

## PARISH INFRASTRUCTURE DEVELOPMENT PROGRAM

(JA-0107)

### EXECUTIVE SUMMARY

|  |   |  |                |
|--|---|--|----------------|
| <b>Borrower:</b>                       | Government of Jamaica   |  |                |
| <b>Executing agency:</b>               | Ministry of Local Government, Youth and Community Development (MLG)   |  |                |
| <b>Amount and Source:</b>              | IDB:  | (OC/IFF)                                     | US\$35 million |
|  | Local:  |  | US\$15 million |
|  | Total:  |  | US\$50 million |
| <b>Financial terms and conditions:</b> | Amortization period:  |  | 25 years       |
|  | Disbursement period:  |  | 5 years        |
|  | Interest rate ((IFF):   |  | Variable       |
|  | Supervision and inspection:   |  | 1%             |
|  | Credit fee:   |  | 0.75%          |
|  | Currency:   | US dollars from the Single Currency Facility |                |
| <b>Objectives:</b>                     | The chief objective of the Parish Infrastructure Development Program (PIDP) is to improve the capacity of local authorities to deliver basic services and maintain parish infrastructure, in the context of the GOJ's Local Government Reform Program (LGRP).   |  |                |
| <b>Description:</b>                    | <p>Through its Local Government Reform Program (LGRP), the GOJ has been seeking to strengthen local government capacities to finance and manage basic services. The proposed operation will continue and expand efforts now under way to rehabilitate local infrastructure, modify the legal and institutional framework for local government, and strengthen the parish councils' capabilities, so that they become efficient, responsible and accountable providers of services for their citizens. Improvements in local services and the consequent increase of public confidence in local government institutions – expected program impacts – will contribute to achieving greater local autonomy in the long term.</p> <p>The PIDP will finance three components:</p> <ol style="list-style-type: none"><li>1. <u>Institutional strengthening and technical assistance</u> (US\$8.1 million):<ol style="list-style-type: none"><li>a. <u>Legal and institutional reform</u> (US\$0.3 million):<br/>Consulting services will be contracted to support the MLG</li></ol></li></ol> |  |                |

in completing preparation of changes in existing laws and regulations that are necessary for local government reform. Activities will include the review and consolidation of the multiple laws that control local government, with submission of necessary amendments to Parliament; the development of administrative bylaws for the parish councils; and assistance in drafting a constitutional amendment that will give the parish councils formal legal recognition.

- b. Strengthening of parish capacities (US\$2.7 million): In order that parishes can better perform their responsibilities for local management, this component would finance parish council strengthening through improvements in current organizational structure, as well as training and expert technical assistance in the following areas:
  - (i) **general administration and management**: carry out capability assessment for each parish and design appropriate training package; complete the reorganization of the parish councils already begun under the LGRP; adopt and install a management information system; strengthen councils' management capacity for planning, community relations, partnership building, and service and program delivery; improve environmental management capacity of the PCs, in coordination with the Natural Resources Conservation Authority (NRCA);
  - (ii) **financial management**: upgrade the skills of the council in accounting, budgeting and treasury functions; fiscal planning and forecasting; analytic techniques such as the use of spreadsheets, cost-benefit analysis and tax-evasion analysis; tax and fee collections; contract administration and procurement, and
  - (iii) **planning and coordination**: improve capacity to lead strategic economic development and land use planning; as well as to coordinate planning with national ministries, service delivery agencies, social welfare activities of NGOs, and the private sector.
- c. Revenue enhancement (US\$3.5 million): The program will finance an overdue revaluation of properties island-wide, in order to strengthen one of the major sources of parish revenues. The revaluation will seek to expand the property tax base. Technical assistance and training will also be financed in order to improve local tax compliance, tax collection guidelines, enforcement mechanisms and new sources and mechanisms of revenue generation at the parish level.
- d. Organizational strengthening of the MLG (US\$0.9 million): Resources will be used to further develop the institutional capacity of the executing agency

to lead innovation in local governance, as well as to develop and support minimum standards of practice at the parish level. Consultants with international experience in political and fiscal decentralization, among others, will be contracted to support GOJ dialogue regarding transfer mechanisms, local revenue enhancement, and local economic development. The program will also finance improvements in the MLG's management information system, and the development of monitoring and evaluation systems to assess performance at the parish council level.

- e. Community participation in local decision-making (US\$0.7 million): Resources will be used to strengthen mechanisms, such as parish development committees, which will stimulate greater participation of citizens, NGOs, and private sector entities in local economic development planning and in the delivery of parochial services. Social marketing efforts to enhance citizen information about and participation in local government, and to carry out environmental and sanitary campaigns, will also be financed.
2. Infrastructure rehabilitation and services in the parishes (US\$34.8 million): This component will finance the rehabilitation of basic infrastructure under the jurisdiction of Jamaica's 13 parishes. Eligible subproject investments are the rehabilitation and maintenance of the parish road network, including relevant drainage improvements; the reconstruction and improvements of micro-water systems not operated by the National Water Commission; and the upgrading of market facilities and parish council buildings. Limited financing will also be provided in each parish for the acquisition of basic operations and maintenance (O&M) equipment.
3. Project management (US\$3.3 million): A Program Coordinating Unit (PCU) will be financed, as well as long-term consultants for the finance and accounts department and the technical services unit (TSU) of the MLG, needed to ensure a successful program implementation.

**Relationship of  
Project in Bank's  
country and  
sector strategy:**

The GOJ's and the Bank's strategy for Jamaica supports the establishment of satisfactory macroeconomic conditions and the promotion of an improved environment for long-term private sector led growth and development. Within this strategy, the Bank is concentrating its activities in five principal areas: (a) financial sector restructuring and reform; (b) private sector development; (c) public sector modernization; (d) social development, promoting the accessibility of social services; and (e) environmental management. A program such as the PIDP, which seeks 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, fits well within this strategic framework.

This operation also fits well within the Bank's evolving strategy on local government development (GN-2026), as it proposes to finance infrastructure rehabilitation only in the context of assisting the GOJ to carry out the legal and institutional reforms as well as the capacity-building activities required to promote the development of local governments, so that they become efficient, responsible and accountable providers of services to the communities.

**Environmental/  
Social review:**

Social assessment for the PIDP has included: (a) consultation with the local communities and parish authorities to identify infrastructure rehabilitation needs; (b) meetings with other relevant service agencies, the Association of Local Government Authorities and other NGOs; and (c) a beneficiary assessment in different communities to identify alternatives for their participation in the PIDP.

The environmental impact of the PIDP will be strongly positive. An environmental management system is included in the program's operating regulations and includes: a set of environmental guidelines for project design and environmental control measures to be adopted during the construction and operation phase for each category of project; specific environmental procedures to be followed throughout the subproject cycle; training at the local level to enhance parochial capacity to maintain and operate the rehabilitated facilities; and annual environmental audits of the infrastructure investments.

**Benefits:**

The program's most immediate benefits will derive from the improvement of infrastructure and municipal services in the 13 parishes. Jamaicans will derive economic benefits in the form of reduced transaction costs for economic activities as well as improved health and environmental conditions, primarily from the investments in road rehabilitation, micro-water systems and markets. The proposed rehabilitation of commercial infrastructure and road systems will enhance their productivity, while the rehabilitation of parish administrative facilities will make possible improvements in service quality and in citizen participation. The refurbishing of markets, including sanitary facilities and solid waste management, will help mitigate health risks for vendors and consumers. Road system maintenance, including rehabilitation of corresponding drainage, will reduce transportation costs and mitigate traffic-induced contamination, as well as improve public safety conditions. Overall, better services should improve citizen willingness to pay local taxes and fees, thus enhancing local capacity to cover costs.

Although the investments of the project do not specifically target low-income groups, it is expected that most subproject investments, such as micro-water systems, markets and rural parish road rehabilitation, will benefit particularly the lower income segments of the population.

The institutional strengthening and technical assistance component will have important and interrelated benefits that will contribute to developing stronger, more effective parish government: (a) a stronger revenue base and better capacities in a variety of areas, will allow the PCs to give better service to their communities; (b) clearer lines of responsibility, more transparent financial planning and management procedures, and better public information will make local officials more accountable for their actions and should thus improve performance; (c) increased community participation will instill a greater sense of ownership of local processes and decisions and diminish the need for seeking political favours at the national level, and (d) increased parish revenue streams and improved financial administration, accompanied by necessary legal changes, could position at least some of the parishes to achieve incorporation and to access financial and capital markets in the medium term.

**Risks:**

The successful and timely implementation of changes in the legal and institutional framework represents a first area of risk for the program. Given the politically sensitive nature of decentralizing power further to the parishes, raising property taxes as well as other fees and charges, and improving enforcement of collections, the authorities at both central and local level may be reluctant to move as fast as the program anticipates. However, all parties concerned have participated in the design of these initiatives and

have expressed commitment to the processes, which is a mitigating factor. Further, conditions to be met at midterm will help ensure compliance with program targets. In addition, the multiple strengthening activities at the parish level should demonstrate increased capacity to take on greater responsibilities as well as enhance the ability of the councils to lobby for the continued transfer of power to local authorities.

A second risk at the operational level is the possibility that the parishes fail to properly operate and maintain the rehabilitated infrastructure. However, this risk is mitigated by the PIDP's institutional strengthening components, in conjunction with the subproject financing requirements. Organizational strengthening of the PCs will foster their administration and planning skills, thereby introducing the instruments required to assess short and medium term funding requirements for adequate maintenance investments. The program will also finance social marketing outreach to local communities, emphasizing the importance of maintaining public facilities and services.

Finally, difficulties in contracting qualified personnel for priority positions in the PCs may delay organizational strengthening. The program includes efforts to simplify hiring procedures which should mitigate this risk.

**Special  
contractual  
clauses:**

Conditions precedent to first disbursement:

- a. Establishment of special bank account for the resources of the financing (see paragraph 3.24)
- b. Mechanism for the use of the PRF as counterpart resources for the program is in place (see paragraph 2.20)
- c. Program coordinating unit established and its director and institutional strengthening coordinator are contracted (see paragraph 3.14)
- d. Presentation of final text of program's operating regulations (see paragraph 3.13)

Conditions during execution:

- a. Midterm review benchmarks, prior to executing second phase of investments (see paragraphs 3.30 and 3.31)
- b. Contracting of a consulting firm with international experience to assist in the design of the property revaluation and property tax system review (see paragraph 3.19)

**Poverty-targeting  
and social sector  
classification:**

Does not qualify as poverty-targeted/social equity project.

**Exceptions to  
Bank policy:**

None

**Procurement:**

The procurement of works, goods and consulting services will take place in accordance with Bank policy. International competitive bidding procedures will be followed for the procurement of goods and related services of more than US\$250,000 and for construction works of more than US\$2 million. Bids below these ceilings will take place in accordance with local legislation. Consulting services will be contracted in accordance with Bank procedures. A procurement table is attached as Annex III-2.

## **I. FRAME OF REFERENCE**

### **A. Macroeconomic context**

- 1.1 In 1995 Jamaica formally concluded its latest in a series of structural adjustment arrangements with the International Monetary Fund since 1980. Under these arrangements, Jamaica liberalized its trade and exchange regimes and reduced Government of Jamaica (GOJ) intervention in the goods and factor markets. However, despite the reforms, Jamaica's economic performance since the beginning of the 1990s has shown rather mixed results. While stringent monetary policy succeeded in reducing the inflation rate, long term fiscal stabilization and economic growth have proven more elusive goals.
- 1.2 Inflation, which peaked at 80% per annum in 1991, reached single digit figures by 1997 and was reported at 7.9% for 1998. GDP growth, however, stagnated during the first part of the decade and turned negative in the second half. For fiscal year 1998/1999 GDP is estimated to have contracted by 1.5%, after already declining during the two previous fiscal years, bringing the accumulated contraction of the economy to 5.2% since 1995. During 1998/1999 only the bauxite, aluminum and agriculture sectors showed a positive performance compared to 1997/1998. A closer analysis of this performance, however, reveals that while output grew, reflecting increased capacity utilization and higher extraction rates, earnings have been affected by a fall in prices during the year.
- 1.3 On the fiscal side, GOJ faces fundamental challenges. After generating surpluses during the early 1990s, the fiscal situation since 1995 is marked by severe imbalances, with current expenditures outpacing revenues by the equivalent of between 1.6% and 4.7% of GDP. The overall Central Government deficit was 8.1% and 9.2% of GDP in fiscal years 1996/1997 and 1997/1998, respectively. Preliminary data for 1998/1999 indicate a similar dismal result, despite GOJ attempts to reduce the deficit by improving revenues and limiting public sector wages and capital expenditures. While revenues increased by 14.5% during the fiscal year, expenditure rose by 8.7%. The increase in expenditure was mainly due to a 42% growth in interests payments, fueled chiefly by payments on domestic obligations. Interest payments accounted for over 37% of spending. In addition, public sector wages, which account for 34% of expenditures, grew by 9.4% during the fiscal year, while capital expenditures contracted sharply by 32%, amounting to only 9% of total expenditures. Given that the already low capital expenditure ratio during the 1990s of 5.3% had already strained Government's ability to maintain the stock of investments, the decline in spending may accelerate the deterioration of public infrastructure and services.

### **B. Local government in Jamaica**

- 1.4 Although Jamaica's constitution only recognizes a national government structure, Central Government has been complemented by a local government administrative system since colonial times. Today, there are 13 contiguous parishes which vary considerably in size and population, from Hanover with an area of 450 km<sup>2</sup> and less than 70,000 inhabitants, to St. Catherine with an area of 1,251 km<sup>2</sup> and approximately 400,000 inhabitants, and Kingston and St. Andrew with a population of more than 700,000. The parishes are governed by 12 elected parish



councils (PCs) and the Kingston and St. Andrew Corporation (KSAC)<sup>1</sup>, under the Parish Councils and KSAC Acts and their amendments. Councilors in all 14 parishes are elected for a three-year term, representing voters from 227 electoral divisions which, in turn, represent a total of 2,287 communities.<sup>2</sup> Councilors elect the council chairman or mayor, who heads the council's administration on a full-time basis. The councils' administrative structure is headed by the town clerk or secretary manager, followed by a second management level which includes the various administrative departments heads, such as financial officer, superintendent of works, planning officer etc., and the various administrative and technical staff.

- 1.5 The parishes' role in local government has undergone three marked transitions since independence. In the immediate post-independence period, parishes assumed responsibility for a wide range of local services, including parochial infrastructure, physical planning, public health and sanitation, fire protection and local welfare administration. The parishes' service delivery responsibilities were accompanied by the power to set and raise locally-generated licenses, user fees and service charges, and to use the proceeds from property taxes and motor vehicle licenses, which were set and collected by Central Government.
- 1.6 In 1985, the Central Government stripped the parishes of most of their authority and responsibility for provision of services and revenue generation, and centralized activities in national government agencies. Parishes were turned into little more than conduits for channeling requests for resources to Central Government and for implementing a few government social programs, but with little incentive to do so efficiently. Local revenues contracted and, in most cases, were only able to cover part of the parishes' recurrent administrative costs. The loss of direct revenue and services responsibility, moreover, undermined the parishes' legitimacy and local leadership role, making it more difficult to attract qualified administrative personnel, councilors and mayors.
- 1.7 Centralization was introduced with the intention of improving public sector efficiency and effectiveness, yet it had the opposite result. Centralization diminished accountability of the service provider to the local population, reducing the principal incentive for the adequate provision of basic services. This negative effect was compounded by limited budgetary resources throughout most of the decade, and by the atomization of responsibility for services among various public agencies. As a result, local infrastructure and services deteriorated sharply.
- 1.8 The decline in the quality of services and the condition of parochial infrastructure during this period, as well as the drop in the collection of local revenues, led to the decision in 1993 to once again decentralize many public sector responsibilities through a Local Government Reform Program (LGRP).

#### **C. The Local Government Reform Program (LGRP)**

- 1.9 Under the LGRP and particularly during the past three years, the GOJ has gradually restored a number of functions and powers to the parishes, and continues

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<sup>1</sup> The councils of Kingston and St. Andrew are amalgamated into one corporation, KSAC. In this document, the term "parish councils" or "PCs" will refer to the 12 parish councils and KSAC.

<sup>2</sup> The most recent local government elections took place in the fall of 1998, after an almost eight-year lapse because of disagreements over voter lists.

to clarify the responsibilities of the PCs vis-a-vis Central Government. The parishes now have responsibility for: parochial roads (15,000 km, which represent two-thirds of the country's network); gullies, canals and drains; 964 micro-water systems; building and town planning; poor relief; solid waste collection and disposal; recreation areas; 88 public markets; abattoirs; enforcement of public health measures; and parking permits. The councils also have some responsibilities in other areas, such as physical planning and environmental protection, traffic management and community development.

- 1.10 The restoration of responsibility for local infrastructure and service provision to the PCs under the LGRP has been accompanied by efforts to strengthen the capacity of these local entities. In 1997, with support from external agencies, a local government reform unit in the Ministry of Local Government and Works (MLG&W) spearheaded efforts to train parish councilors, improve the technical capacities of council staff, promote community participation in local decision-making, and re-equip council facilities. In addition, the reform unit began the task of reviewing, updating and consolidating the more than 100 laws and regulations that govern every aspect of local government. Furthermore, efforts are under way to amend the Constitution in order to formally recognize parish councils as local government entities. PC staff has been integrated into the national civil service system, thus improving their standards, status and remuneration levels. With its creation in 1998, the Ministry of Local Government, Youth and Community Development (MLG), took over the leadership of the reform process and sought Bank support to continue with the multiple and interrelated tasks necessary to achieve efficient and effective local government.

**D. Parish infrastructure and services**

- 1.11 Jamaica's road and street network is seriously decayed, due primarily to both inadequate financial resources for proper maintenance and the lack of clear definition of jurisdictional responsibilities. Several programs are in place to address the condition of the arterial road network which links the major towns, but the parochial road network remains in critical condition. In sections of the network, road surfaces are destroyed and drainage is non-existent, while in others the drainage system is clogged by debris, transforming roadways into riverbeds. Many roads are impassable, with whole communities left isolated.
- 1.12 In the water and sewerage sector, responsibility for services is divided among several agencies at the national and local levels, with the National Water Commission having responsibility for all "major" or mechanical systems and the parishes now having responsibility for micro water systems, i.e. runoff catch basins, springs and tanks. Centralization of all services in the eighties and unavailability of resources for routine maintenance affected the micro water systems, which generally serve small and scattered rural communities. As with roads and water, environmental functions have serious shortcomings. Insufficient resources have led to drainage, solid waste management and sanitation systems that are beset by problems that include: the tendency for open canals, waterways, gullies and vacant lots to become reservoirs of raw sewage and illegal dumps which contribute to the pollution, and blockage of drains causing floods; widespread littering of streets and public spaces, which also contributes to

pollution and blockage of drains; and unreliable collection of household refuse. With the devolution of responsibility over gullies, drains, canals and solid waste management to the parishes, the local councils now have the challenge of addressing these deficiencies.

- 1.13 Physical planning, traffic management, markets, abattoirs and poor relief in the parishes have also suffered from the multiplicity of institutional actors involved, the paucity of resources and the inability of local government to manage overlapping interests and demands and to enforce existing laws and regulations. Further delineation of the role of PCs with respect to these functions is proceeding under the LGRP and will be supported by the proposed program, so that problems in these service areas can begin to be resolved.

**E. Administrative and management capacity in the parishes**

- 1.14 Because the roles and responsibilities of PC have fluctuated widely during periods of centralization and decentralization, it has proven difficult to develop and maintain a pool of qualified and experienced senior local public servants. The quality of candidates seeking office during local government elections in 1998 seemed to improve noticeably. However, there is still a critical shortage of experienced elected officials at the parish level. Currently, there is a limited number of senior staff who have the skills, training and experience necessary to do their jobs effectively. Training opportunities for PC staff have been limited.
- 1.15 The problems created by inexperienced and untrained elected officials and senior staff are magnified by cumbersome approval processes at the levels of both the local and Central Government. The overall result is poor decision-making in areas such as financial and infrastructure management, and lengthy delays in decisions on subdivision and development proposals. This situation is one of the reasons why economic development has been stifled in many local areas.
- 1.16 The creation of a core group of skilled and experienced public servants at both the PC level and within MLG, is a vital component of local government strengthening and reform. Of equal importance is the need to establish efficient and operational processes to improve information flows between the councils and Central Government ministries and agencies, in order to simplify decision-making.

**F. Parish finances**

- 1.17 Parish budgets are modest. For the 1997/1998 fiscal year, they range from approximately US\$8 million for KSAC to less than US\$1.26 million in the case of St. Elizabeth, translating into an estimated per capita expenditure in the parishes of between US\$7.50 and US\$23.60, with a median expenditure of US\$12. Expenditures have been dominated by recurrent cost items, such as personnel and administrative overheads, and expenditure on social welfare programs, service provision as well as operating costs and basic infrastructure maintenance account for a relatively small portion of parish budgets. In most parishes, capital budgets are small or nonexistent. When budgeted, capital expenditures, relate to extensive renovations or delayed periodic maintenance resulting from inadequate routine maintenance.

- 1.18 While the parishes now have significant responsibility for local service provision, progress in attaining similar levels of local autonomy in resource generation, collection and administration 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. Thus, parishes again levy building and subdivision permits, various trade and spirit licenses, parking fees, and fees and leases for cemetery, market and abattoir services. The LGRP has been providing assistance to the parishes to determine appropriate levels for fees and licenses, as well as to improve collection and enforcement mechanisms. While some progress has been made in these areas, parish income still accounts for only 10% of total parish revenues.
- 1.19 In 1997, Government established a Parochial Revenue Fund (PRF), which has become a 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 Service. Each parish receives 90% of the property taxes collected in the parish, while the remaining 10% go into 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: 25% of the revenue is returned to each parish, and the remaining 75% goes into a pool for distribution to the parishes on the basis of the ratio of parochial roads in the parish, to the total national parochial road network. Revenues from property taxes are earmarked for solid waste management, while those from motor vehicle registration are dedicated for road rehabilitation and maintenance.
- 1.20 The creation of the PRF is an important step in moving towards ensuring that local governments have the financial resources to perform their legally mandated functions, because it is a designated, predictable source of revenue. However, in spite of its positive impact on parish finances – and thus in service delivery, particularly roads and solid waste – the PRF still constitutes a centralized source of funds over which the parishes have very little authority. The setting of fees and rates of the underlying revenue sources is centralized, as are the decisions on allocation of funds. In essence, the financing arrangements of the PRF maintain full central control over capture and expenditure of the most important sources of local revenue, and, therefore, tend not to provide positive incentives for increased parish accountability and efficient delivery of services. For the parishes to improve their financial situation and strengthen their governance capacities, the GOJ will need to move beyond the promotion of improved rate collection and enforcement, and the creation of a predictable transfer system, to giving local authorities a greater degree of freedom to set rates and to determine expenditure levels according to local priorities.

#### **G. Civil society participation in local government**

- 1.21 There is no recent tradition of active public involvement or even interest in local government affairs in Jamaica. Most local groups are inclined to take their concerns directly to the Central Government ministries and agencies. The general public lacks confidence in the ability of the councils to deliver services. The MLG, in collaboration with the PCs, is currently working with the Social Development

Council (SDC)<sup>3</sup> to improve community participation in local decision-making. Current efforts call for the establishment of parish development committees to focus on matters of governance and economic development, under the leadership of the ministry and the PCs.

## **H. Country strategy and rationale for proposed program**

- 1.22 The GOJ's and the Bank's strategy for Jamaica<sup>4</sup> supports the establishment of satisfactory macroeconomic conditions and the promotion of an improved environment for long-term private sector led growth and development. Within this strategy, the Bank is concentrating its activities in five principal areas: (a) financial sector restructuring and reform; (b) private sector development; (c) public sector modernization; (d) social development, promoting the accessibility of social services; and (e) environmental management. A program which seeks to strengthen local government capacity to deliver basic services, modernize the legal framework to support decentralization, encourage community participation in local decision-making, and invest in the rehabilitation of basic infrastructure at the parish level, fits well within this strategic framework.
- 1.23 A strategy outline on local government development (GN-2026) approved by the IDB Board in 1998 summarizes the progress of decentralization in the region and highlights ways in which the Bank can assist its borrowing members to continue with this effort. The proposed strategy for Bank action includes placing the institutional and governance aspects of the decentralization process as a central focus of its operations, complementing an emphasis on infrastructure and services financing. This operation fits within this evolving strategy. While the program proposes to finance infrastructure rehabilitation, it will do so in the context of assisting the GOJ to carry out the legal and institutional reforms as well as the capacity building required to promote local governance.
- 1.24 Through the LGRP, the GOJ has set as a key objective the strengthening of local government capacities to finance and manage a number of important services. The proposed operation will continue and expand efforts now under way to rehabilitate local infrastructure, modify the legal and institutional framework for local government, and strengthen the PCs' capacities, so that they become efficient, responsible and accountable providers of services to their citizens. Improvements in local services and the consequent increase of public confidence in local government institutions – expected program impacts – will significantly contribute to a longer term goal of achieving local financial, administrative and political autonomy.

## **I. Related activities of the Bank and other international agencies**

- 1.25 Prior to interrupting its lending program in Jamaica in 1998, the World Bank was preparing the PIDP in collaboration with the UNDP and CIDA. In the 1995-1998 period, the three institutions set into motion parish strengthening activities and supported the beginnings of the legal reform efforts under the LGRP. These activities have effectively set the stage for the start-up of the present operation, and

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<sup>3</sup> The SDC, which is part of the MLG, has as its mandate to promote and facilitate integrated community development.

<sup>4</sup> See Country Paper for Jamaica (August 1998).

the Bank has been collaborating with all three organizations in the preparation process. CIDA is continuing its involvement with the LGRP through a pilot program in two parishes that focuses on community participation in local decision-making, expected to begin implementation in September 1999.

- 1.26 Several IDB loans are related and complementary to the present operation. A 1997 loan to support the Jamaica Social Investment Fund (JSIF) finances the rehabilitation of social and economic infrastructure, in the country's poorest communities, as well as social service delivery. Its approach of financing small civil works in response to the priorities of eligible communities has served as a model for the PIDP in the selection of its pipeline. Subprojects financed by JSIF do not coincide with those of the PIDP except in the case of roads. However, road rehabilitation subprojects financed by the fund have different selection criteria (poverty-targeted, largely rural feeder roads), so that overlapping will be avoided. A Solid Waste Management Project (JA-0035) which focuses on Kingston and on improving the legal and institutional framework for the sector was approved this year, and a Land Administration and Management Program (JA-0050) which has as its chief goal sustainable land resource management, is under preparation. The objectives of the latter dovetail particularly well with the PIDP's aims with regard to increasing local revenues and improving the capacity of the PCs to manage local services, such as the regulation of physical planning. Finally, two road projects, one under execution (Northern Coast Highway Improvement, 972/OC-JA) and a second under preparation (Roads and Bridges, JA-0043) will finance construction and rehabilitation of the arterial road network linking major towns, which are managed by Central Government agencies.

## **II. THE PROGRAM**

### **A. Objectives**

- 2.1 The chief objective of the Parish Infrastructure Development Program (PIDP) is to improve the capacity of PCs to deliver basic services and maintain parish infrastructure, in the context of the GOJ's Local Government Reform Program (LGRP).

### **B. Description**

- 2.2 To achieve its objective, the PIDP will seek to: (a) promote changes in the legal and institutional framework that will strengthen local government; (b) strengthen the financial viability and institutional capacity of parishes to carry out their responsibilities; (c) strengthen the capacity of the MLG to support and promote PCs; (d) encourage community participation in local decision-making; and (e) finance the rehabilitation of basic priority infrastructure in the parishes, thereby fostering their economic development. The program has three chief components:

#### **1. Institutional strengthening and technical assistance component (US\$8.1 million)**

##### **a) Legal and institutional reforms under the Local Government Reform Program (LGRP) (US\$0.3 million)**

- 2.3 Consulting services will be contracted to assist the MLG to complete the changes in existing laws and regulations that are necessary for local government reform, as well as for enhanced revenue generation at the parish level, including devolution of taxation powers. Activities would include the review and consolidation of the multiple laws that control local authorities, with submission of necessary amendment to Parliament; the development of administrative bylaws for the PCs; and assistance in drafting a constitutional amendment that will give the PCs formal legal recognition. Table II-1 below lists the chief changes sought under this initiative:

| <b>Table II-1<br/>LEGAL FRAMEWORK REFORM ACTION PLAN</b>  |                                   |
|---|-----------------------------------|
| <b>Action</b>   | <b>Target date for completion</b> |
| <b>1. Legal status of PCs</b><br>a. MLG supports national efforts to amend Constitution<br>b. Criteria for PC incorporation are developed<br>c. Transparency laws for PCs are adopted   | throughout PIDP<br>2003<br>2003   |
| <b>2. Revenue enhancement</b><br>a. Submit to Parliament a Bill (SPB) amending property tax act to transfer various responsibilities to parishes to improve registration and collections.<br>b. SPB amending series of laws affecting fee setting, collection and enforcement regarding licenses all parochial services and regulated activities, trade and business licenses, building permits, market fees, etc.<br>c. SPB amending property tax act to devolve property tax rate setting authority to the parishes | II/2000<br>II/2002<br>III/2003    |
| <b>3. Planning and investment</b><br>SPB amending Town and Country Planning and Local Improvement acts enhancing parish role in planning and investment coordination functions, including enforcement of building code and utility coordination enforcement.  | II/2003                           |
| <b>4. Public health, sanitation and environmental protection</b><br>SPB amending public health, sanitation and environmental protection acts to improve the parishes' ability to enforcement of these acts locally.   | II/2002                           |
| <b>5. Traffic, fire and ambulance services</b><br>SPB amending Road and Fire Acts to enhance the role of parishes in traffic management, fire services and ambulance services.  | II/2002                           |
| <b>6. Parish bylaws</b><br>a. Parish bylaw guidelines established<br>b. Parish bylaws developed and adopted   | 2002<br>2004                      |

- 2.4 Resources will also be used to finance technical assistance to the MLG to spearhead government dialogue regarding alternative mechanisms that can provide stable sources of financing for local capital investment needs. Effective and efficient models for Central Government transfers to parishes will be explored, including formulas for revenue sharing, transfers and co-financing. The design of possible alternatives should be guided by following criteria: the parishes should have adequate revenues to discharge designated responsibilities; the grant mechanisms should ensure the predictability of assigned resources to local governments, but retain sufficient flexibility so that national stabilization objectives are not thwarted by local finances; the mechanism for transfers should be transparent and simple; and the proposed design should provide incentives for sound fiscal management and discourage inefficient practices.

**b) Strengthening of parish capacities (US\$2.7 million)**

- 2.5 In order that parishes can better perform their responsibilities for local management, this component would finance PC strengthening through improvements in current organizational structure, as well as training and expert technical assistance in the following areas:
- a. **General administration and management:** Carry out a capability assessment in each parish and design appropriate training package; complete the reorganization process of the PCs, already begun under the LGRP; adopt



and install a management information system, and train personnel in same; strengthen councils' management capacity for community relations, partnership building, and service and program delivery. Improve the environmental management capacity of the PCs, in coordination with the Natural Resources Conservation Authority (NRCA).

- b. **Financial management:** Upgrade the skills of the council in accounting, budgeting and treasury functions; fiscal planning and forecasting; analytic techniques such as the use of spreadsheets, cost-benefit analysis and tax-evasion analysis; tax and fee collections; contract administration and procurement.
- c. **Planning and coordination:** Improve capacity to lead strategic economic development and land use planning; coordinate with national ministries, service delivery agencies, social welfare activities of NGOs, and the private sector.

- 2.6 A detailed implementation plan for the re-engineering of the councils, training and technical assistance activities under this component is part of the program's Operating Regulations.

**c) Revenue enhancement (US\$3.5 million)**

- 2.7 The program will finance an overdue revaluation of properties island-wide, in order to strengthen one of the major sources of parish revenues. The revaluation will seek to expand the property tax base and create a more equitable basis by which to allocate the tax burden. The revaluation, which will be carried out by Jamaica's Land Valuation Department in coordination with the Survey Department and the MLG, would begin during the first year of implementation and take approximately 18 months to complete. Preparation for the revaluation will include an assessment of the property tax system, with the objective of improving its efficiency. Expert consulting services with international experience in property tax assessment and systems will be contracted to assist in designing this initiative and developing its implementation plan.
- 2.8 Technical assistance and training will also be financed in order to improve local tax compliance, tax collection guidelines, enforcement mechanisms and new sources and mechanisms of revenue generation at the parish level.

**d) Organizational strengthening of the MLG (US\$0.9 million)**

- 2.9 Resources will be used to further develop the capacity of the executing agency to lead innovation in local governance, as well as develop and support minimum standards of practice at the parish level. Consultants with international experience in political and fiscal decentralization, among others, will be contracted to support GOJ dialogue regarding local autonomy, transfer mechanisms, local revenue enhancement and local economic development. The program will also finance improvements in the MLG's management information system, and the development of monitoring and evaluation systems to assess performance at the PC level.

**e) Community participation in local decision-making  
(US\$0.7 million)**

- 2.10 Resources will be used to strengthen mechanisms, such as parish development committees (PDCs), which will stimulate greater participation of citizens, NGOs and private sector entities in local economic development planning and in the delivery of parochial services. Social marketing efforts to enhance citizen information about and participation in local government, and to carry out environmental and sanitary campaigns, will also be financed. This will involve the use of town-hall meetings, village meetings, media campaigns, seminars and workshops to raise awareness regarding the PIDP and disseminate good practices and successful efforts at participation. Under this component, plans for the first two years of activities are complete, and activities for years three to five will be developed during implementation, in order to incorporate lessons learned in two pilot parishes under the CIDA project (see paragraph 1.24).

**2. Infrastructure rehabilitation and services in the parishes  
(US\$34.8 million)**

- 2.11 This component will finance the rehabilitation of basic infrastructure under the jurisdiction of Jamaica's 13 parishes. Eligible subproject investments are the rehabilitation and maintenance of the parish road network, including relevant drainage improvements; the reconstruction and improvements of micro-water systems not operated by the National Water Commission; and the upgrading of market facilities and PC buildings. Limited financing will also be provided in each parish for the acquisition of basic operations and maintenance (O&M) equipment. Table II-2 presents the distribution of investments by sector:

| <b>Table II-2</b><br><b>INVESTMENT PIPELINE</b><br>(In thousands of US\$)             |              |               |              |
|---|--------------|---------------|--------------|
| Investment area   | Investments  |               | % of total   |
|   | Year 1       | Total         |              |
| Markets   | 2,508        | 8,039         | 23.1         |
| Council building  | 2,260        | 7,232         | 20.8         |
| Micro water system  | 1,121        | 2,065         | 5.9          |
| Roads   | 2,440        | 15,864        | 45.5         |
| O&M equipment   | 1,642        | 1,642         | 4.7          |
| <b>TOTAL</b>  | <b>9,972</b> | <b>34,842</b> | <b>100.0</b> |
| Costs include: 13% for design, administration and supervision; 10% for contingencies. |              |               |              |

- 2.12 Given the acute state of deterioration of the parishes' essential road network, 45% of the component's funds will be allocated for road rehabilitation subprojects, which will chiefly consist of redressing and resurfacing, pothole fixing, grading and improvement of drainage. The rehabilitation of the parishes' market infrastructure will constitute the second most important area of investments, with approximately 23% of the resources allocated to it. Subproject interventions in markets will concentrate on lighting and ventilation improvement, upgrading of sanitary facilities and rehabilitation of vending and storage spaces. Investments in the rehabilitation of PC buildings and offices in all parishes will account for 21% of funding allocation. About 6% of investment funds will be allocated to rehabilitate and reconstruct a total of approximately 300 micro-water systems,

consisting of entombed springs, wayside tanks and rainwater catchment basins, and the installation of basic chlorination systems. The balance of investments (5%) will be made in the purchase of O&M equipment in the parishes. The distribution of subproject investments among the parishes is expected to be fairly even, with each expecting to have a participation share of between 6% to 8.5% of total projected investments.<sup>5</sup>

- 2.13 The identification of subprojects for the pipeline to be financed has been taking place during project preparation. The parishes identified over 730 potential subprojects for rehabilitation in the various sectors, reflecting the priorities of each council and the affected communities. The proposed pipeline was selected from this number by the MLG, in coordination with the PCs. General selection criteria for subproject investments included: (a) approval of the proposed investment by the PC and inclusion in a publicly-announced investment plan; (b) compliance with project cost efficiency criteria; (c) compliance with project minimum technical standards; and (d) sustainability of projected O&M expenditures. Specific appraisal criteria for subprojects in each of the investments areas are in the project's technical files and form part of the PIDP's Operating Regulations. In the case of road rehabilitation, appropriate coordination will be established with the road development and maintenance strategies of the national Government.
- 2.14 Complete socioeconomic, institutional, technical and environmental analysis, as well as design and tender documents, have been prepared for a fourth of expected total investments in this component. During the first year of project execution, the MLG will complete the analysis, design and tender preparation of the remaining pipeline.
- 2.15 The infrastructure rehabilitation component will be linked to the legal and policy reform components to reinforce the execution and impact of both. Parishes, for example, will have to comply with basic institutional eligibility criteria (see paragraph 3.20) and the sequence of subproject implementation will reinforce reform measures undertaken by the parishes. Thus, during the first two years of the program, investments will focus on works with immediate possible revenue benefits, as in the case of market rehabilitation, and those which have a direct positive impact on economic activities and living conditions in the communities.
- 2.16 It is estimated that the investment subprojects will be executed over a period of five years. Subproject investments will be carried-out in two phases, separated by a midterm evaluation (see paragraph 3. 29).

### **3. Project management (US\$3.3 million)**

- 2.17 Program resources will be used to finance the eight-person Program Coordinating Unit (PCU), which includes a director, an institutional strengthening coordinator, an administrator, a financial officer, a procurement specialist, and administrative support staff. The program will also finance long-term consultants for the finance and accounts department and the technical services unit (TSU) of the MLG, needed to ensure a successful project implementation.

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<sup>5</sup> Assumes that all parishes will meet basic eligibility criteria. See paragraph 2.15 below.

### C. Size of program

- 2.18 Program size was determined on the basis of the pipeline of infrastructure projects identified and analyzed for financing during the program's first year; preliminary identification of infrastructure rehabilitation projects for the remaining years of the PIDP; the estimated cost of the technical assistance and institutional strengthening activities, as well as the costs of program implementation; the capacity of the parishes to ensure maintenance and cost recovery of investments, and the institutional capacity of the executing agency to carry out the program in the expected execution period.

### D. Program cost

- 2.19 The Bank financing is part of a five-year program whose cost is estimated at US\$50 million. The breakdown by investment category and source of funds is presented in Table II-3.

| <b>Table II-3</b><br><b>PROJECT COSTS BY INVESTMENT CATEGORY AND FINANCIER</b><br><b>(in US\$ millions)</b> |             |             |             |              |
|---|-------------|-------------|-------------|--------------|
|   | IDB         | GOJ         | TOTAL       | %            |
| <b>PPF</b>  | <b>0.7</b>  | <b>-</b>    | <b>0.7</b>  | <b>1.4</b>   |
| <b>Institutional strengthening and technical assistance</b>   | <b>7.0</b>  | <b>1.1</b>  | <b>8.1</b>  | <b>16.2</b>  |
| Legal and institutional reforms   | 0.3         | -           | 0.3         | 0.7          |
| Strengthening of parish capacities and revaluation  | 5.1         | 1.1         | 6.2         | 12.5         |
| Organizational strengthening of the MLG   | 0.9         | -           | 0.9         | 1.8          |
| Promote citizen's voice in local decision-making  | 0.7         | -           | 0.7         | 1.3          |
| <b>Infrastructure rehabilitation &amp; services in the parishes</b>   | <b>23.6</b> | <b>11.2</b> | <b>34.8</b> | <b>69.7</b>  |
| Road rehabilitation   | 2.8         | 11.2        | 14.0        | 28.1         |
| Market rehabilitation   | 7.1         | -           | 7.1         | 14.2         |
| Parish council buildings  | 6.4         | -           | 6.4         | 12.8         |
| Micro water systems   | 1.9         | -           | 1.9         | 3.8          |
| Vehicles  | 1.6         | -           | 1.6         | 3.3          |
| Design and supervision  | 3.8         | -           | 3.8         | 7.5          |
| <b>Project management</b>   | <b>3.3</b>  | <b>-</b>    | <b>3.3</b>  | <b>6.6</b>   |
| Personnel   | 2.6         | -           | 2.6         | 5.3          |
| Vehicles  | 0.1         | -           | 0.1         | 0.1          |
| Vehicles O&M  | 0.3         | -           | 0.3         | 0.5          |
| Equipment and furniture   | 0.1         | -           | 0.1         | 0.2          |
| Other   | 0.3         | -           | 0.3         | 0.5          |
| <b>Financial expenses</b>   | <b>0.3</b>  | <b>2.7</b>  | <b>3.0</b>  | <b>6.1</b>   |
| Interest  | -           | 2.2         | 2.2         | 4.5          |
| Inspection and supervision (1% of loan amount)  | 0.3         | -           | 0.3         | 0.7          |
| Credit fees (0.75% p.a. on undisbursed balance)   | -           | 0.5         | 0.5         | 0.9          |
| <b>TOTAL</b>  | <b>35.0</b> | <b>15.0</b> | <b>50.0</b> | <b>100.0</b> |

### E. Financing plan

- 2.20 The Bank loan in the amount of US\$35 million will account for 70% of total program cost. The remaining US\$15 million will be local counterpart. Counterpart contributions for the program would be distributed over the five years of execution and would proceed primarily from resources from the PRF and from a financing from the OPEC Development fund in the amount of US\$4 million. **As a condition precedent to first disbursement, MLG will present for Bank approval a mechanism for the use of the PRF as counterpart resources for the program.**

- 2.21 PIDP investments will consist of rehabilitating existing infrastructure and purchasing equipment. Since the investments do not involve an expansion in the stock of infrastructure, the incremental cost associated with these investments will be minimal. With regard to the institutional strengthening and technical assistance components, no increases in the operational costs of the PCs are expected as a result of the program. Thus the fiscal impact of the program, in terms of recurrent costs generated, will not be significant.

**F. Terms and conditions of the loan**

- 2.22 The IDB financing, in the amount of US\$35 million, will be drawn from the Single Currency Facility of the Ordinary Capital of the Bank. The following table shows the terms and conditions of the loan:

| <b>Table II-4</b>                       |  |
|---|--|
| <b>Terms and Conditions of the Loan</b> |  |
| Source of funds:                        | Ordinary Capital                             |
| Amount:                                 | US\$35 million                               |
| Terms:                                  |  |
| Amortization period                     | 25 years                                     |
| Grace period                            | 5 years                                      |
| Commitment of funds                     | 4.5 years                                    |
| Disbursement                            | 5 years                                      |
| Interest rate                           | Variable <sup>1</sup>                        |
| Inspection and supervision              | 1% of the loan amount                        |
| Credit fee                              | 0.75% per year on undisbursed amounts        |
| Currency:                               | US dollars from the Single Currency Facility |

<sup>1</sup>The Intermediate Finance Facility

### **III. PROGRAM EXECUTION**

#### **A. The institutional framework for execution**

##### **1. The borrower and executing agency**

- 3.1 The Government of Jamaica (GOJ) is the borrower for this operation, while the Ministry of Local Government, Youth and Community Development (MLG) is the program's executing agency. The MLG was established in 1997 to unify all the functions, departments and agencies relating to local governance and community development, as well as to improve the coordination and implementation of social policies and programs. One of its chief responsibilities is to promote the local government reform process by: spearheading changes in the legal framework; developing and implementing organizational changes, technical assistance and training activities to the PCs; working with local authorities to improve local service delivery and increase local revenues; and facilitating a process of integrated community development and participation in local decision-making.<sup>6</sup>
- 3.2 With approximately 120 staff at present, the MLG has 20 administrative units grouped into eight divisions under a Permanent Secretary and a Minister. The eight divisions are the following: executive management, technical services, social policy, corporate services, accounting and financial management, communications, local government administration and project management. Approximately 30 staff are directly involved in functions related to parish administration and local government reform. To better carry out its responsibilities under the LGRP, the ministry has been restructuring and recruiting qualified technical personnel in the areas of management information systems (MIS), local government administration, human resources, and technical services. The program will further strengthen the ministry by providing technical assistance to new staff and by financing key financial management and revenue enhancement personnel. Thus, the MLG's capacity to lead local government reform and act as advisor and monitor to PCs will be enhanced.
- 3.3 Table III-1 shows preliminary data on the ministry budget execution figures for fiscal years 1997 and 1998 and its budget for fiscal year 1999 (the fiscal year runs from April 1 to March 31). The figures are expressed in thousands of dollars of the United States at December 1998 prices.

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<sup>6</sup> Other responsibilities include youth development, cultural development and welfare services; as well as oversight of solid waste management and fire and ambulance services.

| <b>Table III-1</b><br><b>MINISTRY BUDGET EXECUTION</b><br><b>(in thousands of US\$ )</b>   |                             |                          |                                 |
|--|-----------------------------|--------------------------|---------------------------------|
|  | <b>1997</b><br><b>a/ b/</b> | <b>1998</b><br><b>a/</b> | <b>1999</b><br><b>Estimates</b> |
| <b>I. CURRENT EXPENDITURES</b>   | <b>23,235</b>               | <b>71,184</b>            | <b>57,143</b>                   |
| 1. Social security and welfare services  | 674                         | 1,546                    | 1,353                           |
| 2. Community amenity services  | 8,263                       | 35,202                   | 30,606                          |
| 3. Arts and culture  | 335                         | 2,886                    | 2,889                           |
| 4. Other social and community services   | 1,341                       | 3,967                    | 2,986                           |
| 5. Local government administration   | 12,623                      | 27,583                   | 19,308                          |
| <b>II. CAPITAL A c/</b>  | <b>81</b>                   | <b>6,610</b>             | <b>2,857</b>                    |
| 1. Public works  | -                           | 200                      | 143                             |
| 2. Social welfare services   | -                           | 66                       | 29                              |
| 3. Community development   | 81                          | 3,088                    | 2,000                           |
| - Fire protection services   | -                           | 400                      | 286                             |
| - Parks and markets  | -                           | 1,196                    | 1,143                           |
| - Community development services   | 81                          | 1,491                    | 572                             |
| 4. Arts and culture  | -                           | 91                       | 114                             |
| 5. Local government administration   | -                           | 3,166                    | 571                             |
| - Disaster management  | -                           | 2,551                    | 173                             |
| - Social and economic support program  | -                           | 143                      | -                               |
| - Community development services   | -                           | 129                      | 143                             |
| - Social security and welfare services   | -                           | 143                      | 114                             |
| - Water supply services  | -                           | 200                      | 141                             |
| - Roads  | -                           | -                        | -                               |
| <b>III. CAPITAL B d/</b>   | <b>-</b>                    | <b>799</b>               | <b>1,536</b>                    |
| 1. Planning and development  | -                           | 799                      | 1,536                           |
| - National solid waste management program  | -                           | -                        | 729                             |
| - Local government administration  | -                           | 799                      | 807                             |
| <b>IV. PAROCHIAL REVENUE FUND (PRF) e/</b>   | <b>23,200</b>               | <b>25,800</b>            | <b>29,827</b>                   |
| 1. Property taxes  | 13,650                      | 14,350                   | 18,878                          |
| 2. Motor vehicle licenses  | 9,550                       | 9,168                    | 10,949                          |
| <b>TOTAL</b>   | <b>46,516</b>               | <b>102,112</b>           | <b>91,363</b>                   |
| a. Revised estimates<br>b. Revised estimates for 1997/1998 reflect three month's expenditure, corresponding to the period of operation of the newly-created ministry with the 1997/1998 financial year.<br>c. Capital A expenditures are financed by taxation revenue.<br>d. Capital B expenditures are financed by loan or grant assistance from multilateral or bilateral agencies.<br>e. MLG receives monthly disbursements for the PRF from the Inland Revenue Department. |                             |                          |                                 |

## 2. The parish councils (PCs)

### a) Structure

- 3.4 While there are substantial differences among the parishes with regard to budgets, staff complements and efficiency of services performed, they have a common administrative structure. Each has an elected body – the PC – and an administrative staff, headed by a town clerk/secretary manager and including five divisions: technical services, financial management and accounting services, administration and human resources, community welfare and municipal services, and inspection and enforcement. The technical services division is headed by the superintendent of works or city engineer, who is charged with traffic management, planning, operation and maintenance of infrastructure systems, procurement and utility coordination. The financial manager heads the finance department and is in

charge of budget and financial management, tax administration, and fiscal and budget coordination with the MLG and the Ministry of Finance. The community welfare and municipal services is charged with, among others, coordinating community development efforts and promoting citizen participation in local decision-making.

- 3.5 The PCs have participated in the design of the PIDP and, through its preparatory activities<sup>7</sup>, have profited from recruitment of key personnel and from training seminars that have developed accounting and financial reporting skills, enhanced communication between the council and the local population, and improved understanding of their new responsibilities under the LGRP. During the execution of the PIDP, the councils will continue their active role in all aspects of program execution with the guidance and assistance of the MLG. They will benefit from: improvements in the council physical facilities and information systems, parish by parish capability assessments, technical assistance and training; administrative processes and manuals; as well as from resources to improve local roads, water and markets. At the same time, they will be challenged to meet program targets for improved revenue generation, business and financial planning, citizen responsiveness, and service delivery.

**b) Finances**

- 3.6 Summary revenue and expenditure data for the PCs are presented in Table III-2 for fiscal years 1994 through 1999:

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<sup>7</sup> Financed with resources from the World Bank, the UNDP and CIDA in the 1996-98 period, see paragraph 1.24.



| <b>Table III-2</b><br><b>PARISH COUNCIL CASHFLOW</b><br><b>FISCAL YEARS 1994-1999</b><br><b>(in US\$ millions)</b> |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1994         | 1995         | 1996         | 1997         | 1998         | 1999         |
| <b>REVENUE</b>   | <b>13.59</b> | <b>22.11</b> | <b>21.35</b> | <b>57.31</b> | <b>54.51</b> | <b>61.66</b> |
| <b>PAROCHIAL FUND</b>  | -            | -            | -            | <b>33.20</b> | <b>23.52</b> | <b>39.83</b> |
| Property tax   | -            | -            | -            | 23.65        | 14.35        | 28.88        |
| Motor Vehicle License  | -            | -            | -            | 9.55         | 9.17         | 10.95        |
| <b>GENERAL REVENUE</b>   | <b>1.89</b>  | <b>2.31</b>  | <b>2.27</b>  | <b>3.05</b>  | <b>4.67</b>  | <b>8.71</b>  |
| Spirit license   | 0.19         | 0.34         | 0.05         | -            | -            | -            |
| Trade license  | 0.66         | 0.44         | 0.45         | 0.55         | 0.67         | 1.70         |
| Street lighting levy   | 0.01         | -            | -            | 0.31         | -            | -            |
| Butchery/abattoir/slaughter  | 0.04         | 0.06         | 0.07         | 0.09         | 0.15         | 0.20         |
| Building & subdivision fees  | 0.69         | 0.96         | 1.20         | 1.15         | 1.61         | 2.14         |
| Market lease   | 0.03         | 0.03         | 0.05         | 0.10         | 0.46         | 1.94         |
| Cemeteries   | 0.05         | 0.07         | 0.04         | 0.10         | 0.24         | 0.32         |
| Parking offences   | 0.01         | 0.03         | 0.08         | 0.09         | 0.30         | 0.56         |
| Income from investments  | 0.11         | 0.16         | 0.09         | 0.13         | 0.31         | 0.45         |
| Other fees & licenses  | 0.11         | 0.20         | 0.26         | 0.45         | 1.14         | 1.73         |
| <b>GOVERNMENT GRANTS</b>   | <b>11.70</b> | <b>19.79</b> | <b>19.08</b> | <b>21.06</b> | <b>26.32</b> | <b>13.13</b> |
| General assistance grant   | 7.68         | 11.63        | 10.78        | 16.16        | 15.78        | 3.81         |
| Minor water supply   | 0.27         | 0.25         | 0.42         | 0.65         | 1.61         | 0.43         |
| Poor relief  | 1.42         | 2.23         | 2.79         | 2.96         | 5.97         | 4.34         |
| Street lighting  | 1.20         | 4.55         | 3.15         | -            | 0.34         | -            |
| Public water supply  | 0.08         | 0.22         | 0.13         | 0.61         | 1.14         | -            |
| Indigent housing   | -            | -            | 0.10         | -            | -            | -            |
| Pensions   | -            | -            | -            | -            | 0.48         | 2.86         |
| Grants for specific work   | 1.04         | 0.91         | 1.71         | 0.69         | -            | -            |
| Parks & markets administration   | -            | -            | -            | -            | 0.08         | -            |
| Equalization fund  | -            | -            | -            | -            | 0.93         | 1.70         |
| <b>EXPENDITURES</b>  | <b>12.95</b> | <b>21.64</b> | <b>22.73</b> | <b>48.82</b> | <b>53.52</b> | <b>61.32</b> |
| <b>GENERAL ADMINISTRATION</b>  | <b>5.30</b>  | <b>5.43</b>  | <b>9.05</b>  | <b>13.08</b> | <b>9.61</b>  | <b>13.47</b> |
| Pensions and gratuities  | 1.23         | 1.66         | 2.48         | 3.06         | 3.14         | 3.30         |
| Administration   | 3.49         | 3.03         | 4.27         | 8.14         | 6.46         | 5.87         |
| Councilors   | 0.58         | 0.68         | 1.94         | 1.74         | -            | 4.30         |
| Subventions  | -            | -            | -            | 0.14         | -            | -            |
| General purpose  | -            | -            | 0.35         | -            | -            | -            |
| <b>PUBLIC SERVICES</b>   | <b>7.65</b>  | <b>16.21</b> | <b>13.68</b> | <b>35.74</b> | <b>43.91</b> | <b>47.85</b> |
| Street lighting  | 3.20         | 5.87         | 4.39         | 6.01         | 9.02         | 7.87         |
| Roads and works  | 1.09         | 0.99         | 2.05         | 7.03         | 10.95        | 12.94        |
| Public cleansing & beautification  | 0.01         | 0.21         | -            | 13.98        | 12.41        | 18.00        |
| Parks  | -            | -            | 0.02         | 0.01         | -            | 0.01         |
| Abattoirs  | 0.07         | 0.22         | 0.32         | 0.11         | 0.27         | 0.26         |
| Public amenities   | 0.04         | 0.14         | 0.10         | 0.09         | 0.30         | 0.13         |
| Building & subdivision   | -            | 0.19         | -            | 0.22         | 1.21         | 1.11         |
| Markets  | -            | -            | -            | -            | 0.27         | 1.13         |
| Inspection, enforcement & security   | -            | 0.08         | 0.29         | -            | 0.45         | 0.64         |
| Cemeteries   | 0.01         | 0.33         | 0.06         | 0.02         | 0.20         | 0.19         |
| Community participation  | -            | -            | -            | -            | 0.07         | 0.03         |
| Pounds   | -            | -            | -            | -            | -            | 0.01         |
| Minor water supplies   | 0.50         | 0.68         | 1.34         | 1.31         | 1.21         | 0.88         |
| Public water supplies  | 0.02         | 0.86         | 0.17         | 0.57         | 1.29         | 0.30         |
| Poor relief  | 1.81         | 2.93         | 4.46         | 4.06         | 6.20         | 4.34         |
| Other municipal services   | 0.90         | 3.71         | 0.49         | 2.33         | 0.07         | 0.01         |
| <b>NET REVENUE</b>   | <b>0.64</b>  | <b>0.47</b>  | <b>-1.38</b> | <b>8.50</b>  | <b>0.99</b>  | <b>0.34</b>  |

- 3.7 For the period covering fiscal years 1994 to 1996, Government grants accounted for 89% of revenues, while general revenue collected directly by the parishes accounted for 11%. For fiscal years 1997 to 1999, transfers from the newly-created PRF accounted for 56% of revenues, while Government grants and general revenue accounted for 35% and 10%, respectively.
- 3.8 The principal sources of general revenue are: (a) building and subdivision fees; (b) trade licenses; (c) market leases, and (d) spirit licenses. During the period 1997-1999, other sources of revenue accounted for 37% of general revenue, compared to 21% for the 1994-1996 period. Revenue from the following sources was responsible for most of this increase: minor water revenue, barber/hair-dressers, amusement licenses; encroachment fees/billboards and income from investments.
- 3.9 PC expenditures consist of general administration and public services. During the period 1994-1996, general administration accounted for 33% of expenditures, while public services accounted for 67%. During the period 1997-1999, general administration and public service costs accounted for 20% and 80% of expenditures, respectively.
- 3.10 The principal expenditure categories during the period 1994-1996 included poor relief (25%), street lighting (36%), as well as roads and works (11%). For the period 1997-1999, principal expenses include poor relief (11%), street lighting (18%), roads and works (24%). Public cleansing and beautification accounts for 35% of expenses on public services.
- 3.11 An analysis of the parishes' net revenue reveals that all of the parishes showed negative net revenue in one or more years for the period of analysis. Since parishes do not have access to debt financing, negative cashflow is likely explained by incomplete accounting practices, including the lack of an accrual accounting system; failure to report revenue from savings (parishes are not required to remit annual surpluses to Central Government), and nonpayment of statutory obligations.

### **3. The parish development committees**

- 3.12 As part of the LGRP, the MLG and the parishes have begun to establish Parish Development Committees (PDCs) to encourage broader community participation and coordination of initiatives in the management of local affairs. The PDCs are comprised of private sector leaders, service delivery agencies, designated PC members and members of parliament. The PDCs meet monthly and their chief role is to participate in the following: development of parish physical development plans; identification of local economic development plans; coordination and evaluation of social development and poverty alleviation projects within the parish; provision of policy advice to the PCs. The PIDP will finance technical assistance and training to the PDCs under the community participation component, in order to strengthen their role in local development.

## **B. Program execution mechanisms**

### **1. Operating regulations**

- 3.13 PIDP operating regulations will detail program parameters and guide the MLG's and the parishes' execution of the program. The operating regulations will include the following documents: (a) logical framework, with benchmarks for each program component; (b) policy and legal reform action plan; (c) technical assistance and training plan for strengthening the PCs; (d) model of the financing agreement between the MLG and each parish for subproject investments; (e) economic, technical, financial and institutional criteria for subprojects; (f) environmental guidelines; (g) structure and organization of the Program Coordinating Unit (PCU), as well as descriptions of staff positions in the MLG divisions which will have key roles in the PIDP; (h) terms of reference for key consultants in the legal and policy reform framework; (i) implementation schedule for the infrastructure investment component; and (j) reporting guidelines. **A complete version of the operating regulations, reviewed and approved by the Bank's project team, will be presented by the PCU as a condition precedent to first disbursement.** Attached as Annex III-1 is the PIDP's logical framework, which was developed together with the MLG and representatives of PCs during preparation.

### **2. Program Coordinating Unit (PCU)**

- 3.14 A PCU will be established. It will consist of a director, an institutional strengthening expert, an administrative officer, a financial officer, a procurement specialist and support staff. The PCU will have as its chief responsibilities to: (a) ensure the program's operating regulations are followed, annual program plans are carried out; and contractual clauses are complied with; (b) build and strengthen MLG-parish coordination regarding all aspects of the PIDP; (c) lead and monitor the legal and institutional reform activities; (d) manage the monitoring of the PIDP, including financial and administrative aspects, as well as the physical implementation of infrastructure projects; (e) plan and execute the midterm evaluation of each component, in collaboration with the Bank; (f) prepare and present loan disbursement requests to the Bank; (g) prepare program reports for the Bank; and (h) plan and supervise the execution of external audits. **The formation of the PCU and the contracting of its director and institutional strengthening coordinator constitute a condition precedent to first disbursement.**

### **3. The role of the MLG divisions and the PCs**

- 3.15 Responsibility for the execution of activities under the PIDP would fall to existing divisions in the ministry as well as to the PCs. Working in an integrated fashion under the coordination of the PCU and reporting to the Ministry's Permanent Secretary, MLG divisions would participate as follows: the infrastructure projects will be the responsibility of the technical services unit (TSU); technical assistance and training to the parishes will be carried out by the human resources and the financial management divisions; and the promotion of citizen participation in local decision-making would be the responsibility of the social policy unit.
- 3.16 In the TSU, the technical director will be responsible for all aspects of implementation of the investment component. The TSU will be strengthened with

the contracting of a senior engineer consultant, and four regional project managers who will assist the parishes through their road and works superintendents in implementing all works<sup>8</sup>. Project supervisors would be contracted as needed on a regional basis to assist with project supervision.

- 3.17 At the level of the parishes, the secretary manager will be responsible for overall coordination with the MLG for the PIDP, while specific activities would be managed by one or more of the following divisions: technical services, financial management and accounting, administration and human resource management, and inspection and enforcement. For the investment component, the parish technical services units will be assisted by regional project management teams, contracted with program resources.

#### **4. Technical assistance and institutional strengthening components**

- 3.18 The PCU will coordinate the contracting by the MLG of consulting services necessary to carry out the legal and policy reform component, and supervise their activities. The PCU will also contract other consulting services, in accordance with the technical assistance and training implementation plan, and coordinate their activities with the respective MLG divisions. In addition, the PCU will coordinate PIDP activities with local government reform assistance initiatives in Jamaica financed by other donors.
- 3.19 For the revaluation exercise and the review of the property tax system to be financed in the revenue enhancement subcomponent, the PCU will contract consultants with international expertise in property tax assessment issues in order to assist in its design and implementation, during the first six months of implementation. The PCU will work with the consultants, the relevant Government agencies involved and the Bank to develop the parameters and operational mechanisms necessary to effect the revaluation and streamline the property tax system. The recommendations, implementation plan and organizational mechanisms proposed will be presented to the Bank for its review and approval prior to disbursements for this subcomponent.

#### **5. Infrastructure investment component**

##### **a) Criteria for parish participation**

- 3.20 The financing of the subprojects will be granted on a non-reimbursable basis. However, parishes will need to comply with general program eligibility criteria in order to receive funding for subproject investments. Those criteria include: (a) presentation of updated parish business plans; (b) operative accounting, financial planning, control and reporting systems; (c) established O&M structures and budgeted resources; and (d) successful administrative and technical implementation of previous investments. Furthermore, for each infrastructure investment to be undertaken with program resources, the respective PC and MLG will sign a financing agreement which will stipulate the detailed financial and technical characteristics of the investment, timeline and responsibilities for execution and supervision, and the required funding from the parish over the

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<sup>8</sup> The planning engineer and the four regional project managers will be contracted with program resources.

lifetime of the investment, including adequate levels of O&M financing. Costs of supervision of the subprojects will be included in each investment project's cost.

**b) Subproject cycle**

- 3.21 A pipeline of subprojects has been agreed upon and the first year's investments will be fully prepared by Board presentation. Any subproject substitution during implementation will be done jointly by the TSU and the affected parish, with the approval of the MLG Technical Director, the Project Director, the Permanent Secretary, and the Bank. Any new subprojects must meet the economic, financial, technical and environmental criteria specified in paragraph 2.11. For each subproject, a project team comprised of the technical director or his representative, the parish secretary manager and/or the superintendent of works, the regional engineer, the project management team, a building officer/clerk of works, and user representatives will meet to collaborate in the design process being carried out by the firm. Subproject designs and contract documents will be submitted to the Bank for approval prior to the start of the civil works.
- 3.22 Following the approval of project designs and contract documents, and when necessary, advertisements would be placed in relevant media by the PC staff. Bids will be received and opened at the parish level with the support of the regional project management team, who would assist in the analysis. Once the Bank has approved the proposed award, contracts would be signed at the parish level. The project management team would be responsible for contract administration during the construction phase. The PC superintendent, with the support of the TSU, will coordinate the project management team. Requests for disbursements will be made by the PCs to the MLG upon verification of work completed by the superintendent and the project management team. All contract actions such as payments to the contractors, extensions of time, fluctuations, and variation orders not exceeding US\$45,000 would be approved at the parish level. Increases exceeding this amount would be approved by the Permanent Secretary of the MLG. The completion of the subproject would be verified by the project management team and the Superintendent prior to final contract payment by the PC. Final payment will be accompanied by a contractor performance evaluation, to be used as reference by the PCs for future contracts.
- 3.23 The project management teams will also assist the parish project team in preparing a maintenance manual and using the manual to ensure appropriate upkeep of investments. The manual will consist of the standards, schedules and procedures to be used for roads and minor water systems, in accordance with the MOT&W standards and policy, as well guidelines for maintaining public buildings adequately.

**C. Financial aspects of program execution**

- 3.24 The borrower will deposit the resources of the loan in a special bank account. **The opening of this account will be a condition precedent to first disbursement.**
- 3.25 The resources of the program will be committed within the period of four and one half years from the effective date of the loan contract, and are expected to be disbursed within five years from the same date. Commitment of resources is defined as the signing of the agreement to finance a project by MLG and the PC.

The disbursement schedule for the program, by source of funds, is presented in the following table:

| <b>Table III-3</b><br><b>DISBURSEMENT SCHEDULE</b><br>(In millions of US\$) |            |             |             |             |            |             |            |
|---|------------|-------------|-------------|-------------|------------|-------------|------------|
|   | Year 1     | Year 2      | Year 3      | Year 4      | Year 5     | Total       | %          |
| IDB   | 6.7        | 9.0         | 7.4         | 7.5         | 4.5        | 35.0        | 70         |
| GOJ   | 0.8        | 2.6         | 2.9         | 4.5         | 4.2        | 15.0        | 30         |
| <b>TOTAL</b>  | <b>7.5</b> | <b>11.6</b> | <b>10.3</b> | <b>12.0</b> | <b>8.7</b> | <b>50.0</b> | <b>100</b> |
| %/year  | 15         | 23          | 21          | 24          | 17         | 100         |            |

- 3.26 To facilitate the execution of the program, a revolving fund of up to the equivalent of 5% of the loan resources, or US\$1.75 million, will be established.
- 3.27 As part of project preparation, the equivalent of US\$710,000 was provided through the Revolving Line of Credit 015/OC-JA to finance project designs, the formation of the PCU and the contracting of consulting services to develop the institutional strengthening and technical assistance component. Once the loan is eligible for disbursements, the PPF funds will be automatically repaid to the Bank.

#### **D. Program monitoring, evaluation and control**

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

##### **1. Annual and midterm reviews**

- 3.29 Each year, at a mutually agreed date, the MLG, the PCs and the Bank will carry out formal reviews of the PIDP. The reviews will focus particularly on the outputs, activities and benchmarks set forth in the logical framework (see Annex III-1) and on the effectiveness of the program execution mechanisms. These reviews will provide a forum to assess program issues and, if necessary, will lead to the formulation of steps for remedial action. During the annual review, particular attention will be given to: (a) changes in MLG and PC performance; (b) completion of training of key council staff; (c) quality of business plans and financial planning and reporting at the parish level; (d) progress in implementing the legal and policy reform action plan; and (e) execution and maintenance of infrastructure investments.
- 3.30 Two-and-a-half years following the start of the program, or when 50% of the investment resources have been committed, whichever comes first, by contractual obligation, a midterm evaluation will be carried out by the PCU and the Bank. At the time of this evaluation, the borrower should, at a minimum, have attained key benchmarks for each major PIDP objective detailed in the table below:

| Table III-4<br>MIDTERM BENCHMARKS    |  |
|--------------------------------------|--|
| KEY OBJECTIVES                       | BENCHMARKS   |
| Parish administration improved       | <ul style="list-style-type: none"> <li>- Priority positions filled in each parish</li> <li>- Standardized financial planning, control and reporting systems established and functional.</li> </ul>                                     |
| Financial sustainability of parishes | <ul style="list-style-type: none"> <li>- 65% of taxable revenues from property tax collected.</li> <li>- 60% of property tax arrearages collected.</li> </ul>  |
| Legal framework changed              | <ul style="list-style-type: none"> <li>- Parliament has amended laws affecting fee setting, collection and enforcement by parishes.</li> <li>- Parliament has amended Town and Country Planning and Local Improvement Acts.</li> </ul> |
| Strengthening the MLG                | <ul style="list-style-type: none"> <li>- MIS operative.</li> <li>- MLG issues annual budget guide and revenue-sharing projections prior to PC budget submission.</li> </ul>  |

- 3.31 In the event that the results of the valuation are not satisfactory, further commitments for financing infrastructure investments will only be undertaken if the authorities take the necessary measures to correct deficiencies in order to achieve program objectives.

## 2. Reports

- 3.32 During program execution, the MLG will present to the Bank semi-annual reports that, as a minimum, will summarize the number of projects financed and progress achieved in the legal and policy action plan, parish revenue enhancement, and in the parish technical assistance and training plan, plus the financial information of the period. Reports will use indicators selected by the MLG, the PCs and the Bank, highlighted in Annex III-1.
- 3.33 During the execution period of the loan, the executing agency will present to the Bank financial statements for the loan. These statements should be submitted annually within 120 days of the close of the fiscal year, starting with the year in which the program's execution begins, and should be certified by the Auditor General's Office or by a firm of Chartered Accountants satisfactory to the Bank.

## E. Maintenance

- 3.34 The parishes will commit to operate and maintain the works and equipment financed with program resources in accordance with generally accepted technical standards, and to make available to that effect the resources necessary. This commitment will be reflected in the criteria for eligibility to participate in the investment component of the PIDP and in the financing agreement that each parish will sign with the MLG. Projected operating and maintenance costs for the PIDP's infrastructure investment will be included in the parishes short and medium term budgeting process, and approved by the respective PCs. During execution of the program and five years thereafter, the Bank will be entitled to inspect all the infrastructure investments and, if operation and maintenance standards are not met, it will be the parishes' obligation to take all the necessary steps to improve operation and maintenance quality.

**F. Procurement**

- 3.35 The procurement of works, goods and consulting services will take place in accordance with Bank policy. International competitive bidding procedures will be followed for purchases of more than US\$250,000 for procurement of goods and related services and US\$2 million for construction works. Bids below these ceilings will take place in accordance with local legislation. Consulting services will be contracted in accordance with Bank procedures. A procurement table is attached as Annex III-2.

**G. Fees and tariffs**

- 3.36 As has been described in this document, Jamaica's parishes in general present a weak financial picture. Own-source revenues rarely cover current expenditures, while capital expenditures have been dependent on Central Government transfers, since none of the parishes have access to commercial credit sources or the capital market. This financial situation is compounded by inadequate financial planning and management capacities at the parish level. The program will address these shortcomings through its institutional strengthening measures, particularly by financing initiatives to improve parish revenues. In addition, PIDP-mandated financing agreements between the MLG and the parishes will guide and establish cost recovery of infrastructure investments to be financed.
- 3.37 In the case of markets, the financing agreement will establish the PCs' obligation to revise and adjust fees for the use of those services to reflect operating and maintenance costs, depreciation of assets during their economic life, and financing requirements for anticipated expansions. In cases, such as road rehabilitation, where investments and anticipated future expenditures cannot be covered directly by fees and tariffs, the parishes are required as part of the financing agreement to identify operating and maintenance costs of the services and establish corresponding resources in their short, medium and long-term budgets. When necessary, the MLG's technical assistance will support the parishes in preparing the required costs estimates and projections.

**H. Environmental and social impact**

- 3.38 Social assessment for the PIDP has included three different processes: (a) consultation with the local communities and parish authorities to identify infrastructure rehabilitation needs; (b) meetings with other relevant service agencies, the Association of Local Government Authorities and other NGOs to elicit their views about the program and identify alternatives for their participation; and (c) a beneficiary assessment, at the level of grass roots organizations, in different communities to identify their view on the PIDP and alternatives for their participation. The assessment was initiated by the World Bank team and consultants in 1996; thereafter, the MLG team has maintained close contacts through periodic community and council meetings and through community participation pilot exercises financed by the UNDP and CIDA. A series of meetings with the councils, and relevant service agencies, as well as site visits to a number of subprojects to be financed by the program have been carried out by the IDB team in conjunction with the ministry. This process resulted in the identification of the project pipeline as well as in the incorporation of key design



features for the PIDP, including: a subcomponent to specifically address community participation issues both from the perspective of local citizens and the councils themselves; resources for public education campaigns to facilitate understanding of new roles of the different stakeholders under the LGRP and enhance participation; and the inclusion in the program of significant resources to be utilized for capacity building within the PCs to address perceived shortcomings by other stakeholders.

- 3.39 **Environment.** The environmental impact of the PIDP will be strongly positive. The projects that will be financed will mitigate or eliminate the negative environmental impacts of deteriorated infrastructures, namely the risks of traffic accidents on roads and flooding due to blocked drains. The program will also contribute to improving or eliminating unsanitary conditions in markets and to improve the quality of water in micro-water systems. Ultimately, the PIDP should contribute to developing stronger economic activity both through the rehabilitation of infrastructure and through the strengthening of the parishes' ability to delivery basic services more efficiently.
- 3.40 The design of the rehabilitation projects, now under way, will incorporate institutional and environmental appraisal criteria, in order to ensure continuous stakeholder ownership and support for the planned investments, as well as their environmental feasibility. Mitigation measures for short-term impacts during construction will be incorporated into the technical brief and bidding documents for each project. Project designs, technical briefs and bidding documents will incorporate appropriate environmental conditions, and evaluation and supervision of compliance with environmental safeguards will be carried out by the local councils as well as the ministry. Technical environmental guidelines for the program have been prepared to advise the ministry on how to address specific problems related to each type of project. Current environmental management practices have been evaluated and institutional strengthening measures are being incorporated in the ministry and the parishes, as part of the organizational strengthening component. The program will also include resources for social marketing efforts that will encompass not only maintenance of the infrastructure rehabilitation, and the promotion of good sanitary practices, but also the linkages between public service delivery and the payment of taxes and user fees, the local observance and/or implementation of environmental regulations, and citizen participation in local decision-making, which should all contribute positive environmental impacts.
- 3.41 An environmental management system is included in the program's operating regulations and includes: a set of environmental guidelines for project design and environmental control measures to be adopted during the construction and operation phase for each category of project; specific environmental procedures to be followed in the identification, analysis, procurement, construction, supervision, disbursement, final approval of the works and maintenance of the investments and as part of the parish strengthening efforts, training at the local level to enhance parochial capacity to maintain and operate the rehabilitated facilities in an environmentally sound way; and annual environmental audits of the infrastructure investments. As mentioned earlier, approval by the Bank and adoption by the

ministry and the parishes of the operating regulations will be a condition precedent to first disbursement. Detailed documentation on each aspect of the environmental management system as well as a summary are available in the project's technical files.

## **IV. VIABILITY, RISKS AND BENEFITS**

### **A. Program viability**

#### **1. Economic viability**

- 4.1 Quantifying the economic feasibility and benefits of the individual investments proposed under the program is not a straightforward task, primarily due to the relative small scale of the works and their dispersed geographic location, and the lack of reliable quantitative data on current negative impact of poor services. While this is especially true for the investments in rehabilitating the micro-water systems, which range from clearing bushes from springs and catchment areas to storage tank repairs and the installation of chlorinating systems, it also holds to a large degree for the roads rehabilitation works. Road works cover in general small stretches of parish roads of on average 2 – 3 km, and focus primarily on resurfacing and drainage upgrading. In these cases, as well as in the case of rehabilitation investments in the PC buildings, where an economic benefit assessment faces equally substantial methodological problems, cost efficiency criteria are used.
- 4.2 Economic analysis will be completed for all proposed investments in market rehabilitation, which are to yield a benchmark minimum internal rate of return (IRR) of 12% to be eligible for program funding. The analysis of the first year investments of three markets showed an average IRR of 13%. The assessment of the IRR underscored the importance of implementing adequate user tariffs in the context of the program's institutional strengthening component.

#### **2. Financial feasibility**

- 4.3 The financial viability of the program has been analyzed in terms of the availability of counterpart resources for the Bank loan, as well as of the capacity of the parishes to recover costs of the subproject investments and to increase own revenues as a result of the program, sufficient to cover their maintenance costs. With respect to counterpart funds, it has been established that resources from the PRF dedicated to road repair, together with resources from a cofinancing from the OPEC Development Fund, will cover most of the US\$15 million that are necessary.
- 4.4 The financial situation of the parishes will be enhanced by all of the program's components, and particularly by efforts to improve own revenue generation, especially from property taxes. During program preparation, historical financial data were collected for the fiscal years 1994/1995 to 1997/1998, and estimated budgetary information was gathered for 1999/2000 and 2000/2001. Five-year financial projections were then generated for the fiscal years 2000/2001 to 2004/2005, the anticipated execution period of the program.
- 4.5 Details about the methodology used to carry out the projections are in the project's technical files. However, the projections are based on the following key assumptions: (a) revenue from market rental will equal expenditure on market administration, maintenance and capital improvements, and (b) during the five-year period, revenue from property taxes would increase, due to both a property valuation reassessment (planned to begin during 2000, with the support of resources from the PIDP, see paragraphs 2.7 and 3.19 above) and improvements in the compliance rate of tax payment. The financial projections also assumed that:

(a) annual administrative costs are equal to the administrative costs in fiscal year 1999/2000, plus incremental costs incurred in order to fill the vacant priority postings; (b) the only grants provided by Government, other than the Parochial Fund, will be General Assistance, Minor Water Supply, Poor Relief and Pensions, with all other grants being phased out during 1999/2000; (c) beyond 2000, parishes will receive only grants for Poor Relief and Pensions, and these grants will equal the costs incurred by parishes in these two areas; and (d) all other revenues and costs remain constant in real terms throughout the period of analysis.

- 4.6 The projections demonstrate that there is indeed scope for the parishes to cover all operating and maintenance costs: all parishes achieve sustainability by year five of the project under assumptions of the base scenario. Further, the analysis indicated that the speed with which sustainability is achieved by any of the parishes will depend primarily on the timing and extent of increases in property assessments, as well as on the ability of the parishes to improve the rate of compliance on tax collection.
- 4.7 The projections make clear, however, that on the basis of revenues from the property tax and local fees and charges, the parishes will not have sufficient resources to meet capital investment needs. Through the PIDP, Central Government will provide grant funding to address these needs in the short run. However, a more permanent and sustainable source of financing for local capital investments still needs to be defined. During implementation, program resources will be used to contract consulting services and maintain a dialogue with key GOJ ministries regarding alternative investment financing mechanisms.

### **3. Technical feasibility**

- 4.8 The technical viability of the PIDP depends on the MLG's and the parishes' capacity to finance rehabilitation subprojects that are in accordance with sector standards and norms. To achieve this, the MLG has adopted technical criteria for each type of subproject, in collaboration with relevant ministries and agencies, which will be applied in the design and specifications of the works and monitored throughout the construction phase to completion. The analysis of the first set of subprojects from the first year's pipeline determined that, generally, the infrastructure, equipment and other inputs were consistent in scale, quality, cost and content with the proposed activities of the subproject and that implementation is technically feasible. The operational regulations will strengthen the ability of the ministry, the parishes and the program consultants to continue ensuring the technical feasibility of investments.

### **4. Sustainability**

- 4.9 Sustainability of investments has been sought by selecting appropriate economic, institutional, financial, social and environmental criteria for the selection, appraisal and design of all subprojects, which are being incorporated into the PIDP's operating regulations. In addition, a number of measures have been incorporated into the project cycle to ensure sustainability, including: (a) the participation of PCs and local communities in subproject selection and during the design and construction phases via required consultations; (b) the obligation of PCs to present a specific plan for operations and maintenance and to include O&M costs in their

budgets, as part of the financing agreement for each investment; (c) the purchase of basic O&M equipment for the parishes, and (d) the inclusion of assistance and training to PC works staff in the maintenance of infrastructure. Moreover, the improved institutional and financial capacity of the parishes, which will result from the PIDP, will promote the adequate management and maintenance of all investments.

- 4.10 At the national level, the PIDP will help in the process of further delineating parish functions and responsibilities and in establishing the necessary legal and administrative framework, which, once in place, are expected to promote parochial autonomy and facilitate the continuity of the decentralization process. The amendment of the various laws and regulations sought under the project to allow the parishes to set and collect their own revenues from a variety of sources will promote parochial self-sufficiency. The financing of the property revaluation exercise and property tax system reform will also contribute significantly to the same end. At the same time, incorporation of community groups and the private sector as integral elements of the parish planning and accountability structure, as well as the upgrading of the working conditions of the parish staff, will help to promote a performance-based system.

## **5. Institutional viability**

- 4.11 Since 1993, GOJ has been committed to creating a strong, viable and effective system of local government by granting local authorities greater autonomy in the management of their affairs and providing them with adequate and independent sources of revenue. Indeed, a number of important reforms have already been implemented in this direction and efforts are under way to amend the Constitution in order to formally recognize local government. Furthermore, Government has shown support for continuing the process of fiscal decentralization so that PCs can further improve in political and financial autonomy and management, as well as in service delivery. The design of the PIDP reflects this GOJ commitment, which should facilitate the execution of all aspects of the institutional strengthening component.
- 4.12 While the executing agency is relatively new, a good portion of the staff has had experience with the earlier MLG&W. In addition, during the past two years, key staff has been involved in executing activities preparatory to the PIDP, with the support of the World Bank, CIDA and the UNDP. Most recently, the core units that will coordinate and execute the program have been strengthened with resources from the PPF and will continue to be supported by technical assistance and administrative resources during program implementation. Thus, the MLG should be able to provide the leadership and coordination necessary for program execution. Equally important, the ministry will be able to support and strengthen the capacity of the parishes to carry out their responsibilities, central to the success of the PIDP. At the local level, the various strengthening initiatives, including the strengthening of the PDCs, as well as the improved physical facilities that will result from the PIDP, will build the parishes' capacities.

## **6. Social and environmental viability**

- 4.13 Investment project selection has been based partly on an intensive process of stakeholder consultations through meetings with the parish authorities and local community groups, as well as Central Government agencies. The proposed subproject pipeline has been analyzed in order to develop the environmental management system for the program to ensure environmental viability. Final project selection and design, now under way, incorporates appropriate institutional and environmental appraisal criteria, in order to ensure continuing local ownership and support for the planned investments, as well as their environmental feasibility. The program also includes resources for environmental training at the PC level, annual environmental audits, and social marketing efforts that will encompass not only maintenance issues, but also the linkages between public service delivery and the payment of taxes and user fees. Finally, given that the program will focus exclusively on the rehabilitation of existing infrastructure, it is anticipated that the use of a participatory approach and application of strict environmental criteria during project implementation will ensure its viability.

### **B. Program risks**

- 4.14 The successful and timely implementation of changes in the legal and institutional framework represents a first area of risk for the program. Given the politically sensitive nature of decentralizing power further to the parishes, raising property taxes as well as other fees and charges, and improving enforcement of collections, the authorities at both central and local level may be reluctant to move as fast the program anticipates. However, all parties concerned have participated in the design of these initiatives and have expressed commitment to the processes, which is a mitigating factor. Further, conditions to be met at midterm will help ensure compliance with program targets. In addition, the multiple strengthening activities at the parish level should enhance the ability of the councils to lobby for the continued transfer of responsibility and resources to local authorities.
- 4.15 A second risk at the operational level is the possibility that the parishes fail to properly operate and maintain the rehabilitated infrastructure. However, this risk is mitigated by the PIDP's institutional strengthening components, in conjunction with the subproject financing requirements. Organizational strengthening of the PCs will foster their administration and planning skills, thereby introducing the instruments required to assess short and medium term funding requirements for investments to be undertaken. The program will also finance social marketing outreach to local communities, emphasizing the importance of maintaining public facilities and services.
- 4.16 Finally, the efficient filling of priority post vacancies in the PCs may be delayed because of the hiring processes now in use. However, efforts will be made in the program to streamline these processes and increase the ability of the PCs to attract and select appropriate personnel.

### **C. Program benefits**

- 4.17 The program's most immediate benefits will derive from the improvement of infrastructure and municipal services in the 13 parishes. These investments will reduce existing deficiencies in infrastructure and service delivery, thus benefiting a

broad segment of both the urban and rural population. Jamaicans will derive economic benefits in the form of reduced transaction costs for economic activities as well as improved health and environmental conditions, primarily from the investments in road rehabilitation, micro-water systems and markets. The proposed rehabilitation of commercial infrastructure and road systems will enhance their productivity, while the rehabilitation of parish administrative facilities will make possible improvements in service quality and in citizen participation. The refurbishing of markets, including sanitary facilities and solid waste management, will help mitigate health risks for vendors and consumers. Road system maintenance, including rehabilitation of corresponding drainage, will reduce transportation costs and mitigate traffic-induced contamination, as well as improve public safety conditions. Overall, better services should improve citizen willingness to pay local taxes and fees, thus enhancing local capacity to cover costs.

- 4.18 Although the investments of the project do not specifically target low-income groups, it is expected that most subproject investments, such as micro-water systems, markets and rural parish road rehabilitation, will benefit particularly the lower income segments of the population.
- 4.19 The institutional strengthening and technical assistance component will have important and interrelated benefits that will contribute to developing stronger, more effective parish government: (a) a stronger revenue base and better capacities in a variety of areas, will allow the PCs to give better service to their communities; (b) clearer lines of responsibility, more transparent financial planning and management procedures, and better public information will make local officials more accountable for their actions and should thus improve performance; (c) increased community participation will instill a greater sense of ownership of local processes and decisions and diminish the need for seeking political favours at the national level, and (d) increased parish revenue streams and improved financial administration, accompanied by necessary legal changes, could position at least some of the parishes to achieve incorporation and to access financial and capital markets in the medium term.

## LOGICAL FRAMEWORK

| OBJECTIVE   | INDICATORS   |  | VERIFICATION   | ASSUMPTION  |
|---|--|--|--|---|
|   | MIDTERM  | END OF PROJECT   |  |   |
| <p>Councils and KSAC gain legitimacy and operate in an efficient and sustainable manner.</p>                              | <ul style="list-style-type: none"> <li>- Legal framework changes have been accomplished according to workplan.</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>- Constitutional amendment regarding recognition of local government is approved.</li> <li>- Citizen participation in local public hearings is active.</li> </ul>   | <ul style="list-style-type: none"> <li>- Project progress reports.</li> <li>- On site inspections</li> <li>- Parish financial statements.</li> <li>- Minutes of PC meetings and hearings.</li> </ul>   | <ul style="list-style-type: none"> <li>- Political commitment to increasing local autonomy continues.</li> <li>- MLG strengthened and planned to implement reforms.</li> <li>- Citizens see benefits of reformed local government and are willing to pay for other services.</li> <li>- National consensus on constitutional reform achieved on constitutional reform.</li> </ul>   |
| <p>Capacity to finance, operate and maintain infrastructure and deliver services in a sustainable manner is enhanced.</p> | <ul style="list-style-type: none"> <li>- PC priority positions filled and staff turnover is kept below 15% per annum.</li> <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>- Parish budgets provide adequate funding to operate, maintain and expand the infrastructure and services.</li> <li>- Financing mechanism designed and adopted to cover future parish capital investments.</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> </ul> | <ul style="list-style-type: none"> <li>- Published annual budgets and financial statements by parishes</li> <li>- PIDP reports</li> <li>- PIDP annual reviews</li> <li>- PCU reports and site visits.</li> <li>- Reports of regional consulting teams.</li> <li>- Parish reports</li> <li>- PCU reports</li> </ul> | <ul style="list-style-type: none"> <li>- Central Government transfers to cover infrastructure and poor relief continues.</li> <li>- Property tax valuation be updated and rates be increased.</li> <li>- Parochial fund mechanism continues to function.</li> <li>- Legal reforms adopted as planned.</li> <li>- Eligible, viable, relevant projects are identified, analyzed and prepared for tender</li> <li>- Organizational capacity available to carry out construction or works under their supervision.</li> <li>- Funding projections for adequate maintenance of investments.</li> </ul> |



## LOGICAL FRAMEWORK

| OBJECTIVE                                      | INDICATORS  |   | VERIFICATION   | ASSUMPTION   |
|--|---|---|--|--|
|  | MIDTERM   | END OF PROJECT  |  |  |
| Structure 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> </ul> | <ul style="list-style-type: none"> <li>- Completion reports.</li> <li>- PIDP reports.</li> <li>- Site visits.</li> </ul> | <ul style="list-style-type: none"> <li>- MLG procurement functional.</li> <li>- Engineering and architectural firms available to carry out works.</li> </ul> |

ES

Phase O&M equipment, per procurement plan.  
 Complete contracting of necessary consultants for design purposes of first phase, by I/2000.  
 Contract 50% first phase works by III/2000 and the remainder by IV/2001.  
 Consultants and MLG provide training to PC on maintenance systems.  
 Develop and MLG approves O&M plans and budgets for first phase investment.  
 Maintenance manuals are developed and adopted by PCs by IV/2001.  
 MLG and MLG confirm selection of second phase works by III/2001, in consultation with the Bank.  
 Complete contracting of necessary consultants for appraisal and designs of second phase by I/2002.  
 Develop and MLG approves O&M plans and budgets for second phase investments.

|   |  |  |  |  |
|---|--|--|--|--|
| 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 mechanisms proposed.</li> <li>- First draft of changes to parish bylaws produced.</li> </ul> | <ul style="list-style-type: none"> <li>- All amendments submitted as planned.</li> <li>- Parliament approves all necessary amendments.</li> <li>- Power to set property tax rates devolved to parishes.</li> <li>- Constitutional recognition of local government achieved.</li> <li>- Design of PRF reviewed; alternative mechanisms considered and modified. Mechanism adopted.</li> <li>- Parish bylaws revised and changes adopted.</li> </ul> | <ul style="list-style-type: none"> <li>- Legal gazette.</li> <li>- PIDP projects.</li> <li>- Workshop plans, agenda, minutes.</li> <li>- PIDP reports.</li> <li>- Published bylaws.</li> </ul> | <ul style="list-style-type: none"> <li>- Parliamentary review processes are timely.</li> <li>- Institutional strengthening of PCs is effective.</li> <li>- Local taxation power consistent with macroeconomic policy.</li> <li>- International consultants contracted to assist.</li> <li>- Government is willing to participate and explore policy alternatives.</li> </ul> |
|---|--|--|--|--|

ES

Local unit staff in MLG recruited and begin work by I/2000.  
 Local unit staff coordinate with Parliamentary staff to speed consideration of amendments.  
 Proposed amendments are discussed and explained with PC Secretary, managers and relevant Central Government representatives throughout process.  
 Consultants for intergovernmental workshops are contracted as necessary in years one and three of project implementation.  
 Consultants are contracted to assist in preparation of parish bylaws.

## LOGICAL FRAMEWORK

| OBJECTIVE   | INDICATORS   |  | VERIFICATION  | ASSUMPTION   |
|---|--|--|---|--|
|   | MIDTERM  | END OF PROJECT   |   |  |
| 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 each parish, following community/PDC consultation.</li> </ul> | <ul style="list-style-type: none"> <li>- Staff completed basic training, ongoing training program in place.</li> <li>- Trained staff has been retained by PCs.</li> <li>- Staff training completed and all systems operational.</li> <li>- Annual financial reports are audited externally.</li> <li>- Manuals adopted, tested and revised as necessary by MLG and PCs.</li> <li>- Completed infrastructure well maintained.</li> <li>- Ten-year plans produced by each parish, following community/PDC consultation.</li> </ul> | <ul style="list-style-type: none"> <li>- MLG information system.</li> <li>- PCs are audited externally.</li> <li>- Published manuals.</li> <li>- Site visits.</li> <li>- Environmental audits.</li> </ul> | <ul style="list-style-type: none"> <li>- Availability of qualified staff to work in the parishes.</li> <li>- Willingness of Civil Service Commission to expedite recruitment process.</li> </ul> |

## IES

Individual PC capability assessments are completed and training package designed by II/2000.  
 Advertisements for positions to be filled are placed by councils. TORs prepared by III/2000.  
 Consultants hired by MLG for design and implementation of training programs, development of manuals and environmental audits. Beginning III/2000.  
 Guidelines set by MLG for Parish Operational Manuals by IV/2000.  
 Alternative software packages are compared for cost and appropriateness and best options selected and purchased by II/2000.  
 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.

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|--|---|---|---|---|
| Financial position of PCs is strengthened. | <ul style="list-style-type: none"> <li>- Property tax revaluation completed.</li> <li>- 65% taxable revenues from property tax is collected.</li> <li>- 60% property tax arrearages collected.</li> </ul> | <ul style="list-style-type: none"> <li>- Budget system fully operational.</li> <li>- 85% taxable revenues from property tax collected.</li> <li>- 85% property tax arrearages collected.</li> </ul> | <ul style="list-style-type: none"> <li>- Property tax systems have reassessed and recommended changes are operational.</li> </ul> | <ul style="list-style-type: none"> <li>- Revenue enhancement consultants are contracted as necessary.</li> <li>- PCs willing to raise rates/taxes as anticipated.</li> <li>- GOJ supports revaluation exercise and property tax system review.</li> </ul> |
|--|---|---|---|---|

## IES

Required spending levels in each PC are identified locally, with technical assistance from MLG as necessary. Beginning IV/2000 and continuing throughout PIDP.  
 Budget controls identified and operational by II/2001.  
 Action plan to reduce arrearage on rates and taxes is in place in the parishes, under MLG leadership, by III/2000.  
 Action plan to improve collection in place by II/2000.  
 Revenue sources identified and action plan developed by I/2003.  
 Design and implementation of national revaluation exercise, with consultant support, by IV/2000.  
 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.

## LOGICAL FRAMEWORK

| OBJECTIVE                       | INDICATORS   |  | VERIFICATION  | ASSUMPTION  |
|---------------------------------|--|--|---|---|
|                                 | MIDTERM  | END OF PROJECT   |   |   |
| PCU'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>- With MLG approval, ten year comprehensive plans are formulated and adopted by PCs after community planning process.</li> <li>- Best practices among PCs are reviewed. Annual awards provided.</li> </ul> | <ul style="list-style-type: none"> <li>- PC satisfaction levels as reported in the press and at meetings with MLG.</li> <li>- PC annual business and financial plans.</li> <li>- Project reports.</li> <li>- Published new items regarding awards.</li> </ul> | <ul style="list-style-type: none"> <li>- Skilled technical staff can be recruited at MLG and local level.</li> <li>- Equipment, technical assistance and training made available in a timely manner.</li> </ul> |

IES

Equipment and software is purchased; staff hired by IV/2000.

PCU consultant positions TORs completed. Advertisements placed and selection completed by II/2000.

PCU staff, with consultants' assistance, develop monitoring system for PC performance by II/2001.

Members of relevant government agencies invited to participate in ongoing dialogue regarding local government strengthening, biannually. First by IV/2000. Second by IV/2001.

Consultants contracted to assist in designs, workshop preparation and moderating. First by III/2000. Second by IV/2001.

|   |   |  |  |  |
|---|---|--|--|--|
| 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>- Five-year comprehensive plans formulated and adopted by PC after community planning process.</li> </ul> | <ul style="list-style-type: none"> <li>- Meeting minutes.</li> </ul> | <ul style="list-style-type: none"> <li>- Published plans.</li> </ul> |
|---|---|--|--|--|

IES

Guidelines for PDCs formation, meetings and procedures are agreed upon with the PCs, by II/2000.

Information exchanges with CIDA pilot projects yield best practices, by IV/2001.

Different approaches to increasing community participation are explored.

Plans for years 3-5 activities are completed and implemented, with consultants' support, by IV/2001.

A public education campaign regarding local government reform and citizen responsibilities is designed and being implemented by II/2001.

## TENTATIVE PROCUREMENT PLAN

| PROGRAM PROCUREMENT MAIN ACQUISITIONS  | FINANCING BANK % | METHOD | PREQUALIFICATIONS | DATES      | AMOUNT (US\$ MILLIONS) |
|--|------------------|--------|-------------------|------------|------------------------|
| <b>A. CIVIL WORKS (subprojects)</b><br>Aggregate estimate: US\$30 million  |                  |        |                   |            |                        |
| 1. Roads (US\$14.1 million)  |                  |        |                   |            |                        |
| - 6 packages (approx. US\$720,000 each)  | 20               | NCB    | Yes               | IV/Year 1  | 4.32                   |
| - 5 packages (approx. US\$ 720,000 each)   | 20               | NCB    | Yes               | IV/Year 2  | 3.60                   |
| - 6 packages (2 x US\$720,000; 4 x US\$360,000)  | 20               | NCB    | Yes               | IV/Year 3  | 2.88                   |
| - 9 packages (US\$360,000 each)  | 20               | NCB    | Yes               | IV/Year 4  | 3.20                   |
| 2. Council buildings (US\$6.4 million)   |                  |        |                   |            |                        |
| - 5PC buildings/4 packages (each US\$400,000 to US\$600,000)   | 100              | NCB    | Yes               | IV/Year 1  | 2.80                   |
| - 3 PC buildings/3 packages (each US\$400,000 to US\$800,000)  | 100              | NCB    | Yes               | IV/Year 2  | 1.40                   |
| - 3 PC buildings/3 packages (each US\$400,000 to US\$500,000)  | 100              | NCB    | Yes               | IV/Year 3  | 1.40                   |
| - 2 PC buildings/ 3 packages (each US\$400,000 to US\$600,000)   | 100              | NCB    | Yes               | IV/Year 4  | 0.80                   |
| 3. Markets (US\$7.1 million)   |                  |        |                   |            |                        |
| - 4 markets (approx. US\$750,000 each)   | 100              | NCB    | Yes               | IV/Year 1  | 2.22                   |
| - 5 markets between US\$200,000 and US\$400,000  | 100              | NCB    | Yes               | IV/Year 2  | 1.56                   |
| - 5 markets between US\$200,000 and US\$400,000  | 100              | NCB    | Yes               | IV/Year 3  | 1.52                   |
| - 5 markets between US\$300,000 and US\$500,000  | 100              | NCB    | Yes               | IV/Year 4  | 1.82                   |
| 4. Micro-water (US\$1.9 million)   |                  |        |                   |            |                        |
| - 4 packages between US\$65,000 and US\$540,000 each   | 100              | NCB    | Yes               | IV/Year 1  | 0.47                   |
| - 1 package chlorinators (goods)   | 100              | ICB    | No                | IV/Year 1  | 0.55                   |
| - 3 packages between US\$65,000 and US\$360,000  | 100              | NCB    | Yes               | IV/Year 2  | 0.49                   |
| - 2 packages between US\$100,000 and US\$140,000   | 100              | NCB    | Yes               | IV/Year 3  | 0.25                   |
| - 2 packages between US\$50,000 and US\$100,000  | 100              | NCB    | Yes               | IV/Year 4  | 0.16                   |
| <b>B. GOODS</b><br>Aggregate estimate: US\$4.4 million   |                  |        |                   |            |                        |
| 1. O&M equipment   |                  |        |                   |            |                        |
| a. Lot 1   | 100              | ICB    | No                | III/Year 1 | 1.10                   |
| b. Lot 2   | 100              | ICB    | No                | III/Year 2 | 0.60                   |
| 2. Computers and office equipment  |                  |        |                   |            |                        |
| a. Lot 1   | 100              | ICB    | No                | II/Year 1  | 0.65                   |
| b. Lot 2   | 100              | ICB    | No                | IV/Year 1  | 0.65                   |
| 3. Contracts of less than US\$250,000  | 100              | LB     | No                | Years 2-5  | 1.40                   |
| <b>C. SERVICES</b><br>Aggregate estimate: US\$2.5 million  |                  |        |                   |            |                        |
| 1. Policy dialogue   | 100              | ICB/LB | No                | Year 2     | 0.20                   |
| 2. Property tax system   | 100              | ICB/LB | No                | Years 1-2  | 0.20                   |
| 3. Other revenue enhancement   | 100              | ICB/LB | No                | Years 2-3  | 0.10                   |
| 4. Parish training and MLG   | 100              | LB     | No                | Years 1-5  | 2.00                   |
| ICP International calls for proposals<br>ICB International competitive bidding<br>NCB National competitive bidding |                  |        |                   |            |                        |

PROPOSED RESOLUTION

JAMAICA. LOAN \_\_\_\_/OC-JA TO THE GOVERNMENT OF JAMAICA  
(Parish Infrastructure Development Program)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Government of Jamaica, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Parish Infrastructure Development Program. Such financing will be for the amount of up to US\$35,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Financial Terms and Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

JAMAICA. PARTIAL PAYMENT OF INTEREST ON LOAN No. \_\_\_\_/OC-JA  
TO THE GOVERNMENT OF JAMAICA  
(Parish Infrastructure Development Program)

The Board of Executive Directors

RESOLVES:

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