

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**JAMAICA**

**SUPPLEMENTAL TO THE PRIMARY EDUCATION SUPPORT  
PROJECT (PESP)**

**(JA-L1021)**

**LOAN PROPOSAL**

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ELECTRONIC LINKS
<b>REQUIRED</b>
1. POA <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1733779">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1733779</a>
2. Environment and Social Strategy (ESS) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1732214">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1732214</a>
3. Monitoring and Evaluation <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734793">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734793</a>
4. Safeguard and Screening Form and Classification of Projects (SSF) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1775401">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1775401</a>
<b>OPTIONAL</b>
1. Cost Summary for Both Loans (1264/OC-JA & JA-L1021) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734732">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734732</a>
2. Cost of School and Funding by Source <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734381">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734381</a>
3. Number of Teachers and Students per Loan <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1733842">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1733842</a>
4. Regional Education Agency <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734563">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1734563</a>

## **ABBREVIATIONS**

IDB	Inter-American Development Bank
ET	Education Transformation
FY	Fiscal Year
GOJ	Government of Jamaica
MOE	Ministry of Education
OPEC	Organization of the Petroleum Exporting Countries
PBL	Policy Based Loan
PCU	Project Coordination Unit
PESP	Primary Education Support Project
TF	Task Force

**PROJECT SUMMARY**  
**JAMAICA**  
**SUPPLEMENTAL TO THE PRIMARY EDUCATION SUPPORT PROJECT (PESP)**  
**(JA-L1021)**

Financial Terms and Conditions			
Borrower: The Government of Jamaica (GOJ) Executing Agency: Ministry of Education (MOE)		Amortization period:	25
		Grace period:	2 years
		Disbursement period:	2 years
Source	Amount	Supervision and inspection fee:	*
IDB (OC)	US\$14 million	Interest Rate:	To be determined
Local	US\$ -	Credit Fee:	*
Total	US\$14 million	Currency:	US\$ single currency facility
Project at a Glance			
<b>Project objective/description:</b> The Primary Education Support Project ([PESP] - Loan 1264/OC-JA) objective is to improve the quality and efficiency of the primary education system and is organized in three articulated components: (i) Component 1. Quality assurance for improved educational performance and equity; (ii) Component 2. Institutional development, for improved sector management and efficiency; and (iii) <b>Component 3. Civil works for schools construction, expansion, and maintenance.</b> Through Component 3, PESP will continue to seek to increase student places with the replacement, expansion and construction of schools. Expected results of this component are schools that will meet quality standards and have a positive impact on student achievements. In light of substantially increased costs and in order to be able to complete all activities planned under PESP, GOJ requested in August 2008 an additional US\$14 million that will permit the completion of Component 3 related activities. The proposed supplemental loan focuses on providing additional financing to the already planned activities under the civil works component (Component 3) of PESP, and will allow civil works on eight of the twelve targeted schools. The additional resources will ensure the realization of all intended action of the component and therefore ensure the achievement of PESP's objectives.			
<b>Exceptions to Bank policies:</b> None			
<b>Project qualifies for:</b> SEQ[ X ]    PTI [ X ]    Sector [ X ]    Geographic[ ]    Headcount [ ]			

(\*) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provision of the Bank's policy on lending rate methodology for ordinary capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

## **I. DESCRIPTION AND RESULTS MONITORING**

### **A. Background, problem addressed, justification**

#### **1. Primary Education Support Project**

- 1.1 In September 2000 the Board of Executive Directors approved the original Primary Education Support Project ([PESP] - Loan 1264/OC-JA) for a total of US\$39.5 million of which US\$31.5 million are Bank resources. Following a partial cancellation of US\$2.5 million in 2004 the original budget was revised to US\$36.3 million, of which US\$29 million corresponded to the Bank's loan. The original disbursement period of the project was for four-years. However, the project was extended by 36 months to the current final disbursement date of December 22, 2008.
- 1.2 The project, executed by the Ministry of Education (MOE), aims to improve the quality and efficiency of the primary education system and is organized into three articulated components: (i) Component 1. Quality assurance, for improved educational performance and equity; (ii) Component 2. Institutional development, for improved sector management and efficiency; and (iii) Component 3. Civil works, for schools construction, expansion, and maintenance.
- 1.3 Component 3 of PESP aims to increase the availability of student space by building, extending and replacing (partially or completely) schools. The objective of this component is to address overcrowding and access issues in parts of the country which have experienced a shift of population in response to perceived employment opportunities in the urban centers and tourism growth areas. These population dynamics put existing primary facilities under severe pressure in these specific parts of the country where capacity has become inadequate in relation to demand. The initial project had resources for approximately eleven primary and All Age schools, composed of two new schools, three full replacement schools, two partial replacements, and four expansions of existing schools. One more school with partial replacement works was added during implementation, bringing the total of targeted institutions to 12 schools.
- 1.4 All funds of the Bank's loan dedicated to civil works (Component 3 for US\$5.6 million) have been committed and it is expected that the loan will be fully disbursed by December 2008. In addition to the Bank's Loan 1264/OC-JA, in 2001 a loan from the Organization of the Petroleum Exporting Countries (OPEC 831P) for an amount of US\$4 million intended for civil works was added and substituted partially counterpart resources. OPEC 831P loan has been fully disbursed as of July 08. Thus, a total amount of US\$9.6 million will have been spent on school civil works by the end of 2008. Loan resources will be exhausted by that date with five schools completed, five in progress, and two to be completed. However, the procurement process is completed and approved by the

Bank and is under review by Government of Jamaica (GOJ). The contract should be signed before end of Loan 1264/OC-JA.

- 1.5 Compared to Component 3, Component 1 and Component 2 have produced significant outputs that support the ongoing Education Transformation (ET) process (see par. 1.8) that were identified during the 2007 and 2008 Annual Review. The main outputs of Component 1 are: (i) generalization and implementation of the revised primary school curriculum;<sup>1</sup> (ii) production of a multi-grade manual; (iii) development of an integrated literacy intervention, literacy 123 that is being rolled out to the entire country; (iv) skill upgrading of lecturers of Teacher's Colleges and evaluation for the rationalization of teachers college; (v) Grade 1 Individual Learning profile; (vi) supplementary readers; (vii) upgrading of demonstration schools; and (viii) completion of strategic plan for the tertiary commission and continuous assessments strategies and alignment of the Grades 3 and 6 test. The major outputs of Component 2 are mainly: (i) materials and training for the development of school-management teams; (ii) cash incentive grants for targeted school clusters to design and implement school improvement programs (lighthouse schools); and (iii) training in school based maintenance. Loan 1264/OC-JA is in its final stage of implementation and mainstreaming its outputs will be the key for the sustainability of the results obtained. Through its ET process, GOJ is committed to implement changes to the education sector over the next decade; therefore, this is a favorable context for sustaining PESP results.
- 1.6 The mid-term summative evaluation done in 2004 concluded that the PESP Component 1 is appropriately designed with a focus on the paradigm shift from teacher centered teaching to child-centered learning, and also provides a well designed combination on a new literacy approach, learning materials, and educational assessment. A final evaluation is on-going and will be able to give a comprehensive account of results by December 2008. The Project Performance Monitoring Report (PPMR) reveals that for Components 1 and 2 many of the targeted outputs are being met or will be by the end of the project. In some cases, preliminary indicators/results, such as percentage of: (i) teachers using the new curriculum and recommended practices; (ii) teachers using continuous assessment; and (iii) tutors of teachers colleges trained at the post graduate level, suggest that the actual outputs have surpassed the targeted ones.

## **2. Education in Jamaica**

- 1.7 Jamaica has long recognized the importance of education to economic development and has dedicated relatively high budgetary allocation (5.4% of Gross Domestic Product [GDP]) to education making considerable progress reaching near universal access in early childhood, primary education (Grades 1-6) and lower secondary education (Grades 7-9). Upper secondary (Grades 9-12) still

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<sup>1</sup> Developed under IDB financed project *Primary Education Improvement Program* (PEIP II).

has limited access since only about 77% of eligible population is enrolled. Despite the achievements in expanding access, nevertheless quality issues persist. Results for Jamaica on the Caribbean Examination Council Grade 11 tests are not satisfactory in selected subjects, particularly in the core subjects, English and Mathematics.<sup>2</sup> Furthermore, results of primary assessment for literacy indicate that while an increasing number of students achieved mastery in the Grade 4 literacy test (64, 65 and 71% in the years 2006, 2007 and 2008 respectively), the numbers fall short of MOE's goal to have 85% of students achieve mastery. Hidden behind enrolment indicators is a high rate of student absenteeism, with attendance declining as much as 50% in selected schools.<sup>3</sup> The existence of multi-grade schools constitutes a challenge as teachers teach children from various grades.<sup>4</sup>

- 1.8 **Education Transformation (ET).** Cognizant of the challenge of the education sector, in February 2004, the Prime Minister of Jamaica appointed a 14-member Task Force (TF) on Educational Reform to prepare and present an action plan consistent with the vision of the creation of a world-class education system. Seven months later, the TF presented its report, which included a review of the state of education, recommendations for change, and defined performance targets for education for the year 2015. The country since then has embarked on an ET process with the main objective of improving governance and developing a managerial model characterized by decentralization and greater autonomy for schools, the outsourcing of some technical functions to specialized agencies, the provision of quality inputs and more accountability throughout the system.
- 1.9 **Capacity and state of physical plant.** The report of the TF on Educational Reform commented on the state and the capacity of the physical plant. While acknowledging that there is high enrolment from early childhood to lower secondary, it also points out that the quality of the space is deficient and substandard. The shift system, designed to alleviate the capacity problem in the short run, has resulted in reduced contact teaching time (4.5 hours/day vs. 5.5 for whole day schools) and less time for co-curricular activities. Many schools have inadequate staffrooms, administrative office space, sick bays and limited facilities for the physically challenged. Ventilation and lighting, water supply, and sanitary facilities are inadequate in several schools. Action recommended by the TF on Education Reform regarding physical capacity were to: (i) determine additional space required; (ii) rehabilitate and upgrade schools to international standards; (iii) rationalize the available primary school capacity; and (iv) build schools to meet the space demand.

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<sup>2</sup> It has to be noted that MOE introduced a Grade 1 Learning Profile in 2007/2008 to identify specific needs of children entering Grade 1. The instrument is now being implemented throughout the system.

<sup>3</sup> IDB has a technical cooperation to work with MOE on this issue ATN/JF-9951-JA.

<sup>4</sup> Under the PESD program, a manual for multi-grade schools was developed and implemented to address the particular challenges of these schools and teachers.



- 1.10 Given the strong correlation between the provision of an enabling learning environment and student achievement, investments in school rehabilitation, extension and building are essential for improved quality of education. Even though MOE has a clear policy of de-shifting schools and increasing the number of contact hours for students, a number of schools still function in double shifts, resulting in a need for additional spaces. Thus the issue of a good physical plan with sufficient space to avoid overcrowding and quality space to provide an enabling learning environment is an important issue that will necessitate investments by GOJ.

### **3. The Bank's long term involvement in education and in the Education Transformation Plan**

- 1.11 In September 1999, the Bank authorized the final disbursement under the Improvement Primary Education, Phase II (PEIP II)<sup>5</sup> project. Approved in 1992, PEIP II was the second of two Bank investments emphasizing primary education. Under this program, 18 primary schools were extended and refurbished, and eight dilapidated primary schools replaced. Within the context of education and training, the Bank has also financed a US\$1 million grant to the Jamaica Computer Society Education Foundation (ATN/MH-4849-JA), to introduce computer-assisted instruction in 20 rural primary schools; a US\$324,000 grant (ATN/SF-5629-JA), to establish a research database to profile the developmental status of young Jamaican children upon entering primary school; and US\$10 million under the Jamaican Social Investment Fund (1005/OC-JA) for poverty-targeted community development, including school rehabilitation.
- 1.12 In 2007, GOJ requested assistance from the Bank to support the implementation of its Education Transformation Plan, through a programmatic Policy Based Loan (PBL) consisting of three operations over a time period of four years. Considering the varied needs, the following scenario is proposed: (i) first loan for 2008 of US\$30 million; (ii) a second loan for 2010 of US\$30 million that would be a hybrid operation (PBL and investment loan); and (iii) a third loan (PBL) in 2012 for US\$30 million. It is expected that the first operation of this programmatic loan will be approved by December 2008. The renewal of the school plant is a key element of the new Education Transformation Plan and will be also addressed by the second operation of the Programmatic Loan by 2010.

### **4. Need for supplemental financing for PESP**

- 1.13 The shortfall in funding for civil works under loan 1264/OC-JA was due to compounded inflationary effects from fluctuations in labor, equipment and material prices. Given the six years lag to start civil works on targeted schools, these cost increases have been substantial. Delays in starting civil works were due to scarcity of project resources because of fiscal constraints. Indeed, GOJ

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<sup>5</sup> Loan 697/OC-JA and 586/OP-JA for US\$38.6 million.

budgetary allocations to IDB-supported projects fell far short of what was needed for a normal pace of execution, slowing down project implementation. In Loan 1264/OC-JA, activities of Components 1 and 2 were less affected by this issue, as much was achieved with in-house capacity (see par. 1.5). However, this was not the case for civil works activities that were the most affected by limited budgetary resources.

- 1.14 As described in Table I-1, out of the twelve schools targeted for civil works, funds from both, the Bank's Loan 1264/OC-JA and the OPEC's 831P, will have permitted completion of five schools, partial works for another five schools, leaving two of the targeted schools to be started.<sup>6</sup> Due to the cost increases in construction, total works are now estimated at US\$23.5 million instead of US\$10.5 million, bringing the gap between available resources and cost, to approximately US\$14 million. This level of increase is consistent with actual industry prices for labor, equipment and materials.<sup>7</sup>

**Table I-1**  
**Percentage of completion of works with Loan 1264/OC-JA and OPEC 831P**

Name of School	Type of intervention	% of completion of works with Loan 1264/OC-JA and OPEC 831P
Christiana Leased	Extension	100%
Gordon town All Age <sup>8</sup>	Partial replacement	100%
Bromley Primary	Full replacement (New site)	100%
Guys Hill Primary	Extension	100%
Hellshire Primary	New school	0%
Mayfield All Age	Extension	100%
Chester Castle All Age	Extension	60%
Fruitfull Vale All Age	Full replacement (New site)	55%
Mansfield Primary	New school	44%
Lucea Primary	Extension	10%
Red Hills Primary	Partial replacement	0%
Sheffield All Age	Full replacement (New site)	60%

- 1.15 Pursuant to the Bank's policy on "Increased Financing for Cost Overruns for Operations in Progress" (document GN-2329), the request complies with the conditions for receiving supplemental financing because: (i) the request was made during the current effective disbursement period; (ii) the project is progressing satisfactorily in components not having had cost overruns or having found in house solutions to implement (see par. 1.5); (iii) the cost overruns result from extraordinary circumstances beyond the borrower's control: scarcity of project resources because of fiscal constraints and the rising price of materials, equipment and labor throughout the region; (iv) reducing the number of schools covered by the project would compromise the project objectives; (v) the additional financing

<sup>6</sup> See [Table Cost of schools by funding source](#).

<sup>7</sup> New cost are based on Engineers' report dated August 27, 2008, drafted by MOE and officially received from Ministry of Finance on September 23, 2008 and reviewed by engineer in COF/CJA.

<sup>8</sup> Gordon Town All Ages is 100% as per contract but additional works will be added.

will make it possible to achieve the objectives of the Program; (vi) GOJ is facing severe revenue short-falls that would make it very difficult to complete the works without assistance from the Bank; (vii) the Borrower, based on the current country financing parameters, has requested the Bank to finance the cost overrun without increasing the original counterpart contribution; and (viii) the country is current in its payments to the Bank.

- 1.16 The proposed supplemental financing, by permitting civil works on seven schools which require additional resources for completion, will allow the implementation of the Program as originally planned and the achievement of its objectives.

## **B. Objective, components and costs**

### **1. Objective**

- 1.17 The Program's objective remains unchanged and aims to improve the quality and efficiency of and access to the primary education system. In light of substantially increased costs, the proposed supplemental loan focuses on providing additional financing to the already planned activities under the civil works component (Component 3). In order to be able to complete all activities planned under Loan 1264/OC-JA, GOJ has requested in 2008 an additional US\$14 million that will permit the completion or building of all remaining civil works activities. Seven schools are targeted by these additional funds (in addition, one school already completed under Loan 1264/OC-JA –Gordon town All Ages– will have some minor additional work done). The project will continue to seek to provide new student places with the replacement, expansion and construction of schools. Expected results are schools that will meet quality standards and have a positive impact on student achievements at the end of the PESP project. The additional resources will ensure the finalization of all intended action of Component 3 and therefore contribute to achievement of PESP's objectives.

### **2. Supplemental funds to Component 3**

- 1.18 Due to the cost escalation in Component 3 of Loan 1264/OC-JA, the funds approved through that loan are insufficient to finance all the activities required to attain the Program's objectives. The supplemental funds provided by this operation will allow continuing and finishing of civil works of seven schools. The Bank has already issued its non-objection for all seven schools to be completed using the supplementary financing.
- 1.19 **Replacement** schools will replace existing buildings, which are beyond repair because of inadequate construction, structural defects, old age, and other conditions such as inadequate space for expansion. **Expansion** schools are located in existing facilities, which are severely overcrowded. All the expansions will be done on sites with adequate land space for the extended facility. In addition to the 1,155 student places already created by works in the first five schools financed by Loan 1264/OC-JA, the supplemental loan (JA-L1021) will create 1,890 student

places in replacements (partial or full) and extension of existing schools, increasing the capacity of these schools by 50%. Furthermore two **new** schools will be built creating another 1,365 new student places. A total of 3,255 student places will be created with the supplemental funds.<sup>9</sup>

- 1.20 All sites have been selected based on needs. Criteria among others are: alleviation of space shortages as defined by a minimum percentage of overcrowding above the regional mean; the location of schools in economically depressed areas and the demonstration of unmet needs through catchments analysis, including access and enrollment criteria. All construction will be undertaken in accordance with the norms established by the Government and inspected by a qualified technicians taking into account the Bank's requirements. Such inspections will be completed prior to the acceptance of the building by the education authorities.
- 1.21 Activities of Component 3 in the five schools being replaced (full or partially) and extended will address issues of overcrowding in these schools. MOE has indicated that actual capacity<sup>10</sup> of these five schools is 2015 student places, while current enrolment is 3,089 students, therefore these schools are 50% over their standard capacity<sup>11</sup>. The planned construction activities will increase the capacity of these existing five schools up to 3,905 student places, rising capacity by over 90%. This will not only provide enough space for actual enrollment but will also provide access to unmet needs.<sup>12</sup> The addition of the two new schools will create 1,365 new student places, they will address the issue of double-shifting in neighboring schools and also provide access to unmet needs. In addition to access and overcrowding issues, activities of Component 3 will also provide quality facilities addressing the issue of substandard and deficient quality of space mentioned in the TF report. The supplemental financing will provide a total of 5,270 student places in good quality facilities.
- 1.22 In sum, with these supplemental funds, PESP will provide, in a given year, a total of 8,015<sup>13</sup> student places in good quality buildings, providing an enabling learning environment for students.

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<sup>9</sup> [Increase Capacity per Loan.](#)

<sup>10</sup> Capacity of a school is the number of students that can be instructed in this school without curtailing quality of education. This is determined by MOE by allocating a specific number of student places to each type of classroom. For primary schools in Jamaica the standard is 35 students per primary classroom.

<sup>11</sup> Teacher/student ratio is 1/28 in the seven target schools while the national standard is 1/35. Overcrowding in schools does not translate in a high teacher/student ratio in these cases but in high occupancy rate of schools.

<sup>12</sup> Jamaica has reached almost universal primary education with 95% net enrollment rate in 2006. Consequently, increase in access is not a major issue. Nevertheless, one of the criteria for selection of schools in PESP is unmet need through catchments analysis. Therefore targeted schools are addressing the issue of unmet demand although it is not a major one.

<sup>13</sup> This does not take into consideration students in neighboring schools having been de-shifted because of increase in student places in the community.

- 1.23 MOE will recruit additional teachers, especially in the case of new schools for which an excess of 45 new classroom teachers will be recruited.

### 3. Project cost

- 1.24 The proposed supplemental financing will be solely for Component 3 and it will be financed with a loan up to US\$14 million. This amount will cover all additional funds needed to complete all remaining schools, including amount of works needed at actual industry prices for labor, materials and equipment.
- 1.25 Table I-2 indicates the use of the supplemental funds for the remaining schools according to the budget categories established for PESP.

**Table I-2**  
**Cost summary table (US\$ million)**

Investment categories	Total cost	Loan 1264/OC-JA	OPEC 831P	Supplemental JA-L1021
Partial replacement of schools	5.60	0.30	1.60	3.60
Full replacement of schools	4.80	1.00	0.70	2.70
New schools	5.10	1.50	0.00	4.10
Expansion of existing schools	6.50	1.80	1.70	3.00
Project Management and Audit	1.60	1.00	0.00	0.60
<b>Total</b>	<b><u>23.60</u></b>	<b><u>5.60</u></b>	<b><u>4.00</u></b>	<b><u>14.00</u></b>

### C. Key results indicators

- 1.26 With Supplemental funds, increased capacity will allow for a total of 5,270 places in the seven targeted schools. This will address the issue of quality of education by providing an enabling learning environment because of: (i) improved classrooms and general physical conditions at the school; (ii) diminished overcrowding in target schools or in those neighboring the new ones being built; and (iii) increasing contact time because of elimination of double shifting in schools in the vicinity of the new schools. Increased capacity will also allow for increase access to primary education because it will not only provide quality places to schools over-extending their capacity but it will also create new net places that will fill unmet demand.
- 1.27 The proposed key indicator for outputs for this loan which is only aimed at school infrastructure is number of student places. Indicators for outcomes will be occupancy rate (student/place ratio)<sup>14</sup> in target schools and de-shifting of schools neighboring the new schools being built.

<sup>14</sup> This indicator is based on headcounts of students per places available in a school. It is used to show how many of the places available for students in a school have been taken up.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The Bank's financing will be provided as an investment loan. The loan will finance the total cost of the project from the Bank's ordinary capital resources. The resources of the supplemental loan shall be managed in a separate bank account opened exclusively for this purpose. The loan will be for US\$14 million. The expected disbursement period is two years. Table II-1 shows the tentative disbursement schedule.

**Table II-1**  
**Tentative disbursements schedule (US\$ million)**

Sources	Year 1	Year 2
IDB	10	4

- 2.2 As per OP-504 on "Recognition of Expenditures, Retroactive Financing, and Advance Contracting", the Bank will provide retroactive financing for up to US\$3 million for execution of activities of the supplemental loan starting from September 24, 2008 to date of approval. Under Loan Contract 1264/OC-JA, the Bank has given non objection to the entire procurement process and to the technical eligibility of the proposed activities that will be financed under the supplemental loan (JA-L1021), making these expenses eligible since they have satisfied the Bank's procurement and technical requirements.

### B. Environmental and social safeguard risks

- 2.3 The environmental and social safeguard classification is "C". The Program net environmental and social impacts are likely to be positive for communities who will benefit from new or larger schools and thus with schools with lower occupancy rate and in good physical conditions, which are more favorable to improve learning outcomes. Since this is a supplemental financing to an existing operation it is expected that it will rely on the assessments and procurement of the ongoing project.
- 2.4 The supplemental funds will support construction and repairs for seven of the twelve targeted schools<sup>15</sup> (five already completed under Loan 1264/OC-JA), four being in new locations. All twelve sites, plans and works have been approved by the Bank under Loan 1264/OC-JA and comply with national planning and environmental laws (for more details see [Environment and Social Strategy](#)). Therefore the Program is not expected to have significant negative environmental impacts.

<sup>15</sup>

With additional minor works on Gordon town All Ages.

### **C. Fiduciary risk**

- 2.5 It is expected that since this is a supplemental financing to an existing operation that it will rely on the procurement mechanism done under Loan 1264/OC-JA. Indeed, all selection and contracting of civil works for all schools have been done in accordance with the Bank's policies and have received non objection under Loan 1264/OC-JA (see par. 1.4). This operation will not do any procurement and will simply allow for payment of already approved contracts. Therefore a procurement plan has not been drafted.
- 2.6 Procurement for the proposed project was carried out in accordance with the *Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank* (GN-2349-7), of July 2006; and the *Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank* (GN-2350-7), of July 2006, and with the provisions established in the loan contract and the procurement plan.
- 2.7 **Audits.** The PCU will be responsible for contracting an external auditor and shall present annual financial statements of the Program audited by an independent firm accepted by the Bank for Loan 1264/OC-JA, within 120 days of the end of each fiscal year, and a final financial statement to be submitted within 120 days after the date of the last disbursement. Audit costs will be financed through the loan.

### **D. Other key issues and risks**

- 2.8 **Maintenance of schools under PESP.** The original PESP project document indicates that prior to PESP MOE budgetary resources for essential school infrastructure maintenance were inadequate to service the needs of the system, leaving many schools in dilapidated conditions. Although Jamaica's education sector has traditionally benefited from relatively high levels of community involvement in the routine maintenance and minor repairs of school buildings, as well as from contributions by the private sector and from public programs such as the Jamaica Social Investment Fund (JSIF), these have been small and sporadic relative to the needs. Loan 1264/OC-JA project document states various times that on-going periodic and preventive maintenance is almost non-existent, with only minor routine (mostly community-provided) maintenance and some emergency repairs taking place from MOE budgetary allocations. Consequently, a specific section (4.02) on maintenance was included in the loan contract under special conditions. From Fiscal Year (FY) 1989/1990 to FY 1997/1998, the budgetary allocation for primary school maintenance averaged only about US\$1.75 million per year to cover all major building and equipment maintenance, repairs, and replacement for the whole primary school plant. This allocation increased to an average of US\$9.0 million in 1998/1999 and 1999/2000, when resources from the Commonwealth Debt Initiative became available for this purpose. This amount for maintenance allocation came close to the annual minimum of US\$10 million identified in the infrastructure study preparing PESP, as the quantity of financial

resources necessary to begin dealing with the basic maintenance requirements of the sub-sector in 2000. This conclusion is reflected in maintenance section (4.02) of the loan contract requesting that GOJ present to the Bank in annual reviews budgetary provisions for maintenance of primary schools, so as to gradually reach an annual amount equivalent to the US\$10 million required. Other provisions of section 4.02 on maintenance speak to adequate maintenance of works and equipment according to generally accepted standards, presentation of annual maintenance reports and preventive maintenance and repairs comprised in the acquisition of new equipment. Under PESP, annual MOE maintenance reports provided to the Bank indicate that for FY 2005/2006, 2006/2007 and 2007/2008 provisions for primary school maintenance were respectively US\$10.5 million, US\$12.7 million and US\$13.8 million. For FY 2008/2009 allocations for maintenance of primary schools and their equipment are US\$14.4 million.

- 2.9 Even though there has been progress regarding resources allocated to maintenance of primary schools, this section of the contract has been only partially fulfilled. Indeed sections 4.02 (a) (iv) and (v) of the Loan 1264/OC-JA contract referring to transfer of ongoing maintenance of schools to the local school boards and opening of a line item for each school in the MOE's internal annual maintenance program budget have not been fulfilled because they are no longer in line with current practices of MOE and do not reflect its current reform strategy. It is noteworthy that the Executing Agency and the Bank have agreed to modify these contractual conditions and the corresponding amendments are in process.
- 2.10 Nevertheless, in the last few years activities around maintenance of primary schools have started to take place. These consist mainly of training of 60% of principals of primary schools in maintenance under PESP and setting up of Maintenance Committees within each school. It is also to be noted that with ET, maintenance responsibilities will be devolved to Regional Educational Agencies (REA) who will be responsible for monitoring the implementation of building programs under the Regional Civil Works Division.<sup>16</sup>
- 2.11 **Maintenance of school under the supplemental loan.** In light of investments being made through the PEPS project (US\$23.5 million) on school infrastructure and future investments planned on renewal of the school plant (see par. 1.12) in the second operation following the PBL, maintenance is an important issue for sustainability. To mitigate this risk, the supplemental loan contract will still request reports on allocation of resources for maintenance of schools and comprehensive reports on maintenance of primary schools.

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<sup>16</sup>

[New Organization Structure, Divisional Functions and Job Descriptions](#), July 2006.



### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

#### **A. Summary implementation arrangements**

- 3.1 Timely execution is assured, since works have started for six of the seven schools and a contract has been signed for the school not yet started. The Bank has reviewed the work plans for each school and is satisfied that all works can be completed within the 2-year disbursement period.
- 3.2 The implementation of this supplemental financing will be undertaken by the MOE through the existing arrangements of Loan 1264/OC-JA, using the existing Project Coordination Unit (PCU) at a reduced size reflecting the personnel needed to manage Component 3 alone. Following previous experience the PCU will be composed of the general coordinator, seven contract managers, a technical coordinator, an engineer, two administrative assistants, an accountant, three clerks and a driver. The reduced PCU will continue to: (i) implement an accounting system for the management of the project accounts; and (ii) maintain adequate financial and accounting records of the project funds and internal control systems to allow for verification of transactions, provide documentation to verify transactions and to facilitate timely preparation of financial statements and reports. Project financial and accounting records will be arranged so that: (i) project expenses are reported in accordance with the chart of accounts approved by the Bank; and (ii) the necessary details are included to identify goods acquired and services contracted, as well as their use.
- 3.3 The PCU will be responsible for: (i) preparing annual operating plans for submission and non-objection by the Bank; (ii) ensuring the achievement of outcomes through the monitoring of indicators; (iii) preparing and submitting disbursement requests to the Bank and the corresponding justification of expenses; (iv) preparing and submitting to the Bank the annual financial project's expenses, and the Semi-Annual Revolving Fund Status Reports; (v) preparing bi-annual project reports; and (vi) maintaining an adequate filing system. The PCU will use the existing operations/implementation manual.

#### **B. Summary of arrangements for monitoring results**

- 3.4 The Program Monitoring and Evaluation unit of MOE will continue to carry out the collection of data pertaining to the number of additional spaces provided and enrollment rates in the targeted schools. The technical service unit will also continue to provide monthly status of works reports to the PCU and monitoring and evaluation unit.

**SUPPLEMENTAL TO THE PRIMARY EDUCATION SUPPORT PROJECT (PEPS)  
(JA-L1021)**

**ANNEX I - RESULTS FRAMEWORK  
MATRIX OF INDICATORS**

<b>Project Objective</b>	Improvement of the quality and efficiency of primary education				
<b>Civil works component</b>	<b>Base</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Target</b>	<b>Comments</b>
<b>Outputs</b>					
Student places	2,015 <sup>1</sup>	2,420	5,270	<b>5,270</b>	
# of schools with improved infrastructure providing an improved learning environment	0	4 schools	7 schools	7 school	Improved learning environment will be measured by the presence of new classrooms and staff rooms, libraries, guidance rooms, performing arts rooms and a storage rooms.
<b>Outcomes</b>					
Occupancy rate: Student/place ratio	150%	100% in four schools	100% in seven schools	100%	Average number of students per places available in a given school. This indicator is based on headcounts of students per places available in a school. It is used to show how many of the places available for students in a school have been taken up. If there is under-enrollment, capacity is not being fully used and the indicator will be below 100%. If there is over-enrollment the school is being over-extended and the indicator will be over 100%. A value of 100% indicates parity between school capacity and enrollment.
Existence of Maintenance plan in the school	N/A	4 schools	7 schools	Maintenance plan in 7 schools	

<sup>1</sup> Capacity of school differs from enrolment.

Civil works component	Base	Year 1	Year 2	Target	Comments
#of schools de-shifted in 3 miles-radius from new PESP schools	0	1	4	4	

- Notes:
1. The Matrix of Indicators will show the base level values, expected year values, and target values of each indicator;
  2. Outputs and outcomes are grouped together to facilitate monitoring of component performance
  3. The right hand column can be used for description of output/outcomes and choice of indicator and other explanatory notes
  4. In the Results annex/section, this Matrix will be complemented by a detailed account of the arrangements (including institutional responsibilities, operating regulations, terms of reference, hiring of consultants, budgeting) showing how the data will be collected, verified, analyzed and reported to the Bank. The data sources and rationale behind the base line and target values will also be described.