoping agreement subsequent to the Mid-term review, that given the advances already made under the infrastructure component and the availability of alternate resources to complete some of the remaining infrastructure investments, the uncommitted resources be applied preferentially to the implementation of Policy Reform at the National level, Institutional Strengthening at the Ministry Level and Capacity Building at the local level. GOJ as at June 2005 decided to further limit funding available to this project thereby curtailing the activities to be completed to only those under the area of Capacity Building.**

☐ N/A

**Summary Implementation Progress Classification:**

☐ Highly Satisfactory (HS)    ☐ Satisfactory (S)    ☒ Unsatisfactory(U)    ☐ Very Unsatisfactory (VU)

### c. Project Costs

Total Project Cost - Planned (US\$000)	Total Project Cost - Actual (US\$000)	% Difference
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	Bank	GOJ	Total		Bank	GOJ	Total	Total
<b>PPF</b>	<b>700.0</b>	<b>-</b>	<b>700.0</b>	<b>PPF</b>	<b>260.6</b>	<b>-</b>	<b>260.6</b>	<b>-62.8</b>
<b>Institutional Strengthening</b>	<b>7,000.0</b>	<b>1,100.0</b>	<b>8,100.0</b>	<b>Institutional Strengthening</b>	<b>3,607.1</b>	<b>1,656.0</b>	<b>5,263.1</b>	<b>-35.0</b>
Legal and institutional reforms	300.0	-	300.0	Legal and institutional reforms	71.0	89.5	160.5	-46.5
Parish capacities & revaluation	5,100.0	1,100.0	6,200.0	Parish capacities. & revaluation	3,148.2	1,287.4	4,705.6	-24.1
Strengthening of the MLG	900.0	-	900.0	Strengthening of the MLG	93.9	72.8	166.8	-81.4
Community Participation	700.0	-	700.0	Community Participation	24.0	206.2	230.2	-67.1
<b>Infrastructure &amp; services</b>	<b>23,600.0</b>	<b>11,200.0</b>	<b>34,800.0</b>	<b>Infrastructure &amp; services</b>	<b>6,516.4</b>	<b>17,078.6</b>	<b>23,595.0</b>	<b>-32.2</b>
Road Rehabilitation	2,800.0	11,200.0	14,000.0	Road Rehabilitation	2,606.0	15,708.0	18,313.9	30.8
Market Rehabilitation	7,100.0	-	7,100.0	Market Rehabilitation	944.3	223.2	1,167.5	-83.6
Parish Council Buildings	6,400.0	-	6,400.0	Parish Council Buildings	1,780.7	262.0	2,042.7	-68.1
Micro water systems	1,900.0	-	1,900.0	Micro water systems	0.0	0.0	0.0	-100.0
Vehicles	1,600.0	-	1,600.0	Vehicles	0.0	302.8	302.8	-81.1
Design and Supervision	3,800.0	-	3,800.0	Design and Supervision	1,185.4	582.6	1768.0	-53.5
<b>Project Management</b>	<b>3,300.0</b>	<b>-</b>	<b>3,300.0</b>	<b>Project Management</b>	<b>1,049.2</b>	<b>1999.7</b>	<b>3,048.9</b>	<b>-7.6</b>
Personnel	2,600.0	-	2,600.0	Personnel	753.4	1,712.3	2,465.7	-5.2
Vehicles & O&M	400.0	-	400.0	Vehicles & O&M	190.3	184.6	374.9	-6.3
Equipment and Furniture	100.0	-	100.0	Equipment and Furniture	105.5	102.8	208.3	108.3
Other	300.0	-	300.0	Other	0.0	-	0.0	-100.0
<b>Financial Expenses</b>	<b>300.0</b>	<b>2,700.0</b>	<b>3,000.0</b>	<b>Financial Expenses</b>	<b>161.0</b>	<b>1,801.4</b>	<b>1,962.4</b>	<b>-34.6</b>
Interest	-	2,200.0	2,200.0	Interest	0	1,084.7	1,084.7	-50.7
Inspect and Supervision	300.0	-	300.0	Inspect and Supervision	161.0	0	161.0	-46.3
Credit Fees	-	500.0	500.0	Credit Fees)	0	716.7	716.7	143.3
<b>Total</b>	<b>35,000.0</b>	<b>15,000.0</b>	<b>50,000.0</b>	<b>Total</b>	<b>11,594.3</b>	<b>22,535.7</b>	<b>34,130.0</b>	<b>-31.7</b>

Briefly explain any differences. **The differences between planned and actual expenditure are by and large reflective of the re-scoping exercise (December 17, 2004) which after further adjustment by GOJ (June 2005) curtailed expenditure on every area save those associated with capacity building. The data is also reflective of the considerable delays which dogged the initial stages of the project. The areas where actual exceeded planned expenditure, indicates areas of genuine interest notably the road rehabilitation programme and the procurement of equipment and furniture. In terms of the credit fees those charges merely reflect the higher than expected un-disbursed balances.**

**Wit regard to the GOJ 52% increase in local counterpart contribution for Infrastructure & Services, this was financed by a much larger than foreseen contribution from the Parochial Revenue Fund.**

## IV. Project Implementation

### a. Analysis of Critical Factors

This project has been hindered in the main by the following critical issues, which have impacted both negatively and positively upon project execution. They are as follows:

1. **Disagreements over institutional structure:** In its initial stages of implementation the PIDP was hindered by a disagreement as to an institutional structure for the Local Authorities (Regionalization / Amalgamation). This caused severe delays in implementation activities during part of 2001 and almost the entire year 2002. This was





founded on the basic premise that individually each Parish Council was not financially viable and therefore in an effort to optimize the use of financial resources, the options being reviewed were Regionalization (which would have led to the PCs being managed regionally) or Amalgamation (which would have led to the PCs being merged). While the proposal was subsequently abandoned, it led to resistance from the PCs which saw their very existence as being under threat, which further exacerbated delays in implementation of Programme activity.

2. **Severe fiscal constraints:** From its inception, in all but one year, GOJ failed to provide the project with the requisite fiscal space for successful implementation. Indeed the non-availability of adequate project funding was highlighted during the Administrative Mission (reviewing the Programme from signature to December 2000) conducted February 5 – 15, 2001, where “...the Ministry indicated that sufficient funds have not been made available for the Programme to move forward as required, if it is to be completed within the execution period”. However this is at least partially attributable to the poor absorptive capacity at the level of the Executing Agency, occasioned in part by delays, with regards to the project. As a result, though substantial allocations were made during the budgetary exercise (because the money was not being spent) the allocations were reduced by as much as 77 percent, during the supplemental budget exercise. This was particularly manifest for the period FY 2000/01 to FY 2003/04 after which the project regained some momentum. However as stated in the mid-term review, “Given the tight fiscal constraints, the GOJ embarked on a prioritizing and re-scoping exercise to look at the Bank’s portfolio in an attempt to channel the limited resources to those projects, which would have maximum development impact”. This led to a US\$18.67m cancellation of loan proceeds (approximately 67 percent) coupled with a 23-month extension. Subsequently, even on occasion when fairly substantial sums were allocated during the annual budgetary process, the actual disbursements were a mere fraction of the approved sums, with the flow of funds being piecemeal and protracted.

The only component that did not suffer from the severe fiscal constraints was the Infrastructure and Services component. This was due to a much larger than foreseen contribution from the Parochial Revenue Fund, an off-budget fund, to this component partly in response to the inadequate budgetary allocations experienced during the life of the project.

3. **Lack of Government Commitment:** This is manifested in the(i) lack of progress in the implementation of key policy reforms by Central Government which should have led to the increased autonomy of PCs, (ii) the tardiness in the legal reform process inclusive of the proposed entrenchment of the PCs in the constitution, (iii) reformation of the PRF and Property tax reform. Further, the general lassitude demonstrated in the non-infrastructure components of the PIDP was manifested in the absence of Steering Committee meetings particularly in the latter stages of the project and an ever-declining flow of funds.
4. **Change in the political dynamic:** There were also delays resulting from the distractions occasioned by the General Elections in October 2002 and the Local Government Elections in June 2003. The former saw a change of Minister with responsibility for MLGCD whereas the latter saw a political leadership change in many PCs which meant a renewed initialization process for the new Councillors with regard to the PIDP.
5. **Additional contributions by PCs to infrastructure component:** In some instances, infrastructure works were bolstered by particular PCs requesting an extension of and funding the scope of works for particular roads as identified under the PIDP. The PIDP was also supported by the CIDA supporting Local Government Reform project which sought to develop and strengthen the capacity of the Manchester and St James Parish Councils; facilitate changes in the legal and institutional framework that will enable local



government to perform and improving infrastructure in the parishes and local communities.

6. **Project Management** The use of a Programme Coordinating Unit within the Ministry may have resulted in implementation problems/issues due to (i) inadequate capacity within the Ministry; and (ii) intra-agency challenges resulting from unclear lines of authority. As a result delays were inevitable which may have been avoided had there been a properly defined Programme Management Unit (PMU) with clear responsibility and authority for the implementation of the activities under the program, and clear operational and management guidelines and functions separate and apart from the Ministry in general. Further, there was seemingly a diminution of commitment at the level of the EA regarding the functioning of a Project Steering Committee. Indeed after a change of PS, meetings ceased, however the PIOJ continued the quarterly review.

The Project benefited from fair financial management, in so far as there was seeming adherence to the rules of the NCC and the Bank, and the infrastructure works were satisfactorily completed. The timeliness of the project execution though was of concern. Initially there were attempts by the political directorate to micro-manage the project which led to inter and intra political party resistance causing considerable delays. For example, the PCs viewed the discussions about Regionalization/Amalgamation (which was founded on a premise that the parishes were economically infeasible) as being a direct threat to their existence.

7. **Project design** The project was deemed to be too complex in so far as it was dependent on too many variables outside the remit of project management. Indeed this project had too many actors involved (LGRP, NAC, LAs, various stakeholders, the political directorate et. al.) compounded by a lack of system capacity and in the context of an absence of an overall convergence of views, it led to considerable delays. This was particularly manifest in the area of Legal Reform which required interaction between Stakeholders (several Associations and other civic groupings) and the political directorate, which given an absence of any real attempt to fast track the process involved, rendered the work programme and timelines accorded, to be completely unrealistic.

Additionally, the improvement in the financing of the LAs was primarily dependent on the economic operation of markets and a property tax review. However, only the Browns Town Market was completed after considerable delays and plans for the remaining markets were scrapped after the project re-scoping exercise. Whereas the property tax revaluation exercise was completed and the system implemented, it was amended shortly thereafter to a flat rate system after collections fell to the 40% range. In any event there has been some improvement in System capacity with guidelines being developed to enhance collections and compliance in the Local Authorities. Further there are also revenue enhancement measures in respect of PC assets such as markets as well as a standardization of budgets. Nevertheless, the LA system continues to be preferentially skewed towards the more urbanized areas. However in the absence of adequate financial flows, the PCs will be unable to properly operate and maintain the rehabilitated infrastructure.

The MIS component of the PIDP remains one of its early success stories with the installation of computers at all LA's and the successful installation of Local Area Networks in each Local Authority. Some 400 persons received computer training. Further GIS software was procured for the Local Authorities.





## **b. Borrower/Executing Agency Performance**

The Ministry of Local Government, Community Development and Sport was the executing agency of the project. A Programme Coordinating Unit was established under the Permanent Secretary, whose main role was that of ensuring an efficient execution of the project and inter and intra-institution coordination. After some initial challenges regarding personnel the PCU was deemed to be adequately staffed to implement the project but did not apparently possess the requisite advocacy skills required to facilitate adequate financial flows and maintain the priority status of the project. The Permanent Secretary chaired a Project Steering Committee, which, although not a contractual requirement, met on a quarterly basis to review progress, resolve issues and set targets. These meetings ceased after a change of Permanent Secretary in 2003. However while the PIOJ continued to host Quarterly Review Meetings, there was inadequate follow thru. After the Mid-term review and subsequent project re-scoping the PCU began to face attrition including the Project Manager. A new Project Manager came of stream in 2004 and increased the projects' momentum considerably, however had insufficient time and resources to complete the tasks at hand. Indeed, at September 2006, the key project units were not fully staffed (PCU – 45%; TSU – 45%; HRU – 75%, FU – 50%). For the latter two years of the project the paucity of financial resources worsened considerably.

The Audited Financial Statements identified weaknesses in the internal control structure of the Executing Agency and there was a persistent issue of late financial reporting. Further on several occasions the Permanent Secretary's approval was given to pay officers beyond the expiry date of their contracts, pending the finalization of new contract arrangements which constitutes a breach of both IADB guidelines and GOJ regulations. It was also noted that there was need for more supervisory checks to ensure that traveling and subsistence claims were reasonable and valid. This after traveling and subsistence was claimed by 4 officers amounting to J\$5.098m for the period April 2002 to September 2004. Further a review of consultancy contracts revealed (i) that several contracts were incomplete as final reports were not received; (ii) Five consultants were awarded more than one contract despite not fulfilling previous contractual obligations and (iii) disallowed reimbursements by the Bank as a result of incomplete work or flawed contractual arrangements; (iv) there was no written evidence to suggest that the management of the programme sought to ensure compliance by the consultants with the terms and conditions of their engagement. However the Executing Agency by way of letters indicated that steps had been taken to strengthen internal processes and controls albeit after a protracted delay. Indeed it is instructive to note that the Executing Agency took up to six-months to respond to audit queries e.g. letters from the Auditor General's Department which were dated March 2, 2005 and July 27, 2005 respectively were answered by letters from the Executing Agency dated September 23, 2005.

### **Borrower/Executing Agency**

<input type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)
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## **c. Bank Performance**

The performance of the Bank regarding the PIDP is deemed to be unsatisfactory for the following reasons:

1. The fact that the PIDP was launched and executed without a clear institutional structure for the local authorities;
2. The fact that though there was a formal cancellation of part of the loan under this project, there was never any formal reformulation and hence components and activities were eliminated or modified without changing the contract. This forced the bank and the borrower into an informal working relationship in so far as there was no new contract formalizing the proposed reformulation;



3. Lack of enforcement of critical contractual obligations e.g. the deferral of the mid-term review (a critical project safety mechanism) for 2 years coupled with inadequate follow-up on recommendations made to effectively link the infrastructure component to institutional strengthening;
4. That though it became apparent relatively early in the exercise that the underlying assumptions informing the development objectives were no longer valid, the DO was not effectively reformulated to reflect more realistic objectives. Indeed there was little to no evidence of political commitment to increasing local autonomy after the local government elections; the PRF remains inadequate to address parish infrastructure needs and there is little progress in terms of increasing financial autonomy at the parish level; Legal reforms given the consultative process required, coupled with inadequate staffing, rendered the timetable to be unrealistic.

5.

The Bank provided substantial flexibility for the project to be implemented to which end a two-year extension was granted. Furthermore, the Bank engaged GOJ in many discussions to improve the implementation progress of the project. Also, the Bank delayed its mid-term review until four (4) months prior to the original date of final disbursement. However this mid term exercise was subsumed by the larger exercise of re-scoping the Bank's portfolio in Jamaica. Whereas this led to the cancellation of some US\$18.67m, the project was never totally cancelled.

#### Bank Performance

☐ Highly Satisfactory (HS)      ☐ Satisfactory (S)      ☒ Unsatisfactory (U)      ☐ Very Unsatisfactory (VU)

## V. Sustainability

### a. Analysis of Critical Factors

Largely influenced by the inadequacy of counterpart funding coupled with the subsequent re-scoping of the PIDP, some of the key outputs and expected outcomes were not achieved. Indeed, the re-scoping exercise led to the cancellation of plans to rehabilitate 19 markets; 300 micro-water systems; the refurbishment of 10 PC buildings; the procurement of operating and maintenance equipment and the public education exercises except those related to the new property tax regime. Further, a lack of political will has led to the non-achievement of the devolution of the power to the LAs to set property tax rates. Whereas the property tax revaluation exercise was completed in September 2002 and the values used in determining the new property tax charges, the system was later radically amended to reflect tax rates determined on a flat rate system. This after the rate of compliance fell to 40 percent after the implementation of the new property tax charges. Most of the key delivery performance indicators were not achieved under the project.

The elements for the reformation of Local Government Reform that GOJ had in place at the time of the agreement with the Bank, with the attendant goals would suggest that either the executing Agency had lost its influence at negotiations for the allocation of adequate financial support, or the fiscal situation in the country had deteriorated to the point where the GOJ would decide to cancel the project. The latter scenario is not consistent with the GOJ actions in so far as the GOJ never recommended the total cancellation of the project. This would therefore suggest a loss of influence, which resulted in the Ministry receiving reduced budget allocations for the project coupled with a slow pace of implementation and the under-expenditure of budgeted resources which led to these resources being considerably reduced during the supplemental budget exercises.



Although the majority of project execution activities ended on September 23, 2006, the MLG extended the contracts of the PIDP team until December 31, 2006. During that time, there was an orderly winding down of the administrative Project functions including the documentation of interventions and follow-up reports coupled with the presentation to the permanent Secretary, of a recommended training programme to continue the capacity building process in LAs. [See Annex 4]

#### **b. Potential Risks**<sup>[PMP22]</sup>

Given the politically sensitive nature of devolving power to the parishes, raising taxes and other fees and charges and improving enforcement of collections, there is reluctance at the level of central government to facilitate this process in a timely manner. This is compounded by the fact that the Local Authorities are governed by the Opposition Jamaica Labour Party and Central Government is governed by the Peoples National Party with Local Government Elections overdue (local government elections are due every three years) and General Elections due in 2007.

A second risk was the distinct possibility that the parishes fail to properly operate and maintain the rehabilitated infrastructure. Consequent on the continued dependence of the local authorities on Central Government for the bulk of its financing, on the basis of established precedent, it is highly unlikely that the authorities will be able to garner the requisite funding to sustain the rehabilitated infrastructure.

A third risk was the likelihood of difficulties in contracting suitably qualified personnel for priority positions in the PCs. This is based on the relatively low salary scales that are in place consequent on the MOU's which have served to defer wage demands and recruitment in the public sector. This may result in delays in terms of organizational strengthening.

#### **c. Institutional Capacity**

There have been substantial improvements by way of training under the PIDP. In fact persons received training in GIS; Business Writing, Conducting Meetings and Financial Management and Training of Trainers. However, it was reported that in the first phase of the PIDP a substantial number of those persons who had received training have since vacated their posts opting for higher paying jobs elsewhere in the public sector or in the private sector. However in the second phase of the project, there was no reported change in staffing. Further under the program, the local authorities were computerized in 2001 but only some PCs have the capacity to maintain the systems and at this time the equipment would need to be upgraded; however because of inadequate budgetary allocations this is currently not feasible. While there has been an average retention of senior staff, there are currently some vacancies which are being filled. However, the PCs are still understaffed and are perhaps in needs of re-engineering exercises. A case in point is the KSAC, the largest of the local authorities which has a Planning Department with 2 inspectors / enforcement officers for the entire KSA region. These officers are charged with the responsibility to inspect all building sites requiring KSAC approval, investigate and follow-up on all complaints about illegal land uses and spearhead any legal action required. Ironically the KSAC advises that where successful legal action has been undertaken any financial award must be transferred in its entirety to the consolidated fund with the local authority being responsible for any legal fees incurred. This has led to sub-optimal performances and has resulted in a continued loss of legitimacy for the Local Authority. This scenario has been further compounded by the recent resignation of the Director of Planning at the KSAC.

Consequent on the project re-scoping exercise which manifested itself in the cancellation of allocations for the procurement of equipment, indicates that road maintenance at the level of the local authorities will not be sustainable. This as the equipment cancelled included back hoes, vibratory rollers, hand distributors and dump trucks. Additionally, there was seemingly no

allowance made for drain cleaning equipment. This as the PCs are only able to clean drains at the manhole which has proven over time to be an inefficient method.

#### Sustainability Classification **SU:**

[ ] Highly Probable (HP) [ ] Probable (P) [ x ] Low Probability (LP) [ ] Improbable (I)

## **VI. Monitoring and Evaluation**

### Monitoring and Evaluation System

In spite of the complex and involved logical framework for the operation a formal monitoring and evaluation (M&E) system was never developed for the project. Annual and Mid-term reviews were the primary tool used for measuring project results.

#### **a. Information on Results**

Under the PIDP, there were several key assumptions made relating to the implementation of the components coupled with the achievement of the development objective. All these assumptions were initially relevant and meaningful to ensure successful implementation of the project. However, by the mid-point of the PIDP most of the assumptions were rendered invalid and the project was re-scoped and extended for an additional 23 months. This as there was an absence of the political will at the level of Central Government to implement several of the major policy reforms required under the program, including constitutional reform, PRF reform and Property tax reform. Further throughout its execution period there was a problem of the inadequacy of the provision of fiscal space which occasioned implementation lags, which ultimately led to the non-implementation of critical activities (rehabilitation of the micro water systems). After the Mid-term review emphasis was shifted from Infrastructural works to capacity building.

### **Operating Mechanisms**

Whereas there was a plethora of documentation available to project management for monitoring and evaluation, which theoretically highlighted and sought to effectively monitor project performance, there was a seeming disconnect between theoretical construct and implementation. Indeed, whereas these documents were able to illustrate problem areas quite efficiently, this did not translate to an equally expeditious and effective solution. The overall quality of the reports is good, with credible baseline indicators.

### **Policy Reform**

There was inconsistency in relation to the priority laws as a factor of the number of laws influencing legal reform. The Action Plan speaks of 21 of 70, while the Project status report speaks of 28 of 64. The LIRSC is the driver on the legal amendments/ revisions and comprises a large membership including sub-committees and an arrangement of increased collaboration with the National Advisory Council. This structure however is not supportive of the fast-tracking of legal reforms.

### **Annual and Mid-term Reviews**

These reports, based on reviews carried out by the MLG, the PCs and the Bank ranked highly in terms of their problem analysis and intervention strategy. However, while these documents are useful monitoring tools, the identification of expected outcomes and impacts, as well as the identification of expected outputs tended to reflect a more idealistic position, than one reflective of a project, which from its outset had serious difficulties with counterpart funding and an increasing lack of political will. These reports reflected idealistic assumptions which thereby led to unattainable goals and timelines e.g. Legal Reform – the process of seeking to establish consensus among a large number of stakeholders for a significant number of laws and then awaiting the Chief Parliamentary Counsel to draft the amended laws, rendered the expected outputs and timelines unrealistic. Further, the latitude provided in not scheduling the mid-term



review as dictated by the loan contract afforded the opportunity for the executing agency to facilitate protracted delays, without sanction, which led to a higher cost structure under the project and inevitably to less activity than programmed being accomplished. Indeed, though the mid-term review was due before March 23, 2002, it was not conducted until May 3 – 6, 2004. The repeated postponement of the mid-term review was reportedly occasioned (PPMR, May 2004) by the fact that the mid-term benchmarks were not met and all parties had agreed that the "...review should not take place prior to GOJ's decision on the re-scoping of the Programme and its components as it is quite likely that this exercise will affect the Programme's activities, outputs and even outcomes". As at January 2003, the only mid-term benchmark stipulated under the loan contract which had been successfully completed was the installation of the MIS system at the MLG. In fact as at January 2003, only 9.9 percent of the loan amount negotiated for the project was disbursed. Though under section 2.10 of Annex A there is the stipulation that "the infrastructure rehabilitation component will be linked to the legal and policy reform components to reinforce the execution and impact of both", this was seemingly not enforced, though representing a major aspect of the design of the programme. It is instructive to note that the Administrative Mission November – December 2001, opined that "it will be necessary to halt or drastically slow down the infrastructure component if the Programme is to achieve its developmental objectives". Nevertheless, as at January 2003, whereas 45.5 percent of the road projects were practically completed only 5 percent of the work designated under the legal and institutional reform component was deemed complete. Further by October 2003, 56 percent of the road projects were completed versus 20 percent under the legal and institutional reform programme.

In any event only two of the nine actionable requests arising from the mid-term review were not completed. They are the Establishment of a Policy Unit and Framework study for local government finances.

### **Reports**

During project execution, there were many reports which sought to provide periodic updates on the projects financed and progress achieved in key project areas. Most notable among these reports are the semi-annual Semester Report, the Project Performance Monitoring Report (PPMR) and the financial information of the period. As stated before the financial information tended to be beset with problems of late reporting but provided a credible update on the schedule of investments. Both the Semester Reports and PPMR's in following the outline of the Logical Framework, allows for an easy and succinct snapshot of the activities under the project to be realized. These reports provide a credible baseline for both expected outcomes and outputs and represents very useful monitoring tools. However the assumptions which are also reflected in the Annual and Mid-term reviews tend to be idealistic and require the development of additional benchmarks for tighter monitoring.

## **b. Future Monitoring and Ex-Post Evaluation No**

### **VII. Lessons Learned**

The original design may have been overly dimensioned, not only in terms of size and number of activities, but also in terms of the types of legal reforms required.

For future projects of a similar nature, where there is need for policy reform, institution building and infrastructure there must be strict adherence to the contractual conditions linking the infrastructure to the reform component

The use of a Project Coordinating Unit within the Ministry may have resulted in implementation problems/issues due to (i) inadequate capacity within the Ministry; and (ii) intra-agency challenges resulting from unclear lines of authority. As a result delays were inevitable which may have been avoided had there been clearer responsibility and authority for the implementation of



the activities under the program, and clearer operational and management guidelines and functions separate and apart from the Ministry in general.

There is need for a high degree of flexibility during project implementation in order to adapt/reformulate a project to adjust to changing economic and political realities. The Bank should be more open to mid course corrections when major changes are needed, including reformulation of objectives and cancellation of significant project funding.

When there is a major cancellation of loan resources project objectives need to be formally revised in an amendatory contract. Outcomes and outputs in the logical framework and PPMR also need to be amended and new indicators decided upon to reflect the new reality.

The need for the development of broad consensus among all key stakeholders prior to project implementation, paying particular attention to political cycles. This would preclude the possibility of the project becoming irrelevant or that fundamental disagreement may exist over project dimensions which could lead to project abandonment after a change in political leadership. Further, increased emphasis might be placed on high visibility areas which would yield the highest political returns and not necessarily yield the optimal developmental impact.

That though a project may be well designed and receives the stated commitment of the Borrower to effect implementation it can still fail to achieve its objectives because of inadequate budgetary support and flawed management. In a scenario where there are tight fiscal constraints the project requires a strong advocate.

That there needs to be a strong advocate for the Project either through the Project Manager or the Permanent Secretary, preferably both and that administrative arrangements such as the existence and functioning of a Steering Committee should be written into Project contracts and not be left to the discretion of individuals.

For projects, with a similar track record to the PIDP, there is need for the application of an Early Alert mechanism to facilitate closer monitoring.

There must be rigid adherence to the onset of a mid-term review, as dictated by the tenets of the loan contract. Failure can lead to scenarios where project objectives are marginalized and implementation skewed.

Informal reformulations force the borrower and the Bank into a non-institutional working relationship.

The fact that the PIDP was launched and executed without a clear institutional structure for the local authorities was clearly flawed.

### **Last Word**

Despite the disappointing outcomes, the tenets of the PIDP remain critical to the development of efficient and effective local governance in Jamaica. Whereas the project did make significant contributions in several areas, particularly capacity building and road infrastructure, there is still a nexus of mistrust between the local and central government, which threatens to undermine the reform process. The CRG noted, "Given the importance of decentralization and the continued need for effective local governance in Jamaica, the identified need for a project successor of the PIDP was considered appropriate". However, one of the main lessons of the project is the need to ensure a good "fit" between project objectives and goals on the one hand, and the political will within government on the other. Therefore, prior to proceeding with any potential successor project, the government and the Bank should undertake an in-depth study of the framework for local governance and decentralization policies in the country.



The CRG had to be convened without the Borrowers evaluation contrary to the recommendations for the PCR process. The country office sought on several occasions to have the Borrower submit the document prior to the completion of the PCR and convening of the CRG but the process could not be delayed indefinitely. Once submitted it will be forwarded immediately to Headquarters. Nevertheless it should be noted that there was ample participation by the GOJ during the workshop and their comments are captured in the Minutes of the Exit Workshop.



**Annexes:**

2. Minutes from the Exit Workshop
  3. Borrower Evaluation
  4. Others (*Please list*)
- Logical Framework**





## ANNEX IV

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
<b>GOAL</b>			
Parish Councils and KSAC gain legitimacy and operate in an efficient and sustainable manner.	<ul style="list-style-type: none"> <li>Legal framework changes have been accomplished according to work plan.</li> <li>PC training program under way according to implementation plan.</li> <li>Dialogue with GOJ regarding necessary transfer mechanisms under way.</li> <li>Rehabilitation works initiated in 75% of subprojects identified for first two years.</li> <li>65% of taxable revenues from property tax collected.</li> </ul>	<ul style="list-style-type: none"> <li>Planned roads, water systems, markets and parish buildings rehabilitated.</li> <li>Parish revenues cover all recurrent costs, including O&amp;M and mechanisms are adopted to finance capital investments in the medium term.</li> <li>Citizen participation in local public hearings is active</li> <li>Dialogue with GOJ regarding necessary transfer mechanisms under way</li> <li>Legal Reform Plan completed</li> </ul>	<ul style="list-style-type: none"> <li>Legal framework changes are not in keeping with work plan.</li> <li>Training programme underway in keeping with the revised plan.</li> <li>Dialogue with GOJ continues to be non-functional in respect of transfer mechanisms.</li> <li>35% of identified projects in first two years completed.</li> <li>46% of taxable revenues collected Parish revenues cover 54% of all recurrent and O&amp;M costs. No consistent mechanisms exist to finance capital investments in the medium term.</li> <li>Constitutional Amendment regarding recognition of local government is not approved.</li> <li>All PCs have active citizens' participation. The LGR unit in collaboration with the SDC is designing strategies and approaches for greater citizen involvement in the local governance process.</li> </ul>
<b>PURPOSE</b>			
PC capacity to finance, operate and maintain infrastructure and deliver services in a sustainable manner is enhanced	<ul style="list-style-type: none"> <li>PC priority positions filled and staff turnover is kept below 15% per annum;</li> </ul>	<ul style="list-style-type: none"> <li>Parish budgets provide adequate funding to operate, maintain and expand the infrastructure and services;</li> </ul>	<ul style="list-style-type: none"> <li>Priority staff recruited and 90% of priority staff positions filled. Data on turnover not kept in PC system, but is deemed to be relatively low.</li> </ul>

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
	<ul style="list-style-type: none"> <li>Parish Business Plans and budgets are made public and are consulted with communities;</li> <li>Parish Income from user fees and service charges increases to cover costs of service delivery;</li> <li>Income from property taxes increases as 65% of taxable revenues collected;</li> <li>75% of projects in first phase are initiated;</li> <li>Adequate equipment is in place to maintain infrastructure;</li> <li>100% of projects in second phase are identified, designed and prepared for tender;</li> <li>Maintenance program for all initiated investments are presented and funded through specific budget allocations.</li> </ul>	<ul style="list-style-type: none"> <li>Financing mechanism designed and adopted to cover future parish capital investments;</li> <li></li> <li>Income from property taxes increases from new rates, improved collection, enforcement and revaluation,</li> <li>100% planned projects executed as agreed;</li> <li>Parishes have established approved maintenance program for all investment and budgeted dedicated resources;</li> <li>Income from property taxes increases as 65% of taxable revenues collected;</li> <li>Parish business plans and budgets are made public and are consulted with communities;</li> <li>Adequate equipment and systems are in place to maintain infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Some PCs employ various strategies for community involvement including town meetings and budget meetings.</li> <li>Increase in parish income from user fees and service charges to cover costs of service delivery, is evident in only a few Councils. Generally, there is an increased awareness of the need for aggressive fee collections.</li> <li>Income from property tax declines post revaluation exercise</li> <li>Parish budgets are inadequate to provide funding to operate maintain and expand the infrastructure and services.</li> <li>Parish revenues cover 53% of recurrent costs. No sustainable mechanisms are in place to finance capital investments in the medium term.</li> <li>35% Phase 1 works initiate, designed, contracted executed and implemented.</li> <li>Parishes have not established approved maintenance programmes for all investments and have not budgeted dedicated resources.</li> <li>No maintenance equipment is in place.</li> <li>No second phase projects planned for execution</li> <li>There is no formal maintenance programme adopted</li> </ul>

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
OUTPUTS			
1. Infrastructure and PC facilities are rehabilitated	<ul style="list-style-type: none"><li>• 100% first phase works designed and contracted;</li><li>• 75% first phase works initiated</li></ul>	<ul style="list-style-type: none"><li>• 100% projects carried out as planned;</li><li>• All O&amp;M equipment procured as scheduled;</li><li>• System of planned maintenance implemented</li></ul>	<ul style="list-style-type: none"><li>• 35% Phase 1 works initiated, designed, contracted, executed and implemented</li><li>• Equipment not procured due to the partial cancellation of the loan</li></ul>
ACTIVITIES		ACTIVITIES	
<p>1.1 Purchase O&amp;M equipment, per procurement plan <i>Equipment not purchased due to cancellation of portion of loan</i></p> <p>1.2 Complete contracting of necessary consultants for design purposes of first phase, by I/2000 <i>Contracted</i></p> <p>1.3 Contract 50% first phase works by III/2000 and the remainder by IV/2001 <i>35% first phase contracted</i></p> <p>1.4 Consultants and MLG provide training to PC on maintenance systems <i>No training provided to PC on maintenance systems; training design accepted and signed off by technical service director; training dates being finalized with Consultant.</i></p> <p>1.5 PCs develop and MLG approves O&amp;M plans and budgets for first phase investment <i>No O&amp;M plans or budget developed and approved</i></p> <p>1.6 Maintenance manuals are developed and adopted by PCs by IV/2001 <i>Consultant developed maintenance manual with input from sample group; Manuals to be adopted by PCs as output of planned training by III/2006</i></p> <p>1.7 PCs and MLG confirm selection of second phase works by III/2001, in consultation with the Bank <i>No second Phase works selected</i></p> <p>1.8 Complete contracting of necessary consultants for appraisals and designs of second phase by I/2002 <i>No consultants contracted for appraisals and designs of second phase</i></p> <p>1.9 PCs develop and MLG approves O&amp;M plans and budgets for second phase investments <i>No O&amp;M plans &amp; Budgets approved for second phase</i></p>		<p>1.1 Complete agreed First Phase activities (Roads, Markets &amp; PC Buildings) <i>35% first phase contracted</i></p> <p>1.2 Maintenance manuals developed and adopted by PCs. <i>Consultant developed maintenance manual with input from sample group; Manuals to be adopted by PCs as output of planned training by III/2006</i></p> <p>1.3 Contracting of necessary consultants for appraisal and designs of infrastructure projects completed; <i>No consultants contracted for appraisals and designs of second phase</i></p> <p>1.4 PCs develop and MLG approves O&amp;M plans and budgets for first phase investments. <i>No O&amp;M plans or budget developed and approved</i></p> <p>1.5 Purchase O&amp;M equipment, per procurement plan. <i>Equipment not purchased due to cancellation of portion of loan</i></p> <p>1.6 Training to PC on maintenance systems provided by III/2005 <i>No training provided to PC on maintenance systems; training design accepted and signed off by technical service director; training dates being finalized with Consultant.</i></p>	

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
OUTPUTS			
2. Legal and institutional reforms for parish empowerment are adopted.	<ul style="list-style-type: none"><li>• Submissions to Parliament of legal amendments complete as scheduled in action plan</li><li>• Intergovernmental workshops regarding decentralization process held. Long-term transfer mechanism proposed.</li><li>• First draft of changes to parish bylaws produced.</li></ul>	<ul style="list-style-type: none"><li>• Design of PRF reviewed; alternate mechanisms considered and modified. Mechanism adopted</li><li>• Complete the review of all laws</li><li>• Parliament approves all necessary amendments</li></ul>	<ul style="list-style-type: none"><li>• Six (6) amendments completed, submitted to Parliament and gazetted. No further legislation amended.</li><li>• No improvement in the adequacy of financial base</li><li>• Draft by-laws reviewed and recommendations for completion proposed.</li></ul>
Activities			
<p>2.1. Legal unit staff in MLG recruited and begin work by I/2002 <i>Legal unit staff recruited</i></p> <p>2.2. Legal unit staff coordinate with Parliamentary staff to speedy consideration of amendments <i>Legal Unit staff coordinates with Parliamentary staff</i></p> <p>2.3. Proposed amendments are discussed and explained with PC Secretary Managers and relevant Central Government representatives throughout process <i>LIRSC is used as a medium for consultation with Local Authorities and Central Government representatives</i></p> <p>2.4. Consultants for intergovernmental workshops are contracted as necessary in years one and three of project implementation. <i>CIDA Consultants contracted</i></p> <p>2.5. Consultants are contracted to assist in preparation of parish bylaws <i>CIDA consultants contracted to assist in preparation of parish by-laws</i></p>			
3. Parish Administration and Management capacities are strengthened	<ul style="list-style-type: none"><li>• Priority staff has been recruited.</li><li>• Appropriate staff has participated in four relevant training events.</li><li>• MIS systems purchased and installed. Staff training begun.</li><li>• New financial, accounting and reporting system in place</li><li>• Parish operational manuals are developed by MLG with consultants assistance.</li><li>• Infrastructure maintenance plans and environmental procedures are being followed as planned at outset of PIDP investment</li><li>• Five-year strategic plans produced by</li></ul>	<ul style="list-style-type: none"><li>• All priority positions filled.</li><li>• Organizational restructuring completed</li><li>• Capacity Building exercise in PCs by OSTF completed.</li><li>• Training of PC staff completed according to plan and sustainable training programme in place;</li><li>• Networking of PCs and installation of wide area network (WAN) completed.</li><li>• New financial, accounting and reporting system in place.</li><li>• Revised five-year strategic</li></ul>	<ul style="list-style-type: none"><li>• Priority staff recruited and 90% of priority staff positions filled.</li><li>• Relevant staff have participated in at least one (1) training event in the area of (a) general administration and management; (b) financial management and (c) planning and coordination</li><li>• Consultants contracted to evaluate MIS system</li><li>• Draft plans formulated by eight (8) Las and reviewed by the MLG after planning process</li></ul>

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
OUTPUTS			
	each parish, following community PDC consultation	plans produced by each parish . <ul style="list-style-type: none"><li>• Parish Operational Manuals are developed, adopted and in use by PCs</li><li>• Delivery of services to the public improved in respective areas.</li><li>• GIS system implemented in all PCs.</li><li>• Complete operational review and recommendation for all functional areas of PCs and implement agreed proposals.</li><li>• Performance standards for PCs established.</li></ul>	
ACTIVITIES			
3.1	Individual PC capability assessments are completed and training package designed by II/2000 <i>Training package designed and approved IV/2004 and being implemented as approved, except for Citizen participation, Customer Service &amp; Organizational Analysis</i>		
3.2	Advertisements for positions to be filled are placed by councils. TORs prepared by III/2000 <i>Advertisements placed and priority positions filled</i>		
3.3	Consultants hired by MLG for design and implementation of training programs, development of manuals and environmental audits. Beginning III/2000 <i>Capacity Building consultants hired by MLG for design of training programme</i>		
3.4	Guidelines set by MLG for Parish Operational Manuals by IV/2000 <i>Parish Operational Manuals utilized in Public Works Management Intervention</i>		
3.5	Alternative software packages are compared for cost and appropriateness and best options selected and purchased by II/2000 <i>Consultant's report accepted minus certain recommendations. Report presented to IDB. Approval given for request pending for sole source software Acquired for KSAC, Clarendon PC and Portmore Municipal Council.</i>		
3.6	MLG provides technical assistance by region for development of five-year plans, beginning I/2001 and continuing; for ten-year plans, beginning in I/2003 and continuing <i>MLG has not provided technical assistance by region for development of five (5) year plan; will be done by Councils with other support, source of support not yet identified.</i>		

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
OUTPUTS			
4. Financial Position of PCs is strengthened	<ul style="list-style-type: none"><li>• Property tax revaluation completed</li><li>• A 65% taxable revenue from property tax is collected</li><li>• 60 % property tax arrearages collected</li></ul>	<ul style="list-style-type: none"><li>• Budget system &amp; Business Plans fully operational</li><li>• 65% property tax arrearages collected</li><li>• Total review of licenses and user fees</li><li>• Timely delivery of property tax notices &amp; improved collection of arrearage.</li><li>• Fiscal Gap study Completed</li></ul>	<ul style="list-style-type: none"><li>• Property tax revaluation exercise completed. Budget systems partially utilized.</li><li>• 36% of taxable revenues from property taxes are being collected.</li><li>• 65% of property tax arrearages are being collected.</li></ul>
Activities			
4.1 Required spending levels in each PC are identified locally, with technical assistance from MLG as necessary. Beginning IV/2000 and continuing throughout PIDP <b>Required spending levels in each PC is identified locally, with technical assistance from MLG</b>			
4.2 Budget controls identified and operational by II/2001 <b>Budget controls identified and operational</b>			
4.3 Action plan to reduce arrearage on rates and taxes is in place in the parishes, under MLG leadership, by III/2000 <b>Action plan to reduce arrearage in place</b>			
4.4 Action plan to improve collection in place by II/2000 <b>Action plan to improve collection in place</b>			
4.5 New revenue sources identified and action plan developed by I/2003 <b>Parish Financing Study not commissioned</b>			
4.6 Plan and implementation of national revaluation exercise, with consultant support, by IV/2000 <b>National revaluation exercise completed</b>			
4.7 MLG and relevant central ministries review and assess property tax system, with international consultant support, and develop action plan to be implemented by IV/2003 <b>MLG has not assessed Property tax system with international consultant support</b>			

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
OUTPUTS			
5. MLG's capacity is strengthened	<ul style="list-style-type: none"><li>• PCU, TSU, human resources and financial units fully staffed.</li><li>• MIS operational</li><li>• MLG issues annual budget guide and revenue sharing projections prior to PC budget submissions</li><li>• Monitoring system of PC performance in place</li></ul>	<ul style="list-style-type: none"><li>• Units are fully able to offer efficient support to PCs as necessary.</li><li>• Best practices among PCs are reviewed</li></ul>	<ul style="list-style-type: none"><li>• Units are not fully staffed (PCU – 45%; TSU – 45%, HRU – 75%; FU – 50%)</li><li>• MIS 100% installed and operational. System unreliable</li><li>• Development of a three (3) year planning process has commenced under guidance of contracted consultant.</li><li>• No comprehensive monitoring system in place</li></ul>
ACTIVITIES			
<p>5.1. MIS equipment and software is purchased; staff hired by IV/2000 <i><b>MIS staff and equipment in place</b></i></p> <p>5.2. MLG consultant positions TORs completed. Advertisements placed and selection completed by II/2000 <i><b>MLG consultant positions not completed</b></i></p> <p>5.3. MLG staff with consultants' assistance, develop monitoring system for PC performance by II/2001 <i><b>No monitoring system developed</b></i></p> <p>5.4. Key members of relevant government agencies invited to participate in ongoing dialogue regarding local government strengthening, bi-annually. First by IV/2000. Second by I/2002 <i><b>SDC invited to participate in ongoing dialogue regarding local government strengthening.</b></i></p> <p>5.5. Consultants contracted to assist in designs, workshop preparation and moderating. First by III/2000. Second by IV/2001 <i><b>International Consultants not contracted to assist in designs, workshop, preparation and moderating.</b></i></p>			
6. Community Participation in local decision-making is improved	<ul style="list-style-type: none"><li>• PDCs are formed in each parish and are meeting regularly.</li><li>• Action plan for community participation activities in years 3 – 5 is designed and agreed upon with the parishes</li></ul>	<ul style="list-style-type: none"><li>• PDCs to be actively involved in the NAC on Local Government Reform Public Participation component.</li><li>• SDC has established relationships with CBOs and other community bodies islandwide. Also a system of public education &amp; communication with the entities have been enacted</li></ul>	<ul style="list-style-type: none"><li>• Five year comprehensive plans not in place</li><li>• Action Plan not in place</li></ul>

LOGICAL FRAMEWORK			
OBJECTIVE	ORIGINAL INDICATORS		RESULTS SEPTEMBER 2006
	MIDTERM	END OF PROJECT (REVISED)	
ACTIVITIES			
6.1 Guidelines for PDCs formation, meetings and procedures are agreed upon with the PCs by II/2000 <i>Needs to be revisited as the system is not functioning properly</i>			
6.2 Information exchanges with CIDA pilot projects yield best practices, by IV/2001 <i>Information exchanges with CIDA pilot projects are not in place</i>			
6.3 Different approaches to increasing community participation are explored <i>Various community participation models are explored.</i>			
6.4 Plans for years 3 – 5 activities are completed and implemented, with consultants support, by IV/2001. <i>Plans have not been completed and implemented</i>			
6.5 Public education campaign regarding local government reform and citizen responsibilities has been designed and is being implemented by II/2001 <i>Public education campaign regarding local government reform and citizen responsibilities has been designed and forwarded to the Minister's office</i>			



**GOVERNMENT OF JAMAICA  
INTER-AMERICAN DEVELOPMENT BANK**

**LOAN – 1197/OC-JA**

**PARISH INFRASTRUCTURE DEVELOPMENT  
PROGRAMME (PIDP)**

**EXIT WORKSHOP**

**FRIDAY, FEBRUARY 16, 2007**

**AT THE**

**KNUTSFORD COURT HOTEL**

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**GOVERNMENT OF JAMAICA  
INTER-AMERICAN DEVELOPMENT BANK**

**LOAN – 1197/OC-JA  
PARISH INFRASTRUCTURE DEVELOPMENT PROGRAMME  
EXIT WORKSHOP HELD ON FRIDAY, FEBRUARY 16, 2007  
AT THE KNUTSFORD COURT HOTEL**

In Attendance:

Mr. Devon Rowe	-	Permanent Secretary, Ministry of Local Government and Environment
Mr Clive Edward	-	Project Manager, Ministry of Local Government and Environment
Mr. Joseph Cox	-	Consultant and Chairman for the Workshop
Ms. Gloria Williams	-	Ministry of Local Government and Environment
Mr. Keith Miller	-	Ministry of Local Government and Environment
Mrs. Kamla Graham-Samuels	-	Ministry of Local Government and Environment
Ms. Jennifer Evans	-	Ministry of Local Government and Environment
Mr. Robert Hall	-	Ministry of Local Government and Environment
Ms. Judith Sayle	-	Ministry of Local Government and Environment
Mr. Calvert Thomas	-	Ministry of Local Government and Environment
Mr. Dwight Wilson	-	Ministry of Local Government and Environment
Dr. Wayne Henry	-	World Bank
Mr. Verdayne Wallace	-	Ministry of Finance and Planning
Mr Seymour Davey	-	Ministry of Finance and Planning
Mr. Patrick Wong	-	Kingston City Centre Improvement Company
Mr. Raymond Silvera	-	Office of Utilities Regulations
Mr. Christopher Powell	-	National Solid Waste Management Agency
Mr. Gerard Johnson	-	Representative, Inter-American Development Bank
Mr. Oscar Spencer	-	Deputy Representative, Inter-American Development Bank
Ms. Julie Feinsilver	-	Country Coordinator, Inter-American Development Bank
Mr. Stuart Hughes	-	General Engineering Specialist – Inter-American Development Bank (IDB)
Mr. Fitzroy Williams	-	Inter-American Development Bank
Mr. Reid	-	St. James Parish Council

## **WELCOME**

Mr. Stuart Hughes extended a warm welcome to all. He informed participants that the workshop had been convened as part of the close out procedure for the loan given to the Government of Jamaica by the Inter-American Development Bank (IDB).

## **OBJECTIVE**

The objective of the workshop was to bring together the various participants of the Parish Infrastructure Development Programme (PIDP) - Executing Agency, Ministry of Local Government and Environment (MLGE) Planning Institute of Jamaica (PIOJ), Ministry of Finance and Planning (MOFP) and other Government of Jamaica (GOJ) authorities, the Inter-American Development Bank (IDB), Consultants and Contractors to discuss and agree on the project achievement, its challenges and lessons learnt;

## **OPENING REMARKS**

### ***Oscar Spencer – Deputy Representative – IDB***

Mr. Spencer welcomed all to the workshop. He explained that the aim of the workshop was to conduct an assessment of the project results, to look at the likelihood for its sustainability, and the lessons learned that can guide the development of future projects.

He indicated that, as part of the reform process, the programme seeks to transfer responsibilities to Local Government with important benefits for the population.

He indicated that the transfer of responsibilities to Local Governments seeks important benefits for the population and provides an opportunity to better match public services offered with the needs of the community being served. It allows for greater levels of engagement and ownership by the community on local development programs as well as fact that it should result in higher levels of accountability and better governance. He noted however that these benefits are sometimes not achieved because reform programs are often affected outdated legislative framework, and the fact that programs are not always supported with sufficient allocation of resources, or incentives for local governments to raise sufficient revenue.

He noted that these were some of the challenges faced by the PIDP and he urged participants to reflect on them in order to ensure that the lessons learned from this program are used to guide future initiatives in this area.

***Mr. Devon Rowe – Permanent Secretary – Ministry of Local Government and Environment***

Mr. Rowe stated that the MLGE had recognised that the project had not achieved its main objective due to a lack of budgetary funding. However, the project had seen a higher level of recognition, by central government, for the strengthening of local authorities. It is therefore, important that a succession programme be put in place in order to achieve this outcome.

## **OVERVIEW OF THE PROJECT**

Mr. Joseph Cox, Chairman of the Workshop, explained that during the period 1985 to 1993 the functions of the parish councils were subsumed under the central government of that period. In 1995 the Government of Jamaica in collaboration with the World Bank, UNDP and CIDA began the process of PIDP/Local Government Reform Programme (LGRP). Initially, the focus of the LGRP was to strengthen parish councils and to assist with legal reform. However, in 1998 the World Bank's lending programme in Jamaica was interrupted. It was at this point that the IDB and the GOJ began consultations regarding the continuation of the programme. The aim of the PIDP as formulated by the IDB and the GOJ was to strengthen parish councils' capacity to finance, operate and maintain infrastructure and deliver services in a sustainable manner. The activities which were part of this programme included institutional strengthening and technical assistance; infrastructure rehabilitation and services (parish road networks, drainage implementation, reconstruction and rehabilitation of micro water systems) and project management.

Overall, most of the planned outcomes were not achieved. The parish councils were unable to provide adequate funding for its programmes as parish revenues fell below target. In addition, a number of external factors affected the outcome of the project. These included:

- a. Disagreements over institutional structure, that is, regionalisation as against amalgamation
- b. Severe fiscal constraints
- c. Lack of government commitment
- d. Change in political leadership at the local level
- e. Additional contributions by parish councils to the infrastructure component of the project.

## **OUTPUTS**

### **a. *Infrastructure and parish council facilities rehabilitation***

In most parish councils, the rehabilitation of parish roads had been completed. This was due to the fact that the councils had taken the initiative to provide financing for this aspect of the project from local revenue. Only one (1) market was upgraded, three (3) parish council buildings were refurbished, no micro water system was rehabilitated and there maintenance equipment was purchased. In addition, in 2005 central government had decided that only activities relating to capacity building would be undertaken.

### **b. *Legal and Institutional Reforms***

Only seventeen (17) amendments were completed and the failure to complete the constitutional recognition of local government was affected by the decision to restrict funding for the project. A lack of funding also affected the outcome of the Parochial Revenue Fund (PRF) as the financing framework study did not get underway. However,

draft by-laws had been reviewed and recommended for completion for one (i) local authority, that is, the Portmore Municipal Council.

c. ***Strengthening Parish Council Administration and Management Capacities***

Approximately 90% of staff vacancies were filled and relevant staff participated in at least one of the identified training session, which were general administration and management; financial management; planning and coordination. In addition, a Management Information system (MIS) had been installed and consultants had been contracted to evaluate the system. Maintenance manuals had been developed and are to be adopted by the parish councils. Draft strategic plans had been completed for eight (8) parish councils and were to be reviewed by the MLGE after the planning process.

d. ***Revenue Enhancement***

In 1996, the GOJ established the Parochial Revenue Fund (PRF) which became the major resource for financing of council operations. The PRF was funded by 90% of property taxes collected in the parish (to be used for solid waste management) and two-thirds of motor vehicle licensing fees (to be used for road rehabilitation and maintenance). The property tax revaluation exercise was completed while budgets were standardized and the training of staff would be take place at a future date. Although, MLGE and parish councils had implemented procedures to enhance collection of property taxes, only 65% was collected.

e. ***Strengthening Ministry of Local Government and Environment***

This activity under the project was negatively impacted by the MOU which had been signed by the Government of Jamaica and Trade Unions representing civil servants.

f. ***Community Participation in Local Decision-Making***

Parish Development Committees were formed in all parishes, however their roles and functions were not clearly defined which resulted in an overlap with the Social Development Commission.



## **MR. CLIVE EDWARDS – PROJECT MANAGER – PIDP**

Issues which negatively impacted on the project included resource allocation, capacity of the executing agency, implementation schedule and the capacity of the Capacity Building Unit (CBU). There was a major gap in the allocation of resources as the funding was not forthcoming from the GOJ which resulted in limited activities.

The capacity of the MLGE to undertake activities under this project was also affected by the scarcity of resources, not only financial resources but also human resources. The fact that the PIDP was located within the MLGE meant that it would be under the influence of the Ministry. In future, it would be more beneficial to have the Executing Agency located outside the offices of the Ministry, as this would allow the Executing Agency to have more autonomy on the project.

Initially, the project was slated to be executed over a period of 4 years, 2000 to 2004, but instead it ended in November 2006.

The analysis of the resource allocation, shown in the table below, revealed that during the period the amounts that were budgeted in each fiscal year were not received from the GOJ, leaving a shortfall in the budget of the PIDP. This shortfall had severely impacted the planned activities of the PIDP.

<b>FINANCIAL YEAR</b>	<b>PROJECT BUDGET (J\$M)</b>	<b>BUDGET ALLOCATION (J\$M)</b>	<b>VARIANCE (J\$M)</b>
2000/2001	235	188.32	(46.68)
2001/2002	350	81.80	(268.20)
2002/2003	175	95.00	(80.00)
2003/2004	222	45.00	(177.00)
2004/2005	60	70.87	10.87
2005/2006	12	50.00	(62.00)

The table below, set out an analysis of the outcome of the activities under the programme.

ACTIVITY	PROJECTION	IMPLEMENTED
Road Rehabilitation	195 km	188.9 km*
Buildings - Refurbishing	13	3
Market – Rehabilitation	15-19	1
Institutional strengthening (interventions)	21	25
Acquisition of Vehicles		
SUVs	9	9
Pickups	13	13
Dump Trucks	13	0
Legal Reform – amendment of Priority Legislation	65	Review 15, adoption of 6
Revenue Enhancement Financing Framework Study	Contract Study	Not effected
Property Revaluation Exercise	Implement Property Revaluation Project Exercise Contracted	Completed
Minor Water Supply		
Springs	9	0
Wayside Tanks	150	0
Catchment Basins	30	0
Chlorinators	200	0
Equipment		
Back Hoes	13	0
Vibratory Rollers	13	0
Hand Distributors	13	0

All the issues outlined above contributed to the failure of the project.

In relation to institutional strengthening, a number of training sessions were conducted during the programme. These included:

- Trainer of Trainers
- Financial Management (Software Evaluation)
- Business Writing
- Planning and Conducting Meetings
- Financial management
- Councillor Training (I and II)
- Financial Management (Consultant follow-up, cost of services)
- Financial Management (Consultant follow-up, budget process)
- Trainer of Trainers for Planners
- Trainer of Trainers for Councillors
- Local Government Laws and Regulations
- Strategic Economic Development
- Secretary Managers' Retreat
- Human Resource Management
- Public Works Management
- Business Writing (follow-up, secretaries)

## **MR. RAYMOND SILVERA – FORMER PROJECT MANAGER – PIDP**

There were a number of problems which impacted on the effectiveness of the programme. These included:

- a. location of the PIDP within the Ministry which saw the political directorate micromanaging the project;
- b. the issue of regionalisation and amalgamation of the parish councils which led to almost a year in delaying the commencement of the programme;
- c. community participation was influenced by political input;
- d. some of the framework was not done – the general divestment of responsibility and authority to the parish councils had been an underlying problem for the PIDP;
- e. changes in leadership at the Ministry;
- f. institutional strengthening at the pre-project planning stage was not done; and
- g. Budgetary constraints.

With regards to the legal reform, only a few amendments had been made to the Local Government Act.

## **MR. STUART HUGHES – IDB**

The project can be split into two phases:

- a. Phase I: 2000 to 2004
- b. Mid Term Review
- c. Phase II: Post Mid Term Review

### ***Phase I***

The activities which contributed to the delays in the programme during this phase included:

- a. fiscal constraints
- b. decline in the amounts allocated in the national budget to the PIDP
- c. decline in the amounts transferred to the programme
- d. lack of agreement on an institutional structure for the local authorities
- e. inability of the organisational management in the MLGE for ensuring the efficient and effective implementation of the various activities
- f. Leadership changes in the parish councils which saw new leaders with their own agenda.

The achievements of the activities under this programme were all limited. The delay of the Mid Term Review, by two (2) years, was attributed to the fact that there were two (2) elections held during the period, general elections in 2002 and local government elections in 2003. In addition, the IDB was also downsizing/rightsizing its portfolio and this resulted in the PIDP becoming the largest casualty of this exercise. The Mid Term Review recognised a lack of achievement of activities and benchmarks and the curtailment of the infrastructure component from the programme.

## **Questions and Answers and Plenary Discussions on Project Implementation and Achievements**

In relation to the institutional strengthening of the MLGE, the renaming of the Ministry over the period affected the ability to complete the programme, as with each renaming, the organisational structure and human resource had to be realigned. This therefore raised the question as to whether or not, from the outset, there was a ‘buy in’ from all the necessary stakeholders and whether or not there was a common view and focus for the programme.

The delay in holding the Mid Term Review was due to the fact, up to the point of the scheduled review, the programme had not achieved any of its benchmarks. This delay, however, was considered to be a critical mistake as one component of the programme, the rehabilitation of roads was 56% complete while only approximately 7% was completed for institutional strengthening. Having the Mid Term Review at this point would have highlighted the fact that the institutional strengthening component was behind schedule and measures could have been put in place to ensure that the target would have been met. Part of what may have transpired was that the IDB had continued to support other projects in which the same persons from the GOJ were also involved, even though the IDB knew that the PIDP programme had fallen behind schedule. Another contributing factor was that the GOJ had continued to identify and prioritise projects for which it needed funding which would have sent conflicting signals to the IDB. In its capacity as a development bank, the IDB was not able to advise the government on what projects should be undertaken. It was therefore the responsibility of the government, to establish a prioritisation framework of activities which would allow it to make decisions within its limited resources.

Another issue which contributed to the non-achievement of most of the activities under the programme was the decision of the government to place greater emphasis on capacity building rather than infrastructure and the delivery of services in a sustainable manner. Importantly, it

must be noted that for decentralisation to be effective there must be the institutional strengthening and capacity building of the parish councils. Institutional strengthening and capacity building must be seen as the key to success and sustainability and as such this activity should have been the main focus at the pre-planning stage.

Although the road network activities had been completed, only one (1) market had been rehabilitated and this market was located in the Minister's constituency. The programme must therefore have the necessary mechanism in place to prevent a recurrence in future projects of a similar nature. In addition to the completion of one (1) market, consultants had been contracted to begin the design on the other markets identified for rehabilitation, but the scarcity of funding curtailed this activity. In most cases, funding had been approved at the commencement of the fiscal year for the completion of the activities; however, when conducting its periodic reviews of expenditure statements, the Ministry of Finance and Planning would withdraw monies from the local authorities if budgeted funds had not been spent as scheduled. Participants confirmed that if the money had been readily available when needed, the project would have been completed with the specified timeframe. There were many instances, whereby the PIDP had prepared and submitted budgets for its activities but no funding was received.

It should be noted that the success of the infrastructure activities was as a direct result of parish councils using their parochial funds to support these activities as the dependency on central government would have had a negative impact. However, the non-purchase of maintenance equipment impacted negatively on the ability of the local authorities to sustain the project. This was a major fatality of the financial restraints as parochial funds had designated uses and therefore could not be used to purchase maintenance equipment.

One participant pointed out that the local authorities misunderstood the 100% IDB reimbursable funding whereby rather than waiting on funds from central government, the local authority could have gone ahead and spent the money and then apply for a reimbursement. It was also pointed out that although there was a fiscal space problem at the Ministry of Finance and Planning, cuts in funding were due to fact that the IDB funded portion of the programme was not being spent

even though the project had the authority to spend via direct payments. For direct payments, the local authorities would send invoices to the IDB for direct payment to suppliers. One major point to be highlighted was the need for an accounting regimen which would allow for direct payments to be recognised by the Ministry of Finance and Planning. Representatives from the Ministry of Finance and Planning pointed out that the budgetary cuts were due to a lack of spending by the parish councils. It must also be noted that during the period 2000 to 2003 it was difficult to predict resource flows which severely impacted on the programme.

***Question:      What about ‘buy in’?***

In relation to the issue of regionalisation versus amalgamation, parish councils felt that their power base was under direct threat by central government and this created a resistance to the programme. In fact, this resistance was still being experienced, and even more so, with the change in the leadership level at the local authorities. The institutional strengthening of the parish councils took a radical shift as it was difficult to change the mindset of individuals. As a result, the parish councils tried to develop their own framework which would interact with the community and sustain planning.

One concern was highlighted, during the flood rains over two (2) years ago there was a quarrel between the parish councils and the National Works Agency as to which was the responsible body for carrying out repairs to the damaged infrastructure. This pointed to a general undercurrent of mistrust between central and local governments which would have contributed to the fact that from the outset, the PIDP would have a difficult chance of succeeding. The life of parish councils were limited in that elections were constitutionally due every three years and therefore the councils would undertake projects that central government could see and ‘buy in’ to. Due to the fact that most parish councils had concentrated on the development or rehabilitation of roads, which were used as election tools, they not interested in institutional strengthening. In addition, there was limited



emphasis placed on the purchase of maintenance equipment. Overall work was done in areas that would win votes.

The MLGE within itself had a philosophy as to how it should function. Some of the members saw the local authority in a “master and servant” relationship and as a result this affected the interfacing between central and local government. This also affected the ownership and ‘buy in’ of the project. Oftentimes local authorities were not given the opportunity to make decisions but instead were given directives from the MLGE.

Initially, the PIDP was intended to be a support programme for local government reform. On the completion of the programme the local authorities would then be able to build their own capacity with the guidance of the MLGE. However, what happened was that work would be executed by the MLGE while the local authority played a catch up role. If the MLGE had paid more attention to building capacity at the local government level the benefits would have been greater.

Although the local authorities were unable to say that they had gained significantly from the project, there was one aspect where the transfer of knowledge had taken place. This was identified under the road rehabilitation activities whereby the local authorities were now better equipped to carry out the technical aspect of road designs. However, the attendant training within the council itself had not taken place even though there was the transfer of knowledge in relation to design of road and monitoring of construction.

The local authority felt marginalised in that they were not being used effectively. Even now the MLGE was not clear as to its role with respect to the local authority. However, if a successor programme was implemented and the MLGE was identified as the executing agency then the MLGE would need institutional strengthening.

***Question: Was there any mechanism for the parish councils to interact with the MLGE?***

There were a number of Steering Committees formed during different periods throughout the programme. At the outset, there was participation at various levels as the committees had representatives from all stakeholder agencies. Steering Committees were formed to oversee different activities under the programme. In addition, the mayors of all the councils formed a Steering Committee whose main responsibility was to drive the project. These Steering Committees were in place and functioned during the first phase of the programme however, this had been discontinued in the last two years of the programme.

The project had been implemented using a matrix system but this proved unsuccessful as the matrices were not very clear cut. It was for this reason that it was felt that a coordinating unit should have been established instead of an executing agency. This was identified as one of the major weakness of the project. However, some participants felt that this would not have made a difference because a major issue was the 'buy in' of mindsets. In addition, it was felt that the project was too complex and therefore what could have been achieved by units got lost in the mix. It was also pointed out that during the preparation of the project it should have been recognised what was achievable and what was not.

Another issue was the inter and intra agency dynamic which affected resource flow and practicality of the structures that were put in place.

The aim of the project, in terms of legal reform, was to strengthen the capabilities of the local authorities to prepare and draft legislation which would then be submitted to the MLGE for review and approval. However, this was not done.

***Question: What is the difficulty in the Ministry and parish councils to retain legal council to do first draft of legislation to speed up the process?***

Although there were regulations that needed to be changed, the local authorities had not taken ownership of the activity and therefore were unable to drive the process. In addition, the Councillors had no knowledge of the process for writing an Act, Order or Regulation. Part of the difficulty was that the parish councils were not supported in terms of funding for this activity. It was pointed out that there were some parish councils, who, based on the personality of its mayor, were able to strongly advocate for the councils and in fact, instances were highlighted whereby the mayor took decisions and dealt with particular situations. However, it must be recognised that whilst management styles could be used, this must be seen as an exception rather than the norm. It must be recognised that it should be the norm for all parish councils to have the capacity to work the system through, understand the process, and be there to participate in the process in a timely and efficient manner.

***Question: How could the project have survived? What did the PIDP achieve given its resources? Was there a commitment to local government reform even outside of the PIDP? What approach could have been taken by the PIDP to achieve its objectives?***

The PIDP could have been divided into two arms, a central arm and a technical arm. The responsibilities of the central arm would be to formulate and amend policies whilst the responsibilities of the technical arm would be the implementation of the programme. For this to become successful, the process should involve the capacity building of the local authority, but, it would be important for the stakeholders to whether or not parish councils made sense.

Coming out of the Mid Term Review, the PIDP was cut due to lack of implementation and the perceived lack of political will to complete the programme.

***Question: During the implementation of the programme was there any difficulty in disbursement and procurement.***

The procurement of goods and services was done by various departments and the invoices were forwarded to the MLGE for payment. However, there were instances in the disbursement process when the IDB would approve payments for a particular set of invoices, and then when similar invoices were submitted for payment new requirements were implemented. This led to the assumption that there seemed to be inconsistencies in the application of the policies of the IDB with regards to payments.

#### ***AMENDMENTS TO PAGE 13 OF THE PCR***

##### ***Borrower/Executing Agency Performance***

Representatives from the MLGE claimed that there were inaccuracies in the second paragraph on page 13 of this document commencing “The Audited Financial statements.....and conditions of their engagement”. These would be researched and clarified using supporting documentations.

## **LESSONS LEARNT**

### **MR. CLIVE EDWARDS – PROJECT MANAGER – PIDP**

1. There was no great commitment to the process. However, the recently completed NAC report would give the country the opportunity to debate on practicality of local government – what they want, in what format and these should be approved by both major political parties. It should be reinforced that resources and scheduled activities must be in place as the issue of sustainability had been lost during the implementation of the project. In most cases, sustainability was not seen as a primary issued from the outset of the project, but instead became a concern at end of a project. In relation to the PIDP programme it was evident that no live data was collected prior to the implementation of the programme. For future projects of a similar nature, it would be very important for a needs analysis to be conducted, gaps identified and measured to assess their impact on the programme. This would assist with the sustainability of the programme.
2. Follow-up mechanisms must be put in place – What mechanisms would be put in place after the completion of project and how committed would the stakeholders be to these mechanisms. Throughout the life of the project, the PIPD lacked the capacity to conduct follow-up activities which would have allowed for intervention and the design of follow up measures.
3. Enthusiasm of individuals was not enough to guarantee investment in training. Individuals who had been trained must be subjected to sanctions in cases where there was non performance, while financial incentives should be implemented to guarantee positive returns on investments. In addition, local authorities that did not perform as prescribed should not receive additional benefits/funding and transparent measure should be implemented to assist with the certification of a Ministry/agency for further funding.

4. PIDP team had visited Surinam where a similar programme was in place but the experience was difference. Under the programme in Surinam access to additional funding for infrastructure was restricted until the completion of the institutional strengthening activities.
5. Programme design must use the participatory approach where all the stakeholders would be involved in the data gathering and signing off on the project outcomes. The creation of action plans and the legitimacy of action plans must be tied in to commitment to the project. In relation to working capital analysis, assessing the programme plan in terms of what has been done and what was not done would assist in the successful completion of the project.

#### ***INTER-AMERICAN DEVELOPMENT BANK***

1. The original design may have been overly ambitious within the timeframe, not only in terms of size and number of activities, but also in terms of the types of legal reforms required. However, how the project was executed was different from how it was designed. From the outset there was a question of whether or not the project should be phased and selected or a comprehensive programme. Any attempt at phases would have been a grave mistake in achieving. There was a shift in emphasis on institutional strengthening and capacity building only after the mid-term review.

In addition, the programme had several components and each component had enough activities to be classified as a stand alone project. For the IDB, certain components of the programme would not have had the commitment and support at the political level if these components had been undertaken as stand alone projects. There were a number of players who they were trying to influence the reform of local government. This resulted in persons being relieved of responsibility and accountability for the activities. Although persons had been selected to be members of the Steering Committees, the institutional reform had not been implemented and this resulted in the failure of the Committees.

Institutional strengthening and legal reform had been disaggregated from the infrastructure work. These were seen as different activities which should have been implemented under separate programmes. The process of legal reform and institutional strengthening would take a longer time period to be implemented while it was much easier to fix roads or install water supply systems. In reality, that was what occurred in the project. The change in the administrative and management arrangement for the project also impacted negatively on the achievements of the project. The PIDP was integral to local government reform and was linked to institutional development and community development. However, the management that was put in place proceeded with other things thereby abandoning other parts of the project. What eventually happened was that the political side of things drove the infrastructure because councillors wanted to identify with the project and be seen as leaders of the project and therefore, they spent more time on these activities. As a result, institutional strengthening was disbanded. This was in itself a fault of the project, because once persons were given the choice of activities to focus on they would choose activities which would contribute to their “winning” an election. For future projects of a similar nature, there must be a clear instruction as to the sequencing of the activities to be undertaken.

The legal reform and institutional strengthening must be viewed as an ongoing project and therefore must not be linked to projects and, further should not be tied to a particular set of persons. Infrastructure activities were derived from analysis of particular needs of the community.

After working with the PIDP, the technical capabilities of existing parish council Roads and Works Department had been improved to take on capacity for water supplies, etc, however, no maintenance programme were put in place. For example, when the Ministry had implemented the Flood Damage Road

Rehabilitation Programme, the local authorities were able develop the designs and carry out the work.

However, an officer from the MLGE refuted this claim as in survey conducted by the MLGE in 2004 technical persons in the local authorities had indicated that although they had worked on the rehabilitation of the roads their technical capabilities had not been improved. It was therefore important to create the capacity to execute the whole function and going through the process, that is, prioritising, securing funds and planning for the execution of the project. For example, it would be a mistake to say that roads would be built and without ensuring that the institutions are strengthened to build the roads themselves.

In relation to the financing agreement between the IDB and the Government of Jamaica, given Jamaica's economic status, resources for the counterpart which would allow for smooth flow would always to be in doubt. It was pointed out that in some operations the IDB would recognise grant resources as counterpart.

Prior to the IDB coming on board, there were two pre-requisites to the programme (i) no pre-financing and (ii) arrangement for programme management must be divorced from the MLGE which would have prevented the MLGE from having any direct control as executing agent and in effect diminish political manoeuvring. The PIDP was conceptualised as a capacity building project with institutional strengthening being a part. There could be two issues (i) over dimensioned components and (ii) sequenced –infrastructure and institutional strengthening. In addition, when looking at reform all components must be linked and the completion of each component sequenced over time.

2. The use of a Project Coordinating Unit within the Ministry may have resulted in implementation problems/issues due to inadequate capacity within the Ministry and intra-agency challenges resulting from unclear lines of authority.



3. The need for clear agreement on benchmarks and deliverables and the establishment of linkages between institutional strengthening and infrastructure works and the development of enforceable penalties for breached thereto.
4. The development of strategies for scheduling projects across a political timeline with particular attention paid to the possibility that the IDB could be used as a political pawn. The development of the programme to transcend political cycles would be very important to the achievement of the programme. There must be consensus from the political directorate on the overall project and specifics of the project. To the extent that the IDB could stay away from projects that could be used as political mileage, for example, signing loan agreements close to an impending election, the IDB should make sure that there was discussion and agreement on the project across the political divide. These conditions could be written into the loan contract.

***Question: Was there a consensus across the political divide for this reform?***

The issue of a consensus was not addressed prior to the commencement of the programme. The programme evolved as the central government, prior to 1993, believed that local government should be centralised. However, when the current government took office, a decision was taken to embark on local government reform. It was felt however that government members were not fully supportive of the project as members of parliament felt that their power over the local authorities and in effect their political division/constituencies would have been diminished. This again pointed to the need for a national debate for future projects of a similar nature. For the first two years of the project the political manifesto favoured local government reform. However, after the change in leadership at the local government level this commitment began to waiver and was eventually lost. The key issue here was that there was an abandonment of the

programme after the change in political leadership at the local level. In addition, after the local government elections in 2003, the IDB also reformulated its programmes. The success of programmes of this nature can only be achieved when the project was a national plan that everyone loved. One suggestion was that focus should have been on the development of a broad consensus before implementing any reform project.

5. Budgetary constraints can negatively affect a well designed project from achieving its objectives. In the future, the government should borrow in smaller amounts to different aspect of its overall development programme.
6. In instances where the country was experiencing budgetary constraints, the project would require a strong advocate and administrative arrangements such as the existence and functioning of a Steering Committee. These conditions must be written into the Project contracts and not be left to the discretion of individuals.

In most cases, the concerns with inadequate budgetary constraints and flawed management contributed to the failure of a project. There were a number of levels of management for a project:

- a. political directorate
- b. implementation unit
- c. management from the IDB.

We must identify where the flawed management would occur and where the strong advocate needed to be. In retrospect, Jamaica has borrowed this money and it had been wasted. The contract was for US\$35 million but only US\$11 million was disbursed. It was pointed out that, in March 2002 it was clearly set out that no funds should be further disbursed unless certain conditions were met for example, legal reform was put in place. However, disbursements were made

after that date. These disbursements could be deemed to be illegal and a violation of the project by both the IDB and the government, as the contract document was not modified to reflect the continuation of disbursements.

7. For similar complex projects, there was the need for the application of an Early Alert mechanism to facilitate closer monitoring.
8. Mid Term Reviews must be held as agreed and scheduled under the loan contract.
9. The informal reformulations in 2004 forced the GOJ and the IDB into a non-institutional working relationship. Although, a substantial amount of the funding was cancelled, this cancellation process was not amended in the contract. In the reformulation process, components of the project were discussed for cutting but they were not authorised at a higher level. Technical persons from the IDB and the government made these decisions, even though they were not authorised to do so.

**MR. DEVON ROWE – PERMANENT SECRETARY – MLGE**

The intent of the project was not fully executed because the project activities were not completed or addressed. There was no adherence to the project intentions and this helped to restrict the prospects of local government reform. The pace and importance of local government reform was not fully achieved.

***Question:***     ***Is there any way that within a framework (PIDP) the local authority can have an input within the contract document.***

This was dependent on how the country wanted to structure the programme.

## SUMMARY

Although the conceptualisers of the project had high hopes that it could achieve its objectives, it seemed that the doubts displayed prior to the project had been justified. In fact, in analysing what went wrong the stakeholders should look at the following issues:

- a. The changes that were made to the project when the IDB took over the project from the World Bank.
- b. The structure for managing the project had changed – the PIDP had been intended to provide financing mechanism for existing structures that were in place.
- c. The PIDP should have delivered important components which are still outstanding and at no time did they sit and meet and discuss the consequences for not doing so
- d. Review what the project should have achieved, and if the achievements were not met, what could be done differently in a future project.

**MINUTES OF THE MANAGEMENT REVIEW COMMITTEE**  
**JAMAICA**  
**PARISH INFRASTRUCTURE DEVELOPMENT PROGRAM**  
**(LO-1197/OC-JA)**  
**PROJECT COMPLETION REPORT (PCR)**

**April 26, 2007**

**I. INVITEES**

- 1.1 Alicia S. Ritchie (RE3/MGR); Eduardo Lora (RES); Camille Gaskin-Reyes (DEV); Martín Stabile (DEV/PLN); Robert Daughters (SDS/SGC); Marco Ferroni (SDS/SOC); Juan Manuel Farifia (RE1/SO1); Marcelo Antinori (RE2/FI2); Sergio Ardila (RE2/EN2); Laura Profeta (LEG/OPR); Dora Currea (RE3/OD6); Gerard Johnson (COF/CJA); Fidel Jaramillo (RE3/RE3); Elio Londero (RE3/RE3); Rafael Hernández (RE3/RE3); Julie Feinsilver (RE3/OD6); Dougal Martin (RE3/OD6); Stuart E. B. Hughes (COF/CJA); Ralph Denizé (COF/CJA); Roger Pipe (Consultant); and Patricia Sadeghi (OVE).

**II. PARTICIPANTS**

- 2.1 Xavier Comas (RE3/SC3), who acted as Chairman of the CRG; Ana Lucía Saettone (RE3/SC3), who acted as Secretary of the meeting; Robert Daughters (SDS/SGC); Laura Profeta (LEG/OPR); Mauricio Silva (RE3/SC3); Rafael de la Cruz (RE3/SC3); Paloma Baena (RE3/SC3); Dougal Martin (RE3/OD6); Rafael Hernández (RE3/RE3); and Stephen Doherty (DEV/PMP). Oscar E. Spencer (COF/CJA); Stuart E.B. Hughes (COF/CJA); Ralph Denizé (COF/CJA); and Dorothea Less (COF/CJA), participated through videoconference.

**III. GENERAL ISSUES**

- 3.1 The document is a good example of a PCR, because it focuses on lessons learned issues and critical aspects of the project, particularly the challenges related to adjusting design as execution progresses.
- 3.2 At the start of the meeting, the project team addressed the written comments presented by RE2/EN2; which will be taken into consideration in the revised version of the PCR.

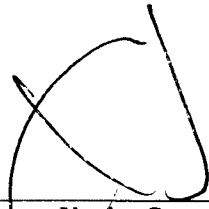
#### IV. ISSUES DISCUSSED AND RECOMMENDATIONS

- 4.1 **Project costs and the Parochial Revenue Fund.** The CRG noted the apparent discrepancy between the point made by the PCR that the project received inadequate budgetary allocations, and the figures presented in the Project Cost Table, which indicate substantial local funding directed at the program. The CRG noted that the discrepancy is due to a much larger than foreseen contribution from the Parochial Revenue Fund to the infrastructure component of the project, partly in response to cutbacks in general revenue funding to the project by the central government through its normal budget process. It was agreed that this should be explained more clearly in the PCR.
- 4.2 **Externalities.** The CRG recommended that the text currently included under the heading "Externalities" be incorporated in another part of the document, since it describes factors affecting project execution rather than unforeseen or unintended benefits and costs of the project.
- 4.3 **Monitoring and Evaluation.** The meeting also requested that the section on monitoring and evaluation in the document include a description of the system designed and actually put in place for the execution of the project.
- 4.4 **Lessons learned.** The CRG made the following recommendations regarding the lessons learned section of the document:
  - a. Review the current recommendations related to the Project Coordination Unit (PCU), detailing more the specific shortcomings of the PCU system under this project, while focusing less on the idea of a Project Management Unit as a solution.
  - b. Emphasize more explicitly the importance of designing appropriate linkages and sequencing between the infrastructure and institution-building components of programs of this type – based on clearly-defined performance targets and benchmarks—such that disbursements for infrastructure serve as an incentive to achieve the institution-building objectives of the program.
  - c. State explicitly the need for high degree of flexibility during project implementation in order to adapt/reformulate a project to adjust to changing economic and political realities. The Bank should be more open to mid course corrections when major changes are needed, including reformulation of objectives and cancellation of significant project funding.
- 4.5 **Conclusion ("Last Word")**
  - a. Given the importance of decentralization and the continued need for effective local governance in Jamaica, the identified need for a project successor of the PIDP was considered appropriate. However, before proceeding with another

project, the government and the Bank should undertake an in-depth study of the framework for local governance and decentralization policies in the country.

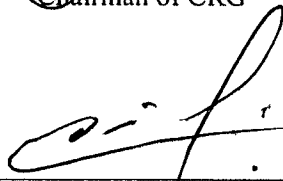
- b. The document should explicitly state that one of the main lessons of the project is the need to ensure a good "fit" between project objectives and goals, on the one hand, and the political will within government. On the other hand, the CRG noted that there are no projects without risks, and that an important value-added of the Bank is its role in supporting and building consensus for change.

- 4.6 The CRG recommended removal of Annex V (Successor to PIDP Programme) from the PCR.
- 4.7 Finally, the CRG recommended to send the PCR for management approval once the comments in the minutes are included in the document.



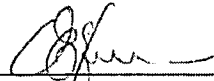
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Xavier Comas  
Chairman of CRG



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Ana Lucia Saettone  
Secretary of CRG



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Oscar E. Spencer  
Deputy Representative, COF/CJA

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