

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

JAMAICA

**EMERGENCY RECONSTRUCTION FOLLOWING TORRENTIAL
RAINS**

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EMERGENCY RECONSTRUCTION

FOLLOWING TORRENTIAL RAINS IN JAMAICA

(JA-0123)

LOAN PROPOSAL

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ANNEX A Emergency Management (Disaster Areas) Order, 2002

ABBREVIATIONS

ECLAC	Economic Commission for Latin America and the Caribbean
ERF	Emergency Reconstruction Facility
GOG	Government of Jamaica
NEOC	National Emergency Operations Center
NEPA	National Environmental and Planning Agency
NIC	National Irrigation Commission
NRCA	Natural Resources Conservation Authority
NWA	National Works Agency
NWC	National Water Commission
OC	Ordinary Capital
ODPEM	Office of Disaster Preparedness and Emergency Management
PET	Project Execution Team
PIOJ	Planning Institute of Jamaica
US	United States of America
p.a.	per annum

EMERGENCY RECONSTRUCTION FACILITY

Following Torrential Rains in Jamaica

EXECUTIVE SUMMARY

Borrower:	Government of Jamaica (GOJ)		
Guarantor:	Government of Jamaica		
Executing agency:	National Works Agency of the Ministry of Transport and Works		
Amount and source:	IDB: (OC)	US\$	16,000,000
	Local:	US\$	4,000,000
	Total:	US\$	20,000,000
Financial terms and conditions:	Amortization Period:	25	Years
	Grace Period:	5	Years
	Disbursement Period:	12	months from loan signing
	Interest Rate:		
	Supervision and Inspection:	variable	
	Commitment Fee:	1	%
	Currency:	0.75	% p.a.
	U.S. dollar		
	Single currency facility		
Objectives:	The objective of the program is to address the temporary reconstruction, stabilization, and repair of infrastructure within five parishes declared disaster areas as a result of heavy rains during the May/June 2002 period as well as to strengthen the country’s ability to respond to emergencies in the future.		
Description:	The project will provide resources for urgent activities needed to restore basic infrastructure services to the affected population. Included among these activities are the following tasks: (i) removal of debris from roads; (ii) clearing of roads blockages and road slips caused by heavy rains; (iii) clearing of blocked drains; (iv) structural work related to drainage systems along the roadway; (v) road repairs; (vi) replace/repair damaged pumps and electrical equipment related to the supply of water; (vii) clean-up of blocked canals and flooded well fields and stations; and (viii) institutional		

	strengthening as related to Emergency Preparedness.
Bank's country and sector strategy:	For natural disasters with major consequences the Bank supports member countries in their response to the unforeseen effects and their socio-economic and environmental impacts. The project is consistent with the Bank policy on emergencies created by natural disasters (GP-9215), the Emergency Reconstruction Facility (ERF), which provides rapid support after a disaster (GN-2038-2), and the evaluation of the ERF concluded by the Office of Evaluation and Oversight (RE-264). The activities of the proposed ERF are consistent with the approved Country Paper which notes the need to support major infrastructural inputs such as transport, irrigation, and complementary social sector and environmental areas.
Environmental considerations:	The activities of the proposed operation will comply with the applicable environmental regulations and specifications of Jamaica for mitigating environmental impacts of works and services.
Benefits:	The program will facilitate the rapid restoration of the infrastructure within the five parishes designated as disaster areas. The restoration is needed in order to safeguard the living conditions of the residents as well as to normalize productive activities. Furthermore, the program will help to strengthen the institutional ability of the country to respond to emergencies in the future.
Risks:	Diligent project management and supervision are critical to the timely and effective execution of this operation. Given the specificity of the eligibility criteria for an ERF and the anticipated rapid disbursement period, it is recommended to have an external Consultant and an external auditor in place as soon as possible to complement the work to be done by the Executing Agency. This will strengthen the accounting/financial controls, expedite the disbursement process, and mitigate the risk of deficiencies in the project management and supervision. It will also serve as an effective manner in which to establish the eligibility of specific works prior to their execution.

Special contractual clauses:

Contractual conditions for first disbursement:

1. GOJ will establish the Project Execution Team and the staff. Such staff will include a Project Manager and an accountant/auditor/compliance specialist.
2. Contracting of the external auditor
3. Contracting of the external consultant.

Poverty-targeting and social equity classification:

The geographical areas that suffered the most damage from the May/June 2002 heavy rains are targeted for project benefits. The restoration of the basic infrastructure services contemplated in this program is critical in order to safeguard the living conditions of the poor. Nevertheless, the proposed operation does not meet the Bank's criteria for operations to reduce poverty or the designation as a social equity project.

Exceptions to Bank policy:

The Project Team requests two procurement waivers. The first waiver will permit the direct contracting (without competitive bidding) of WSP International Management Consulting, Ltd. (Consultant) to assist the Project Execution Team (PET) in the management and execution of this project. The justification for this request is related to the need to initiate work in the areas of project eligibility, technical design, and supervision as soon as possible. Delays in hiring the Consultant could prompt a concurrent delay in the execution of priority projects. The second waiver request will permit the direct contracting of Deloitte Touche, an international accounting firm with an office in Jamaica, to provide the necessary concurrent and regular audit services for the project. These services are needed immediately and assume an even higher significance given the anticipated rapid disbursement period. Both of these firms are internationally recognized in their respective areas of expertise and possess the qualifications required to accomplish the tasks successfully. In addition, both firms have relevant experience in the region and in Jamaica

Procurement:

Procurement procedures will follow procurement procedures for Projects in Emergency Situations (GS-601). A summary of the procurement guidelines for this transaction follows:

General Conditions:

1. Maximum cumulative amount of direct contracting per firm US \$600,000. This limit applies to public works, goods and services, and consulting services.
2. Maximum cumulative amount of direct contracting for the entire operation – US \$10 million

Force Account:

1. Limit of total force account for the operation - US\$5.0 million

Public Works:

1. Threshold for international bidding – US \$1,500,000
2. Maximum amount per direct contract – US \$300,000

Goods and Services:

1. Threshold for international bidding – US \$250,000
2. Direct contracting maximum over the counter – US \$2,500

Consulting firms:

- 1 Threshold for international bidding - US \$200,000
- 2 Direct contracting permitted up to US\$100,000

Procurement waivers are sought for the selection of two consulting firms. The Project Team estimates that the cost of the Consultant and the auditor to be US\$500,000 and US\$300,000 respectively.

I. DESCRIPTION OF EVENT

- 1.1 Beginning on May 22, 2002 and continuing for a period of approximately two weeks, heavy rains resulted in extensive flooding across the island of Jamaica. The rains caused extensive flooding, landslides, and mudslides in eleven of the fourteen parishes, resulting in severe damages to the social, infrastructure, and agriculture sectors, as well as to the environment. The damages were most concentrated in the five parishes of Clarendon, Manchester, St. Catherine, St. Elizabeth, and St. Thomas, which were subsequently declared as disaster areas.
- 1.2 This flooding was caused by a combination of factors which included: (i) the passage of a cold front that began moving in an easterly direction, but which became stationary in the vicinity of Jamaica during the period May 21 – 26; (ii) the presence of a low pressure system that developed west/southwest of Jamaica on May 23 off the coast of Honduras and which stretched northeastwards over the islands of Jamaica, Cuba, and The Bahamas; and (iii) a broad area of low pressure associated with a surface trough that existed across the region on May 26. The flood rains that ensued continued until approximately June 2, 2002, with some additional moisture in parts of the island continuing through the following week.
- 1.3 Rainfall levels were recorded at a number of gauging stations across the island. Four stations experienced rainfall in excess of the 100 year return period, with one of those receiving an accumulation of over 1000 mm during the ten day period; nine stations had rainfall between the 25-50 year return period; ten had rainfall between the 10-25 year period; and 18 were between the 5-10 year return period.

II. SCOPE AND COVERAGE OF DISASTER

- 2.1 The effects of the flooding were felt on an island-wide scale, although the most severe effects were experienced on the southern coast of the island in the five parishes declared disaster areas and in Kingston and St. Andrew, as well as in St. Ann on the northern coast. Some damages were also reported in Trelawny, Hanover, and Westmoreland, although these damages were not as extensive as the ones reported in other parishes. Damages included flooding, erosion of roads and drainage structure, and landslides. The main damage was to roads, bridges, utilities, agriculture, housing, health, and the environment as a result of flooding and erosion. Nine persons lost their lives and approximately 104,000 persons were affected directly, with approximately three times that number at risk for health impairment. Seventy-eight communities experienced flooding and several were affected due to landslides.

III. GOVERNMENT DECLARATION OF DISASTER AREAS

- 3.1 The Prime Minister, the Right Honourable P. J. Patterson, declared five parishes (Clarendon, Manchester, St. Catherine, St. Elizabeth, and St. Thomas) as disaster areas on June 5, 2002. (Reference Annex A.) This declaration is consistent with the provisions of the Disaster Preparedness and Emergency Act and will remain in force until August 31, 2002, a period of approximately three months. Among the most immediate measures to be undertaken are: (i) vector control to reduce breeding and elimination of adult vectors and to reduce the spread of disease; (ii) implementation of measures to monitor water quality; (iii) burial of dead livestock to reduce the threat of disease; (iv) clearing and opening of roads to permit access to communities that have been cut off; (v) clearing and clearing of drains in the disaster areas to reduce water levels and to prevent flooding in future rainfall; and (vi) provision of welfare relief to affected families.

IV. INITIAL GOJ DAMAGE ASSESSMENT

- 4.1 The recent heavy rains and landslides affected the general infrastructure and productive sectors. An assessment team from the Economic Commission for Latin America and the Caribbean (ECLAC) visited the country during the week of June 17, 2002 and produced the draft report: *Macro-Socio-Economic Assessment of the Damage done by Flood Rains and Landslides, May 2002* (LC/CAR/R.63; June 18, 2002). Information contained in the report estimates the damages at US\$51.2 million (J\$2,471 million) with US\$45.8 million (J\$2,212 million) being direct damages and US\$5.4 million (J\$259 million) being indirect damages.
- 4.2 Damage was sustained in the social, productive, and infrastructure sectors. A summary damage assessment in these sectors follows. The GoJ has requested that the proceeds of the ERF be used primarily to restore services in the sectors of transportation and water.
- 4.3 The GoJ is cognizant of the need to put in place adequate disaster mitigation measures and will dedicate a portion of the ERF resources to strengthen its institutional ability to respond to disasters. Emergency preparedness is critical. The GoJ is in the process of developing a National Mitigation Policy and efforts are in place to develop regulations for the 1993 Disaster Management Act to detail further the links between environmental sustainability and disaster mitigation. PIOJ and National Environmental and Planning Agency (NEPA) are working together to develop the parameters of a study that would address a broad range of disaster related issues. Risk mitigation techniques, including insurance, will be address in the proposed study.
- 4.4 One of the issues to be addressed through the use of ERF resources is the need to increase capacity within various sectors of the society to collect adequate data in a timely fashion for damage assessment purposes and to assist in future mitigation/loss reduction programs. It is anticipated that funds will be used for training, studies, database development, public awareness/education, and equipment. The work will be executed by the Office of Disaster Preparedness and Emergency Management (ODPEM) and NEPA.

A. Damage Assessment in the Social Sectors

- 4.5 **Housing.** Approximately 1,400 houses were damaged as a result of the flooding, and of these houses, 39 were completely destroyed. The cost for the housing sector, in terms of repairing damaged houses, replacing those that were complexly destroyed, replacing furniture and household goods, and removing debris has been estimated at US\$1.17 million (J\$56.8 million).
- 4.6 **Education.** The damage to the education sector was limited, since most of the schools were built on high ground. The total cost of repairs to the damaged schools amounts to US\$67,000 (J\$3.2 million).

- 4.7 **Health.** The estimates contained in the ECLAC report of direct damage to the health sector is estimated to be US\$679,000 (J\$32.8 million) and the indirect damages amount to about US\$208,000 (J\$10 million). The Planning Institute of Jamaica (PIOJ) provided a report to the Bank prepared by the Ministry of Health, which indicates estimates of damages to the health sector in excess of US\$2.15 million (J\$104 million). The priority area for the Ministry of Health is in terms of environmental health issues, such as vector control, removal of dead livestock and poultry, solid waste disposal, and ensuing safe treated water. Special public education programs have been implemented focusing on water safety, gastro-intestinal diseases, vector control, and general sanitation.

B. Productive Sectors

- 4.8 **Agriculture.** The agriculture sector suffered important damages as a result of the floods. The total cost to the sector of direct damages is estimated to be US\$11.97 million (J\$578 million) along with indirect damages of US\$4.2 million (J\$205 million). The direct impacts include the destruction of agricultural assets, livestock, crops and agricultural infrastructure.
- 4.9 **Tourism.** The impact on the tourism industry was confined primarily to tourism areas on the southern coast and is related to damages to beaches and attractions. The estimated cost of these damages is estimated to be US\$24,000 (J\$1.2 million).

C. Infrastructure

- 4.10 **Transport.** The transport sector bore the brunt of the damages which occurred as a result of the heavy rainfall. Preliminary estimates of damage to the transport sector total US\$30.7 million (J\$1,481 million) and US\$219,000 (J\$10.6 million) for direct and indirect expenses, respectively. The primary cause of the damage to the road networks stemmed from the inability of the drainage systems to convey the excessive flows that occurred. As a result of rivers and watercourses flowing at high water level stages, many sections of roadway and embankment were eroded. Additionally, some rivers brought down significant quantities of sand and gravel, which had the effect of reducing the conveyance of the waterway areas. In built-up areas and along roads where water flow was relatively contained, the typical drainage swales along the edges of the road were completely incapable of conveying the quantity of water that was experienced. In many cases, this resulted in the pavement of the road being eroded and the sub-base material being carried away quickly. As a result of the damages sustained to the road network, several communities were isolated immediately after the event.
- 4.11 **Energy:** The Jamaica Public Service Company suffered some damage to equipment in several parishes. At the time of the initial social assessment, there were approximately 15 areas throughout these parishes that were without electricity. To date the direct cost of these damages has not been made available.

The estimated indirect cost related to lost revenues resulting from power outages is estimated to be US\$24,000 (J\$1.2 million).

- 4.12 ***Water and Sanitation:*** The infrastructure of the National Water Commission (NWC) and the National Irrigation Commission (NIC) suffered damage across the island, with the parish of Clarendon being the worst affected. The problems included silting of settling tanks, damage to pumps and electrical equipment, blocked canals and flooded well fields and stations. Damage estimates for the five parishes provided by the NWC and the NIC total US\$2 million.
- 4.13 ***Telecommunication.*** Cable and Wireless Jamaica Ltd. Reported damage to poles and lines, primarily in the Golden Grove area where one mile of poles and lines went down. Cost of damage is estimated to be US\$92,000 (J\$4.5 million).

D. Environment

- 4.14 The environmental assessment done to date is largely descriptive, with very limited cost information. The damage to the environment occurred in the following areas: major changes to natural water courses including rivers; damage to well fields and aquifers; extensive soil erosion; sediment deposition; beach erosion; land and rock slips; degraded water quality; ecosystem and habitat damage; wildlife impact; landscape impacts; and impacts on coastal systems.

V. GOVERNMENT RESPONSE

- 5.1 Government action to the disaster was rapid and positive. From as early as May 23, 2002, the National Emergency Operations Center (NEOC) was activated and welfare teams were put on standby status. Parish operations centers for Clarendon and St. Catherine were also activated. The National Works Agency (NWA) was mobilized to clear blocked roads and to clear drains to alleviate flooding. For the purpose of this emergency mobilization, the authority of the NWA was extended to include works on the parish roads. Rescue operations were initiated and six shelters were opened in Clarendon and two were opened in Manchester, housing some 46 families. On Sunday, May 26, 2002 the weather conditions deteriorated severely and all response mechanisms were activated throughout the country. At the height of the rains, approximately 500 families were relocated to shelters. As the extent of the widespread flooding became evident, five parishes were declared disaster areas. The estimated cost of the emergency relief efforts (including transportation, materials, food supplies, and personnel to provide social welfare services) was US\$172,000 (J\$8.3 million).
- 5.2 On May 31, 2002 the PIOJ requested technical assistance from the ECLAC to prepare the damage assessment. On June 4, 2002 the Director General of the PIOJ sent a letter to development partners in Jamaica, advising them of the situation and requesting assistance. The letter also indicated that PIOJ would coordinate all requests to members of the donor/lending community, while the Office of Disaster Preparedness and Emergency Management (ODPEM) would coordinate provision of emergency relief assistance. The Director General of the PIOJ also held a meeting with the Director of ODPEM with the donor/lending community on June 7, 2002 in order to provide additional information and to coordinate assistance.

VI. ACTIVITIES

A. The Bank's response

- 6.1 On June 10, 2002 the Bank approved a non-reimbursable Technical Cooperation (ATN/SF-7900-JA) to support vector control via the Ministry of Health for US\$50,000, which was disbursed in full on June 26, 2002. Also, discussions have been ongoing with the GoJ regarding reprogramming or reallocation of funds from within existing loan facilities. To date, the GoJ, through the Ministry of Health, has requested a transfer of funds between existing investment categories of Loan 1028/OC-JA, Health Sector Reform Program, in the amount of US\$650,000. The GoJ recognizes the need to respond to the current emergency public health requirements, in the aftermath of the severe weather which caused extensive flooding. The flooding has significantly increased the risk of water and mosquito borne diseases. Activities to be undertaken to prevent disease outbreaks include water quality monitoring, vector control, health education, and latrine replacement. The transfer to the Health Promotion category was approved by the Representative of the Bank on June 14, 2002. The GoJ has indicated in several meetings its desire to reprogram approximately US\$1.3 million from this same loan to assist the efforts to repair infrastructure damages to the healthcare facilities. These funds would be used to repair structural damages (roof repair/replacement, repair of leaks, etc.) as well as for replacement/repair of basic equipment/furnishings destroyed or damaged during the torrential rains. During the recent Quarterly Portfolio Review on July 18, 2002, PIOJ indicated that the formal request would be received by July 26th, whereupon the Representation will prepare the required documentation for Management's consideration. As additional damages are identified, it is anticipated that other reprogramming/reallocation of funds will be made.
- 6.2 Immediately upon receipt of the referred ECLAC report, a mission from headquarters, together with staff from the Country Office, visited certain areas in the parishes which were declared to be natural disasters. The purpose of this mission was to initiate the preparation of the emergency loan package.
- 6.3 The Bank is also coordinating its assistance efforts with other agencies. The Caribbean Development Bank has approved a US\$500,000 road rehabilitation loan and the European Union is considering a grant of approximately US\$4.5 million for the road and agricultural sector. If the CDB were to be used for the works eligible under this ERF, the loan would be considered as counterpart funding for this operation.

B. Emergency Program

- 6.4 The objective of the project is to restore basic services to the population within the five parishes designated as natural disaster areas. With respect to the resources to be generated through the ERF, the funds will be used to undertake works and purchase goods and services required to address the temporary reconstruction, stabilization, and repair of physical entities damaged by the disaster, provided that such work is located within the five specified parishes. A priority system has been developed and agreed upon by the GoJ and the Bank with respect to the allocation of funds for the transportation network, US\$500.000 will be utilized for institutional strengthening in emergency preparedness and response. An indicative budget related to the estimated costs and funding plan follows:

C. Execution of ERF

**Cost and Financing Indicative Budget
(US \$000)**

BUDGET CATEGORIES	BANK FINANCING	LOCAL COUNTERPART	TOTAL
1. Administrative Costs			-
1.1 Project Execution Team		300	300
1.2 Concurrent audit	300		300
1.3 Project support (Primary Consultant)	515		515
			-
SUBTOTAL	815	300	1,115
2. Direct Costs			-
2.1 Transportation network	12,250	2,950	15,200
2.2 Restoration of services NWC and NIC	2,000		2,000
2.3 Contingency	775	200	975
2.4 Institutional Strengthening		500	500
SUBTOTAL	15,025	3,650	18,675
3. Financial Charges			
3.1 Supervision and inspection fee	160		160
3.2 Estimated commitment fee		50	50
SUBTOTAL	160	50	210
TOTAL	16,000.00	4,000.00	20,000.00

- 6.5 The NWA of the Ministry of Transport and Works (MoTW) will be responsible for the execution of this ERF. In order to execute and coordinate the emergency reconstruction activities financed by the proposed ERF, a dedicated Project Execution Team (PET) will be established within the NWA. The GOJ has named the Project Manager and has agreed that additional staff will be dedicated to this effort. Included among the staff to be hired for this team are a financial/compliance specialist and an accountant/auditor. Additional persons

will be assigned or hired and these positions are expected to include both technical and administrative personnel. The PET will be responsible for administration of all components of the loan, and will include the supervision of the execution, hiring the concurrent audits services, accounting and disbursements (including the handling/allocation of retroactive financing), as well as all reporting to the Bank.

- 6.6 Given the volume, speed, and heavy demands associated with the execution of the ERF, PET will also hire and supervise WSP International Management Consulting, Ltd. (WSP or the Consultant) to assist in the day-to-day management of the project execution. WSP has 30 years of experience in the international transport market, including relevant experience in Jamaica. Its services encompass the complete range of highway and bridge engineering. WSP is well qualified to assume the role of Consultant for this operation.
- 6.7 The broad areas of responsibility for the Consultant are project management and construction oversight in terms of planning, technical designs, procurement, supervision, and reporting. WSP is an internationally recognized company with extensive experience in providing civil engineering services, as well as management, technical, environmental, and logistical support for the execution of civil works and construction projects and for programs that are financed by multilateral financial institutions. The team of the Consultant will include a senior project manager (a civil engineer with a minimum of 15 years of experience), one or more engineers each with a minimum of ten years experience, and an environmental specialist. The scope of work for the Consultant also includes the following: (i) assessment to help identify priority projects using the formula agreed upon between the GoJ and the Bank; (ii) required technical designs; and (iii) supervision (including environmental supervision) of the eligible works and services.
- 6.8 The GoJ has requested a waiver to permit direct contracting of a qualified international firm that meets the upon technical criteria established and agreed by the GoJ and the Bank. The rationale for the request for direct contracting of WSP is related solely to the quick response needed as a result of the emergency situation. Given that the Consultant has input into such matters as the eligibility of the projects, technical design, and supervision, it is essential that this firm begin work as soon as possible. Any delays could prompt a concurrent delay in the execution of priority projects. WSP has the required expertise to fulfill the tasks required for this assignment.

D. Recognition of expenses and retroactive financing

- 6.9 It is recommended that a ceiling of US\$4 million and US\$1 million be imposed with respect to retroactive financing and recognition of expenses, respectively. These referenced expenses must have been incurred for eligible activities using procurement and contracting procedures consistent with those established for the program.

E. Disbursements and revolving fund

- 6.10 The disbursement period runs for twelve (12) months from the date of the loan signing.
- 6.11 Given the short period of time for the execution of the program, it is necessary that funds be made available in a timely manner. It is recommended that a revolving fund in an amount equivalent to 20 percent of the loan be established to expedite disbursement of the financing.

F. Procurement

- 6.12 The procurement and contracting procedures to be followed under the ERF project are those outlined in GS-601. The proceeds of the loan must be fully committed within the 12-month period commencing on June 3, 2002 in order to use the procedures set forth in that document. The eligibility requirements established under Bank policies with respect to the nationality of contractors of works, suppliers of goods and providers of consulting services, and the origin of goods and related services will remain in effect for all Bank financed contracts. The procurement rules under this operation are summarized in the following table.

Procurement Guidelines

Guidelines on Procurement	Amount
General Conditions:	
1. Maximum cumulative amount of direct contracting per firm (includes public works, goods and services, and consulting services)	US\$600,000
2. Maximum cumulative amount of direct contracting for the entire operation*	US\$10 million
Force Account:	
1. Limit of total force account for the operation	US\$5 million
Public Works:	
1. Threshold for international bidding	US\$1.5 million
2. Maximum amount per direct contract	US\$300,000
Goods and Services:	
1. Threshold for international bidding	US\$250,000
2. Direct contracting maximum over the counter	US\$2,500
Consulting firms:	
1 Threshold for international bidding	US\$200,000
2 Direct contracting	US\$100,000

* Includes retroactive financing

G. Force Account

- 6.13 The Bank will recognize up to US\$5 million in counterpart funds for expenditures made or to be made by the GoJ on force account. In financing activities performed under the force account method, recognition of expenditures is limited to costs directly incurred, equipment and machinery rental fees, and the cost of materials actually employed. In order for the force account activities to be reimbursable by the financing, the independent audit firm and PET, in coordination with the Consultant, will need to certify that the work has been completed and that all materials and supplies have been incorporated in the works.

H. Accounting and Auditing: Concurrent Audit

- 6.14 The PET will be required to establish and maintain adequate accounting controls and records and PET must submit to the Bank consolidated financial reports of the program. This information will serve as the basis for the audit to be conducted with respect to the use of the Bank funds and the counterpart funding. Given the importance of this task, members of PET must include personnel who have accounting/audit experience and who are qualified to validate the documentation received with respect to disbursements and to verify that the disbursement requests have been properly prepared.
- 6.15 Due to the emergency nature of this operation and its anticipated rapid disbursement cycle, all contracting and expenditures will be subject to a concurrent audit that will be conducted by an independent auditing firm acceptable to the Bank. The current audit refers to a review by the auditor of disbursement requests and supporting documentation linked with its compliance with the supplier's contract. The work/terms of reference for the external audit of the project will be in compliance with the Bank's previously approved standard terms of reference for external audits of projects.
- 6.16 The audit firm will communicate critical weaknesses and irregularities as observed and perform operational audits on a quarterly basis. The operational audits will include an audit of the project financial statements for the period, tests of internal controls, and tests of compliance with contractual clauses. This will result in an opinion on the project financial statements, supplementary financial information, internal controls, and compliance with contractual clauses. The operational audits should be submitted to the Bank within sixty (60) days of the end of the period.
- 6.17 In conducting the concurrent audit, the independent auditing firm, in coordination with the Consultant, will review contracts proposed by the Executing Agency to verify their compliance with the Bank's special procurement procedures for ERF loans (GS-601). This review will determine that the activity to be contracted is reimbursable under this ERF loan.

- 6.18 An ex post review will be conducted by the auditing firm as part of both the operational audits and the annual financial statement audit. The report of the auditor will be an opinion on the accuracy, validity, proper accumulation and evaluation of the supporting documentation related to disbursement requests presented to the IDB in accordance with AF-300, paragraph 1.09.
- 6.19 The report of the independent auditors will include a special section describing the findings of the ex post review verifying that expenses in connection with disbursement requests: (a) are properly justified with reliable receipts kept in the records of the Executing Agency; (b) were duly authorized; (c) are acceptable in accordance with the terms of the loan contract; and (d) were correctly recorded for accounting purposes.
- 6.20 To select a firm to provide concurrent and regular audit services for the Project, the GoJ has requested a waiver to permit direct contracting of Deloitte Touche, an international accounting firm with an office in Jamaica. Through a previous competitive bidding process, Deloitte was selected to provide auditing services to the National Road Services Improvement Program. The firm is fully conversant with auditing of public sector projects and is familiar with the IDB's accounting and auditing procedures. As a result, it is well suited to provide the services required under the proposed project. Based on the firm's experience, qualifications and the timeliness of its availability, the Project team endorses the request of the GoJ with respect to the direct contracting of Deloitte Touche. The costs of the audit work will be subsumed under the project costs and financed out of the proceeds of the loan.

I. Environmental and social considerations

- 6.21 Works likely to be financed through the ERF include bituminous pavement repair and patching, repair/replacement of drainage (culverts, gutters, drop inlets, etc.), retaining wall construction, repair/replacement of water supply lines and pumping equipment, slope stabilization, and ancillary construction.
- 6.22 The type of works identified for this ERF and set forth in 2.21 above will not require a permit from the Natural Resources Conservation Authority/National Environment and Planning Agency (NRCA/NEPA). All projects need some type of environmental analysis following applicable NEPA guidelines as well as guidelines. To ensure that the ERF considers and includes all appropriate mitigation measures, the ERF must be coordinated with NEPA prior to the execution of work of eligible works.

J. Classification as a poverty targeting and social-sector program

- 6.23 The geographical areas that suffered the most damage from the May/June 2002 heavy rains are targeted for project benefits. It is expected that the restoration of the basic infrastructure services contemplated in this program is critical in order to safeguard the living conditions of the poor. Nevertheless, the proposed operation

does not meet the Bank's criteria for operations to reduce poverty or the designation as a social equity project.

K. Other possible actions by the Bank to assist with the emergency

- 6.24 To address any further needs that may arise as a result of the emergency and the ensuing rehabilitation and reconstruction works, the Bank and the GoJ are exploring the possibility of reallocating the unused portions of other loans now in progress. Details on the actions under consideration are set forth in Section 6.1. Any decision will depend on a more precise assessment of the damage and the financing requirements.

VII. COORDINATION WITH OTHER AGENCIES

- 7.1 On June 13, 2002 the GOJ sent a formal letter of request to all donors/lenders soliciting contribution towards the recovery efforts. This letter was accompanied by cost estimates of relief and public health needs, details of which were received from ODPEM and the Ministry of Health. A summary of assistance provided or commitments made follows: (i) the Embassy of China and the United States Agency for International Development have given grants of US\$30,000 and US\$50,000 respectively; (ii) the Caribbean Development Bank and the United Nations Development Program are each processing requests for US\$100,000; (iii) the Canadian International Development Agency is processing two separate requests for grants of US\$30,000 each; (iv) the Embassy of Germany has funded a grant of US\$30,000; and (v) the Dutch Embassy has expressed interest in making a cash donation to the relief efforts although no amount has been specified. In addition to these efforts, the Bank approved a US\$50,000 grant for emergency health requirements.



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SUPPLEMENT

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No. 82

THE DISASTER PREPAREDNESS AND EMERGENCY MANAGEMENT ACT

THE EMERGENCY MANAGEMENT (DISASTER AREAS) ORDER, 2002

In exercise of the power conferred upon the Prime Minister by section 12 of the Disaster Preparedness and Emergency Management Act, and of every other power hereunto enabling, the following Order is hereby made: —

1. This Order may be cited as the Emergency Management (Disaster Areas) Order, 2002 and shall remain in force until the 31st day of August, 2002.
2. The parishes specified in Part A of the Schedule are hereby declared to be disaster areas.

3. During the continuance in **force of this** Order, it is hereby directed that the measures which are recommended by the Office and are set out in Part **B** of the Schedule shall be taken in the disaster areas specified in Part **A** thereof to remove or otherwise guard against the conditions being experienced in those **areas** and the probable consequences thereof or mitigating, as far as possible, such conditions.

SCHEDULE

(Paragraphs 2 and 3)

PART A

Areas Declared as Disaster Areas

The parishes of—

1. ~~St. Elizabeth~~
2. Manchester
3. **Clarendon**
4. St. Catherine
5. **St. Thomas**

PART B

Measures

1. Vector control to reduce breeding and elimination **of** adult **vectors** and reduce the spread **of** disease.
2. Implementation **of** measures to monitor water quality.
3. **Burial of** dead livestock **to** reduce the threat **of** disease.
4. Cleaning and opening **of** roads to allow access to cut **off** communities.
5. Cleaning and clearing **of drains** in the disaster areas to reduce water levels and to prevent flooding in further rainfall.
6. **Provision of** welfare relief to affected families to return life to **normality**.

Dated the **5th** day of June, **2002**.

P. J. PATTERSON,
Prime Minister.