

TECHNICAL COOPERATION PROFILE
JAMAICA
SUPPORT FOR THE DESIGN OF DECENTRALIZED ROAD MAINTENANCE
(JA-T1047)

I. BASIC PROJECT DATA

Country	Jamaica		
Project name	Support for the Design of Decentralized Road Maintenance		
Project Number	JA-T1047		
Team Leader and Members:	Team Leader: Alejandro Taddia (INE/TSP). Members: Rosana Brandao (INE/TSP), Brian Mc Nish (TSP/CTT); Diego Buchara (LEG/SGO) and Caterina Vecco (INE/TSP).		
Date of request:	July 17, 2009		
Beneficiaries:	Government of Jamaica (GOJ)		
Executing agency:	Ministry of Transport and Works (MTW) - National Works Agency (NWA)		
Financing plan:	PRODEV (DEPA-Subaccount B, non-reimbursable)	US\$	500,000
	Local Counterpart:	US\$	100,000
	Total:	US\$	600,000
Technical and Basic Responsibility	Basic responsibility: CCB/CJA		
	Technical responsibility: INE/TSP		
Tentative dates:	Plan of Operations	March, 2010	
	Approval	April, 2010	

II. BACKGROUND AND PROBLEM STATEMENT

- 2.1 **Background:** Jamaica's dense network of roads supports the primary mode of transport and mobility that facilitates access to social and economic life for the island's 2.7 million inhabitants. The road network has devolved into a state of disrepair due to a lack of adequate maintenance, exacerbated by torrential rains, hurricanes and attendant floods that have resulted in severe cumulative damage to the road network and a reduction in safety to the network's users. The number of vehicle crashes between 2006 and 2008 increased 13%, as an evidence of the worsening of road safety conditions.
- 2.2 **Sector Knowledge:** The Jamaican transport sector accounts for 8.7% of constant price GDP and its share has been increasing steadily during the past decade. The transportation industry is directly responsible for the employment and incomes of over 66,000 people or 6.0% of Jamaica's workforce in 2001. All modes of transport play a part in Jamaica's economy, but road transport is overwhelmingly the most important land transportation mode evident from the fact that it accounted for 75% of the total national consumption of petroleum in 2004. Jamaica's extensive road network consists of 15,000 km. The highways and main roads of national importance (the "national road network") accounts for 29% of the roads i.e. 5,006 km which falls under the jurisdiction of the NWA and includes 1,561 km of arterial roads, 3,445 km of secondary and tertiary

roads and 800 bridges. The maintenance of this network, one of the densest in the world, demands resources in excess of the country's ability to adequately finance it.

- 2.3 Transport Infrastructure work activities on roads are administered by three main entities: 1) Road Maintenance Fund Board (RMFB), established in 2002 manages funds received from one third of the motor vehicle licensing fees dedicated to the maintenance of roads island wide. During the fiscal years 2009 – 2011, 20, 35, and 50 percent respectively of a new fuel tax will additionally be allocated annually to the RMFB; 2) NWA, which has responsibility for construction, maintenance and management of the main road network and flood control systems for Jamaica and is the implementing arm of the MTW.; and 3) National Road Operating and Constructing Company Limited (NROCC), whose main roles is to oversee the implementation of highway expansion via public private partnerships (PPP).
- 2.4 With complementary support from the IDB through the National Road Service Improvement Program (LO 1363/OC-JA), amendments to the Road Traffic Act, which allows offloading of over-weight vehicles and the institution of appropriate fines, have been finalized and laid before Parliament. Preparation is also being made to implement the commercial vehicle safety and weight limit enforcement Program. In addition, three studies were commissioned by the GOJ with the assistance of the European Commission under the 9th European Development Fund's National Indicative Program which provides a comprehensive strategic framework for the continued development of the sector. These are: 1) The National Transport Policy (NTP), which provides a diagnostic of the sector analyzing, air, sea, rail and road transportation and which also provides an elaboration of policy for the sector; the NTP was completed in 2004 and approved by Cabinet in 2005. 2) The National Road Policy (NRP), a complementary study to the NTP, focuses specifically on the amplification of policy for road transportation; the NRP was finalized in the second semester of 2005 and was subsequently approved by the MTW. 3) The Road Maintenance Master Plan (RMMP), which justifies and identifies options, and scenarios based on funding availability and serves to guide road maintenance investment priorities required in Jamaica over five years to 2012.
- 2.5 These legislative acts, together with the transportation policy documents define a framework which will comprehensively identify roads, in the period 2006-2016, which are in need of urgent maintenance, and which will significantly complement and contribute to the long-term protection of the investments. These acts and studies are the seminal policy documents for the transportation sector in Jamaica.
- 2.6 The Country's Strategy: The improvement of reliability and safety of the road network is consistent with the government's strategy of market liberalization with the adoption of an export-led growth model. Attempts are therefore being made to create an environment conducive to attracting and increasing investment, to foster private sector growth and increase levels of output. In order to achieve sustainability of high growth through investment promotion, efforts are being aimed at promoting greater private sector yields and efficiency by upgrading, and maintaining the social and physical infrastructure, in particular the island's road network, as well as improving road safety. Over the long term, the GOJ is pursuing a policy to rationalize the existing road network so that maintenance could be prioritized based on economic and social criteria, including

consideration of the relative costs and benefits of primary, secondary and tertiary road networks. The GOJ is also considering establishing a Roads Authority to: i) rationalize responsibility for construction and maintenance for main and parochial roads as well as major drains and gullies, ii) maintain and increase the safety of the road network, and iii) secure a sustainable means of funding for road maintenance expenditures.

- 2.7 The Bank's Country and Sector Strategies: The Bank's Country Strategy sets out three principal areas of focus: i) private sector development, ii) getting value for money, and iii) reducing vulnerability to natural disasters. In order to support the development effectiveness initiatives of the borrowing countries, the Bank approved a Program to Implement the External Pillar of the Medium Term Action Plan for Development Effectiveness (PRODEV), which main objective is to strengthen management for development results capacity, enhancing the efficiency and effectiveness of the public sector use of allocated resources, by improving public sector management. The target areas for PRODEV funding are: a) national strategies; b) budget programming and execution; c) financial management; d) program and project management; and e) evaluation and monitoring systems.
- 2.8 The Bank approved two TCs (JA-T1015 and JA-T1024), which focus on three inter-related objectives: i) strengthen internal and external management controls; ii) bring together planned development and resources as a basis of a performance based approach to managing the Public Service; and iii) train and disseminate to improve communication with and information for the public. These TCs, financed under PRODEV, support the second objective of the Bank's country strategy (§2.7, ii) contributing to the improvement of government management systems for planning, financial management, procurement and fiscal and fiduciary oversight.
- 2.9 The proposed TC is consistent with the Bank's Country Strategy (§2.7, i and ii) and PRODEV target areas (§2.7, a and b). Impaired and unsafe road infrastructure has a detrimental effect on the business environment, productivity and private sector development, as the ability to efficiently move goods and services, and leverage the country's resources towards economic growth is impeded. This TC builds upon the two previous TCs financed by PRODEV (§2.8) and the resulting actions being implemented in the MTW (Annex II).
- 2.10 The recently approved programs (JA-L 1016 and JA-L 1027) finance the improvement of the road network through a program of rehabilitation of critical corridors and implementation of a results based maintenance program. This TC will assist the MTW in the development and improvement of NWA's institutional capacity to efficiently implement the performance based maintenance contracts. This new type of contracts support the road maintenance national policy established and adopted by MTW aimed at increasing the efficiency in the use of the resources of the Road Maintenance Fund, involving the decentralized execution of activities, involvement of local communities and the implementation of performance-based maintenance contracts.
- 2.11 In these areas the Bank has been quite active since 2001 through five operations: i) the US\$59.5M Northern Coastal Highway Improvement Program (LO 972/OC-JA), ii) the US\$18.5M National Road Service Improvement Program (LO 1363/OC-JA), iii) the

US\$10M National Emergency Assistance Program (LO 1959/OC-JA), iv) the US\$50M Transportation Infrastructure Rehabilitation Program (LO 2026/OC-JA), and v) the US\$10M Road Improvement Program (JA-L1027, recently negotiated).

- 2.12 Coordination with other MDB's: The Bank has been a central agent in a concerted effort with other agencies such as the Caribbean Development Bank (CDB) who has approved US\$20M for road repairs, along with an approved US\$10M loan from the World Bank (WB) for road rehabilitation. The European Union (EU) pursuant to the 9th EDF has also given support in the amount of €30M for the National Transportation Policy (NTP) and the RMMP providing the roadmap for interventions and investments and the basis for coordination in the sector (€10M is targeting augmentation of budgetary assistance for road maintenance support, providing the necessary resources to protect and maintain the investment). Kuwait, and OPEC have provided resources of US\$12.4M and US\$20M respectively for rehabilitation of rural and urban roads respectively. The Planning Institute of Jamaica has been the pivotal cross coordinator in participation of the CDB, WB, EU, Kuwait, OPEC and the IDB and reflects the GOJ's commitment to the sector and its coordinated strategy of donors' participation in the road sector.

III. PROGRAM OBJECTIVE AND DESCRIPTION

- 3.1 The Bank has recently approved the Road Improvement Program (JA-L1027), whose general objective is to improve maintenance activities and safety on the main road network in Jamaica. The lack of a safe and properly maintained road network is a major obstacle for competitiveness and development of the country; accordingly, the Bank, during the last years, has sensibly directed its transportation sector strategy at: (i) improving roads and develop a cost-effective maintenance system, (ii) implementing an efficient system for road maintenance, and (iii) strengthening of the institutional capacity in the sector, especially in planning and project management activities.
- 3.2 Consistent with the Country and Bank strategy, this TC will assist the MTW with the institutional capacity issues related to implementation of the new results-based road maintenance policy. Given the recent increase in levies on gas earmarked for road maintenance, the proposed program will place emphasis on ensuring existing funds are used in the most cost-effective manner. In this regard the proposed program will focus on developing a system of routine and periodic road maintenance with the following main characteristics: i) decentralized execution, through the regional offices of the MTW in each of the Parishes; ii) island-wide coverage; iii) activities to be contracted using a performance-based approach; and iv) implementation of the works will involve the participation of the local communities.
- 3.3 The proposed TC will finance the preparation of the following studies, among others: a) definition of work packages (i.e., splitting the network into a number of network contracts, defining corridors, etc.), b) analysis of scope of works to be included in the contracts: routine and periodic maintenance, backlog activities, emergencies, etc. In the case of emergencies, the level of responsibilities, standards, activities, unit costs and contractual arrangements should be clearly defined, c) assessment of contractors' market size, and different methodologies of involving community-based groups to carry out the works, d) assessment, definition and development of the different type of contracts to be implemented in the Pilot Projects (i.e., routine maintenance, initial improvement of the

road and subsequent routine maintenance, initial routine maintenance and improvement at the end of the contractual period, etc.), e) Preparation of a detailed action plan for the implementation of the Pilot Projects, including activities, programs, equipment needs, cost analyses, f) definition of performance standards for the works, g) review contracting arrangements, h) development of an evaluation system for tracking maintenance contract performance, i) transfer the maintenance system knowledge to the parishes, and j) establishment of training requirements and possible sources for the training, costs, and the types of agreements required to provide the training.

IV. COST AND FINANCING

- 4.1 The cost of the TC is estimated at US\$600,000. The PRODEV (DEPA Subaccount B) will provide US\$500,000 on a non-reimbursable basis, and GOJ will contribute US\$100,000 in kind. The expected execution of this TC is 10 months and 12 months for disbursement.

Component	IDB (US\$)	GOJ (in kind)	Total (US\$)
Capacity building	210,000	45,000	255,000
Project Management	100,000	25,000	125,000
Monitoring and Evaluation	70,000	15,000	85,000
Training and dissemination	70,000	15,000	85,000
Supervision	50,000	-	50,000
TOTAL	500,000	100,000	600,000

V. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 5.1 The MTW will be the executing agency for the studies of this TC. MTW will provide local transportation, logistical support, facilities and communication, facilitate access to information, and provide counterpart staff. The Country Office in Jamaica and the Project Team will have the basic and technical responsibilities respectively.

VI. MAJOR ISSUES

- 6.1 There are no foreseeable issues or impacts to the preparation of the Plan of Operation or the execution of this technical cooperation.

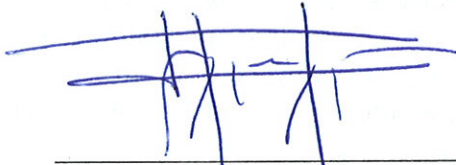
VII. ACTION PLAN

- 7.1 Upon approval of this profile, the Plan of Operation will be prepared, and could be submitted for approval during the first quarter of 2010.

VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 The TC will finance the preparation of studies for the institutional strengthening of the MTW. In this context, it is expected that the TC will not have neither environmental nor social negative impacts. The studies will include the environmental and social issues related to road maintenance, so the results of the TC are likely to be positive for the environment and the social aspects. Based on the Bank Environmental and Safeguard Compliance Policy (OP-703), and considering the objectives, the environmental and social impacts and risks of the TC, this operation is a Category "C".
- 8.2 Supervision of this TC will involve the participation of the NWA.

IX. APPROVAL

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Agustín Aguerre, Chief
Transport Division, INE/TSP

MAR 15 2010

Date