

JAMAICA: IMPLEMENTATION OF QUALITY, ENVIRONMENTAL AND FOOD SAFETY SYSTEMS

(TC 00-08-02-4)

EXECUTIVE SUMMARY

Executing Agency: Jamaican Bureau of Standards (JBS)

Beneficiaries: Beneficiaries of the project include: 600 representatives of various entities (small businesses, chambers, industry associations, consulting companies, etc.) that will be made aware of the importance of management systems through awareness raising events, 900 owner/managers of small and medium enterprises (SMEs) that will receive more specialized information on the requirements of management systems, 70 national consultants that will be trained as external auditors, 90 local consultants trained in the implementation of management systems in SMEs, 100 firms that will receive matching grants to implement systems, and the JBS that will gain training, auditing and consulting expertise as a result of the project.

Amount and source: Method: non-reimbursable – Human Resources Facility

MIF (Facility II)	US\$ 800,000
Local counterpart funding:	<u>US\$ 580,000</u>
Total:	US\$ 1,380,000

Execution Schedule: Execution: 36 months
Disbursement: 42 months

Objectives and description: The overall objective of the project is to improve the level of efficiency, quality and competitiveness of Jamaican SMEs. The purpose of the project is to develop local demand and capacity to implement quality, environmental and food safety management systems in SMEs.

The project is comprised of four components that aim to: (i) raise the awareness of owners/managers of SMEs regarding the importance of quality management and/or Hazardous Analysis and Critical Control Points (HACCP) systems for their competitiveness; (ii) facilitate the development of a domestic training and consulting market in management systems; (iii) provide managers and staff of small and medium firms with the capability to implement management systems in order to promote quality, competitiveness, food safety improvement, and exports; and, (iv) build capacity in the Jamaica Bureau of Standards to provide services in support of SME competitiveness.

**Special
contractual
conditions:**

Prior to first disbursement, in addition to the Bank's standard contractual conditions, the executing agency will have appointed the Program Management Unit (see paragraph 4.1 and 4.9).

**Environmental
and Social
Impact:**

The Committee on Environment and Social Impact reviewed and approved this document without comment on June 11, 2001.

I. COUNTRY AND PROGRAM ELIGIBILITY

- 1.1 The MIF's Donors Committee declared Jamaica eligible for all forms of MIF financing on October 6, 1993. The proposed Program meets the eligibility criteria for a grant through the Human Resources Facility. This facility supports initiatives with a particular focus on leveraging financial resources, expanding existing training programs, supporting strategic economic sectors, and promoting partnership between the public and private sectors in the development and delivery of training programs. Moreover, this project has been identified and developed in line with a priority area identified by the MIF in the use of ISO management system standards for small and medium enterprises (SMEs), and meets the criteria for project eligibility established under the *Competitiveness Through ISO Standards Program* guidelines.

II. BACKGROUND

A. Context

- 2.1 Jamaica is a country with a population of approximately 2.6 million and per capita gross national product approaching US\$2,000. Strong export performance and competitiveness are vital to Jamaica given the openness of the economy and the need to earn foreign exchange. Through the National Industrial Policy (NIP), published in the late 1990s, the Government of Jamaica identified *export push* as the strategic focus of the Policy, observing that in Jamaica, "growth essentially means the export of goods and services"¹. The urgency to strengthen export competitiveness is growing as a result of the emergence of a more liberalized international economic environment and the imminent decline of trade preferences, which Jamaica has traditionally enjoyed.
- 2.2 The NIP also noted that the process of building competitive advantage in the Jamaican economy is based on systematic application of science and technical knowledge to meet the needs of the economy in numerous areas. In this connection, it is recognized that competitiveness requires firms to acquire core competencies that allow them to perform up to the level of international best-practice across various aspects of their products: price, quality, design, packaging, delivery, etc.

B. Management System Standards

- 2.3 In order to compete, firms must be able to deliver goods and services of high quality on time and in the correct quantities—all at competitive prices. Of increasing importance are a growing range of international standards and technical requirements that are required in international and regional markets. ISO 9000 is known as a *generic management system standard*. *Generic* means that the same standard can be applied to any organization, large or small, whatever its product – including whether its "product" is

¹ See the National Industrial Policy: a Strategic Plan for Growth and Development, Government of Jamaica, Kingston, 1996.

actually a service – in any sector of activity, and whether it is a business enterprise. *Management system standards* provide the organization with a model to follow in setting up and operating the management system. This model incorporates the features which experts in the field have agreed upon as representing the state of the art. A management system that follows the model – or "conforms to the standard" – is built on a firm foundation of state-of-the-art practices.

- 2.4 Unlike ISO 9000, Hazard Analysis and Critical Control Points (HACCP) is not a management system standard, but an extremely cost-effective system to eliminate sources of potential contamination in food processing. Food safety has become a paramount issue around the world. The devastating impact food-borne illnesses can have on not only individual lives, but also businesses, is well documented. HACCP is now required by the world's largest markets for imports of most shellfish, and is soon to be required for all seafood and most other forms of food where contamination poses a threat.
- 2.5 Providing information, training and advise to manufacturing and service organizations on matters related to implementation of management systems such as ISO 9000, ISO 14001 and HACCP are important requirements in today's increasingly competitive international economic environment even for those companies who only compete within their national borders. However, providers of training and information on management systems for manufacturing and service organizations are severely lacking in Jamaica today. As part of the analysis of this project, a demand study was commissioned to quantify the market of small and medium enterprises, assess the level of awareness among these enterprises of the importance of management system standards, and determine the "willingness-to-pay" among this same group for management system training and implementation services.
- 2.6 The results of this study indicated that of the estimated 37,800 SMEs², firms with the highest sales turnover (US\$1.5 to US\$3.0 million) had the greatest awareness (80% to 85%) of ISO standards and HACCP systems. The overall awareness level across the SME sector is modest for ISO 9000 (74%), low for ISO 14001 (47%) and low for HACCP (48%). Initially, the strongest demand for management system implementation is expected to from construction, food processing, agroindustry and manufacturing, particularly among those export-oriented firms. Most managers or owners of smaller enterprises reported that they had no training in management systems. For many SMEs, cost was cited as the main factor in deciding against training, but limited awareness concerning the benefits of quality management systems was the primary reason for low investments in training.
- 2.7 The study also concluded that on a scale of one to five, where one was "not at all important" and five was considered "critical consideration," the main factors driving demand for ISO 9000, ISO 14001 and HACCP management systems were: to improve quality, environmental and food safety performance (4.4); to meet the requirements of international buyers (4.1); to use certification for overseas marketing (4.0); and to comply with government mandatory specifications (3.7).

² SMEs are defined as those companies that have up to 100 employees and no more that \$3 million in annual sales.

C. The Jamaica Bureau of Standards

- 2.8 The Jamaica Bureau of Standards (JBS) submitted a proposal to the MIF to support a strategy for Jamaica to address competitiveness through the implementation of ISO and HACCP management systems targeted at the SME sector. The JBS is a national body established by the Standards Act of 1968 to promote and encourage higher standards in commodities, processes and practices. In 1974, the Bureau gained international recognition and was admitted as a member of the International Organization for Standardization (ISO). Since then, as part of this global network of approximately 124 standards bodies, the JBS has been involved in determining quality requirements for goods to enter various markets. In the last several years, the JBS has been active in training representatives from firms in management systems and working to create awareness and generate information on the importance of international standards for competitiveness. Given its role in promoting international standards, its track record in providing training services and its need to generate greater awareness of standards throughout the country, this institution is well-placed to manage a training and technical assistance program with the MIF. For more information on the JBS, including its functions and strategic focus, see the technical files.

D. Current Activities in Jamaica

- 2.9 This proposed project is expected to be complementary to the Bank loan for *Agricultural Support Services* (JA-0111) by focusing on developing the capabilities within the private sector for food safety implementation through HACCP systems. The Bank loan anticipates a number of training activities focused on strengthening the ability of personnel at the Ministry of Agriculture to provide necessary services and oversight to the sector. It will train additional people to assist in critical areas of activity such as laboratory services and inspection services, including those related to HACCP. In addition, the Bank loan includes a series of activities to raise awareness of food safety issues in the general public. These awareness-raising activities are expected to complement this proposed MIF project. Another objective of the Bank loan project is to develop a more harmonized approach to food safety regulation and laboratory services in Jamaica. Presently, there is a significant degree of overlap and poor communication among the various agencies, including the JBS, the Food Storage and Prevention of Infestation Division, the Public Health Inspectorate and Health Promotion and Protection Division, and other agencies. One of the conditions for the Bank loan initiative is the establishment of a national food safety committee and the establishment of memoranda of understanding among the various agencies to improve coordination and minimize overlaps and conflicts. This coordination is essential to ensure an efficient food safety system in Jamaica.
- 2.10 The proposed project will be focused on building up the local capacity of qualified private sector consultants to help firms with HACCP implementation and will also provide assistance to those firms interested in implementing a HACCP system. By developing the necessary regulatory and support services and by increasing the awareness of the importance of food safety through the Bank loan, these activities will create the necessary foundation for the proposed private sector project to flourish.

III. PROGRAM OBJECTIVES AND BASIC COMPONENTS

- 3.1 The overall objective of the project is to improve the level of efficiency, quality and competitiveness of Jamaican SMEs. The purpose of the project is to develop local demand and capacity to implement quality, environmental and food safety management systems in SMEs.
- A. Component I: Raise awareness among SMEs (MIF US\$ 53,100)
- 3.2 This component aims to raise awareness among SMEs regarding the importance of management systems as a tool for continuous improvement and competitiveness. The component consists of a series of promotional events and informational activities to explain the benefits of improving quality and food safety management. The promotional events will be targeted at SMEs throughout the country and will seek to provide them with timely and pertinent information about the benefits of ISO management systems and HACCP food safety system standards, as well as information about system implementation, certification and their related costs.
- 3.3 The first activity of this component will be to hold two special events to launch the initiation of this project, one to be held in Kingston, the other in Montego Bay. These two events will provide publicity for the project and raise the awareness of SMEs on the advantages of implementing the quality management, environmental management and HACCP systems and of the possible benefits resulting from their participation in the project. The launching events will feature display boards and will distribute brochures to focus attention on the benefits of the quality management, environmental management and HACCP systems. In Kingston, the target number of participants is projected at 350, which includes representatives of SMEs from the manufacturing, agroindustrial, hotel industry and other sectors, along with training institutions, local consultants and financial institutions serving the small business sector. A similar group of 150 will be targeted for the Montego Bay event but with a larger percentage of invitees likely being drawn from small hotels and guesthouses.
- 3.4 The second activity consists of a series of introductory presentations targeted specifically to SME managers that will focus in more detail on the benefits of implementing a quality management system and HACCP. A total of 12 presentations will be made by JBS personnel to be held in association with such organizations as the Jamaica Manufacturers' Association (JMA), various Chambers of Commerce throughout the Island, the Small Businesses Association of Jamaica (SBAJ), the Jamaica Agro-Processors Association (JAPA) and the Jamaica Hotel and Tourist Association (JHTA). Brochures will be distributed at all meetings. For both the launching events and the introductory presentations, a short questionnaire, designed project staff, will be utilized to collect information about SMEs interested in implementing management systems. The project will contract a consultant to design and maintain a database that compiles the information from the questionnaire.
- 3.5 The third activity will entail contracting an international consultant to design and facilitate a two half-day seminars that will be held in Kingston and in Montego Bay for

decision-makers of SMEs to provide them with a better appreciation of the ISO 9000-2000, ISO 14001 and HACCP systems. In addition, local entrepreneurs from each region who have successfully implemented the systems will be requested to present testimonials of their experiences. It is proposed that the half-day seminars will take place the month following the launching events. The anticipated attendance is 150 in Kingston and 75 in Montego Bay.

- 3.6 The final activity of this component will be focused on promotional mechanisms for the project including press briefings and the design and distribution of 3,500 copies of project bulletins (produced on a biannual basis) to allow interested persons to stay informed as to the progress and developments of the project. The project will also utilize an Internet website in order to promote the benefits of the project to SMEs and as a marketing tool to attract SME participation in the training and management system implementation activities (see paragraph 3.21).

B. Component II: Training of the local supply (MIF US\$ 235,670; Local US\$ 251,020)

- 3.7 This component is designed to develop the local supply of qualified consultants specifically trained in implementing ISO and HACCP management systems in SMEs. The first activity will be to contract an international expert to design and conduct two separate sets of introductory ISO courses; one for ISO 9000 and another for ISO 14001, and to train a cadre of local consultants in the delivery of these courses. The local consultants will use these initial courses as an opportunity to understudy the international expert, enabling the local consultants to facilitate 20 more of the courses for a total of 24 offerings in the first two years of the project. Each course is expected to have 25 participants, with each participant paying a fee based on current market value for the training.
- 3.8 The second activity will be to contract a consultant to design and facilitate a training course on developing the required documentation associated with ISO 9000/14001 management systems. A total of 12 documentation courses will be conducted to familiarize participants with the development of quality manuals and procedures to meet the requirements of the ISO 9000/14001 systems. Another three-day course on internal audit training will also be designed and facilitated by a consultant. This internal auditor course will be offered on 12 occasions and will be focused on assisting participants with the internal audit process, enabling them to oversee the implementation of a management system. Similar to the introductory courses mentioned in paragraph 3.7, the first two documentation courses and first two internal auditor courses will be facilitated by an expert, who will train local presenters such that they are then able to facilitate the remaining courses. Each course is expected to have 25 participants, with each participant paying a fee based on current market value.
- 3.9 The third activity will be to contract two experts to design and facilitate external auditor courses targeted at individuals interested in management system audits and local consultants interested in providing management system implementation assistance to SMEs participating in Component 3 of the project. Two courses of three days duration are planned with an expected attendance of 20 participants per course. In addition, as a

means of strengthening the in-house capabilities of the JBS, ten staff members will participate in the external auditor training course.

- 3.10 The next set of activities of this component are focused on HACCP related training courses. A consultant will be contracted to design and facilitate 12 five-day general HACCP courses – the aim of the course is to provide participants with an understanding of good manufacturing practices (GMPs), the principles of HACCP and details about implementing HACCP systems. A consultant will also be contracted to design and facilitate 12 two-day internal HACCP auditor courses targeted towards company personnel such as HACCP coordinators, members of the HACCP teams, persons responsible for auditing HACCP systems within their establishments, and the managers of quality assurance, operations and personnel. Both the general HACCP and internal HACCP auditor courses are expected to have 25 participants each time with each participant paying a fee to receive the training.
- 3.11 A consultant will be contracted to design and facilitate an external HACCP auditor course that will be offered three times with ten participants each time. The four-day training course is intended for personnel from regulatory agencies who will audit the HACCP system to assess the establishment's readiness for HACCP registration and to verify that the company maintains the HACCP system. Local experts whose services will be contracted to conduct external audits will also be invited to participate. The theoretical aspect of the course will be conducted over two days, followed by two days of practical audits in factories that have implemented HACCP system. Thus, by the end of the training, participants will be knowledgeable and able to conduct effective audits.
- 3.12 The last activity of this component will be to contract a consultant to design and facilitate a two-day training of HACCP trainers course intended for local experts as well as HACCP team members in food processing establishments. Prior to enrolling for this training course, participants should be familiar with GMP, knowledgeable in the principles of HACCP, and should have participated in the HACCP Audit Training course. The aim of the training is to equip local experts and HACCP team members in food processing establishments with the knowledge and skills to be effective trainers. A total of three courses are expected with 15 participants per course and each participant will be expected to pay a fee to receive the training.

C. Component III: Management Systems Implemented in SMEs (MIF US\$ 375,000)

- 3.13 This component proposes to facilitate the implementation of ISO management or HACCP systems in approximately 100 Jamaican SMEs. More specifically, the project will provide matching grants for the implementation of ISO 9000 in 50 SMEs, ISO 14001 in 20 SMEs and HACCP in 30 firms. The subsidies provided in this component are designed to address key information, skills and financial constraints SMEs face in implementing management systems by providing matching resources of up to US\$ 3,750 to access training and/or technical assistance for the explicit purpose of implementing a management system.
- 3.14 Matching grants will be provided on first-come, first-served basis to SMEs from all sectors of the economy. All firms that meet the definition of SME established by this

project and are legally constituted in Jamaica will be considered eligible. The JBS will work with the JMA, JAPA, JHTA, and other trade associations to ensure that promotional materials and guidelines for the preparation of business plans are clearly understood and disseminated by the representative SME organizations. Sessions will be organized to inform SMEs on how to apply for the grants, what a business plan for the application process should contain, and how to access information on consultants and training programs related to management systems.

- 3.15 The project will approve 25 grants per quarter beginning in year two, such that by month 24 all grants will be awarded and by month 36, the conclusion of the project, all management systems will be in place. As a first step, firms will be expected to complete a simplified application form that would provide information on the company (size, revenue, and willingness to pay) and the reason for seeking an ISO or HACCP system (see paragraph 3.4). These applications would be submitted to the project management unit in the JBS. Project staff would review the initial application and determine if there was sufficient information for the firm to proceed with the preparation of a business plan indicating how it would implement a management system in accordance with ISO 9000/14000 or HACCP standards. Project staff would provide firms with guidelines and instructions on the preparation of the business plan for the implementation of an ISO or HACCP system developed by the project.
- 3.16 The project will guarantee transparency, independence and impartiality in the selection and oversight of the matching grants by establishing a Selection Committee. This Committee will be comprised of industry representatives from such organizations as the JBS, JMA, SBAJ, JAPA and JHTA among other possible ones. The Project Director will be the Secretary of the Committee. The Committee will review the business plans and applications submitted by the interested firms and will establish which companies should receive matching assistance. The following indicators are among those that would be considered by the Committee: commitment of top management or ownership to the process of quality management system implementation; willingness-to-pay for services; number of months or years of experience with quality system management; potential for entering domestic, regional or global supply chains; potential for rapid productivity growth; and demonstrated need to achieve certification to ISO 9000/14000. (Further details regarding the composition and functions of the Committee may be found in the technical files.)
- 3.17 SMEs will be entitled to 50%, up to US\$ 3,750, for technical assistance services that are directly related to the implementation of management system standards, upon evidence of completion of the services rendered. Each firm would be entitled to 25 days of national consulting assistance (at a cost of US\$ 200 per day) and five days of international consulting assistance (at a cost of US\$ 500 per day) by one of the leading training and consulting firms in ISO and HACCP implementation. National consultants, registered with the project and certified by the JBS as qualified in ISO and HACCP implementation, will be supervised by the international consulting and training firm during the implementation of ISO/HACCP systems in Jamaican SMEs. While the matching grant will not subsidize the cost of third-party certification of the system, the expectation is that it will enable firms to implement systems, thereby laying the foundation for eventual certification to ISO 9000/14001 or HACCP.

- 3.18 The international firm will be contracted for a 24-month period, beginning just prior to month 12 of the project. The firm will be responsible for designing a comprehensive implementation program tailored to the specific needs of the Jamaican SMEs that would include, but would not be limited to, a benchmark visit, sessions on writing and revising documentation, conducting internal audits and a pre-assessment of the quality or HACCP system and documentation so as to ensure compliance with ISO and HACCP by the conclusion of the consulting services. The international firm will plan, organize, direct, and control the process of consultation to ensure that each SME receives five days of international expertise and 25 days of national expertise. The international firm will also ensure that each SME successfully completes a pre-audit and is at the level to be audited by an independent certification body by the conclusion of the assistance. National consultants will work with three to five SMEs on average in the implementation of the systems. The terms of reference for the international firm may be found in the technical files.

D. Component IV: Institutional Strengthening and Promotion (MIF US\$ 52,400; Local US\$ 19,250)

- 3.19 This component will facilitate the Jamaica Bureau of Standards ability to attain international recognition as an ISO and HACCP certification body. The attainment of internationally recognized accreditation will enhance the reputation of the JBS internationally and provide certification services to local SMEs at much more affordable rates than currently exist. The Certification body would offer a variety of services including: (i) registration of systems to ISO 9000 and ISO 14000; registration of organizations offering the quality training and consultancy services; and registration of personnel operating as quality consultants, calibration and testing engineers or technicians.
- 3.20 To gain certification it will be necessary to contract consultancy services to provide assistance in meeting the requirements for accreditation. The first step will be to contract consultants to review the Quality Policy Manual and the associated operational procedures, which have already been prepared (18 procedures), in order to identify deficiencies in the system, and to advise how these could be addressed. After the identified deficiencies in the quality system have been addressed, the second step will be to contract consultants to undertake a pre-audit of the entire system in order to verify that it meets the requirements for internationally recognized accreditation. The last step will be for the project to contract the services of an internationally recognized accreditation body to undertake an assessment/audit, with the expectation that after this visit, the certification body would be accredited.
- 3.21 The second activity of this component will be to contract a consultant to design and maintain an Internet website for the project. This website will play an integral part in raising the awareness of the project by providing easily accessible, comprehensive information on the aims and objectives of the project, the roles of the participants and will give guidance on the ways in which each can participate in the various activities. It is envisioned that the site will also carry information on a variety of topics surrounding the project and the benefits of management system implementation. It will provide a

vehicle by which the training courses, seminars, and workshops will be promoted and through which views can be exchanged and experiences shared for the benefit of SMEs in general. Available national and international standards and texts books will be listed and internet links provided to other sites that can enhance their understanding of the systems and assist SMEs in the preparation of business plans for submission to obtain grants (see paragraph 3.15).

IV. EXECUTING AGENCY AND BENEFICIARIES

- 4.1 The proposed program will be executed over a 36-month period, with resources disbursed over a 42-month period. The executing agency for this initiative will be the JBS. The Bureau will establish and finance a Project Management Unit (PMU) within the JBS offices that will be responsible for the administrative, programming, management and technical supervision of the project. The PMU will be staffed by a Project Director (see detailed Terms of Reference in the technical files), an accounting officer and a clerk. The appointment of the Project Director will be done in agreement with the Bank. The JBS will provide adequate office space, office furniture, computers, photocopy and fax facilities in order to ensure the timely delivery of the project's required outputs. The Standardization and Finance areas of the JBS will assist the PMU in the accomplishment of specific tasks related to the execution of the project. The PMU will report directly and be accountable to the Executive Director of the JBS. The PMU will be the central liaison between the Bank and the Executing Agency during the execution of the project and will ensure that the activities of the four components are executed in an integrated and coordinated manner.
- 4.2 The PMU will be fully responsible for the preparation of all the project reports including: annual operating plans and work-plans for each individual activity/component; technical and administrative reports; financial reports (budget control; quarterly or semiannual cash-flow projections, financial statements, reconciliation of the revolving fund and control reports over the counterpart contribution) and disbursement requests to be submitted to the Bank. The PMU will also be responsible for overseeing the implementation of management systems in accordance with component three of the project. The Project Director will function as the Secretary of the Selection Committee (see paragraph 3.16) and the PMU will provide all the necessary administrative support.
- 4.3 The PMU will establish and maintain adequate accounting, financial, internal control, and filing systems, which will allow the identification of sources and uses of funds of the program. The accounting system will be organized to provide necessary documents, permit verification of transactions, and facilitate the timely preparation of financial statements and reports. The project's records will be kept in a way that: (i) identifies sums received from different sources; (ii) reports project spending in accordance with a chart of accounts previously approved by the Bank, distinguishing between MIF contributions and funds from other sources; and, (iii) includes details necessary to identify goods acquired and services contracted, as well as the use of those goods and services. The JBS will also open separate and specific bank accounts for the administration of the MIF's contribution, and for the local counterpart funds. Finally,

The JBS will process the disbursement requests and their respective justifications of expenditures, in accordance with the Bank's disbursement procedures.

- 4.4 **Revolving Fund.** After having completed all the conditions prior to first disbursement, a revolving fund of up to 10% of the grant may be made if the executing agency so requests. The amount for the revolving fund has been recommended by the project team and deemed justifiable due to the expenses that will be incurred at the initiation of this project. The JBS will prepare and submit to the Bank, within a period of thirty (30) days after the closing of each semester, a semiannual report showing the status of the revolving fund as of June 30 and December 31. Disbursements of grant funds and the purchase of goods and services will be done in accordance with Bank/MIF procedures.
 - 4.5 **Financial Audits.** The JBS will prepare and submit to the Bank the project's audited financial statement and the revolving fund's semi-annual reports. Within ninety (90) days after the close of the project, the JBS will prepare and submit an audited financial statement regarding expenses made with the MIF's contribution and the counterpart funds. Independent auditors acceptable to the Bank will conduct the audit and the costs will be financed with proceeds from MIF's contribution, in accordance with the Bank's procedures.
 - 4.6 **Supervision.** The IDB Country Office in Jamaica will be responsible for supervising this technical cooperation. The JBS will submit to the IDB Country Office all project progress reports within 30 days after the completion of each semester and a final report within 30 days from the last disbursement. These reports will follow a previously agreed format and will address project activities, finances and results. In addition, the Country Office will be charged with providing a report three months after project completion, indicating the results of the project.
 - 4.7 **Beneficiaries.** Beneficiaries of the project include: 600 representatives of various entities (small businesses, chambers, industry associations, consulting companies, etc.) that will be made aware of the importance of management systems through awareness raising events, 900 owner/managers of SMEs that will receive more specialized information on the requirements of management systems, 70 national consultants that will be trained as external auditors in management systems, 90 local consultants trained in the implementation of management systems in SMEs, 100 firms that will receive matching grants to implement systems, and the JBS that will gain training, auditing and consulting expertise as a result of the project.
 - 4.8 **Status of preparation.** The design, budget and activities planned under the project have been prepared with input from all stakeholders in the project and with the assistance of the Bank team. The local counterpart cash contribution has been confirmed through a letter to the IDB Country Office from the Ministry of Industry, Commerce & Technology, and the allocation of in-kind and cash expenditures defined in the detailed project budget (see technical files) has been arrived at in cooperation with the JBS, the Country Office and the project team. The logical framework and detailed budget were prepared based on meetings with the executing agency. The composition and terms of reference for the PMU were arrived at with the participation of the project team and the
-

JBS. The PMU will be established as a condition prior to first disbursement. The project team expects the PMU to be appointed soon after approval of the project, as there is full agreement of the scope of work required.

V. COST, SOURCE OF FINANCING AND COST RECOVERY

- 5.1 The cost of the program is estimated at US\$ 1,380,000 of which the equivalent of US\$ 800,000 will be provided from the MIF (Human Resources Facility) on a non-reimbursable basis, and the equivalent of US\$ 580,000 will be provided as local counterpart funding, in accordance with the table below, with at least half of the counterpart resources in cash.

TABLE 1
COST AND SOURCE OF FINANCING
(IN US\$)

BUDGET CATEGORIES	MIF	LOCAL	TOTAL	%
Component I: Raising Awareness of Enterprises	53,100	--	53,100	3.8
Component II: Training of the local supply	235,670	251,020	486,690	35.3
Component III: Implementing Management Systems in SMEs	375,000	--	375,000	27.2
Component IV: Institutional Strengthening and Promotion	52,400	19,250	71,650	5.2
Project Execution Unit and Technical Staff	--	300,160	300,160	21.8
Monitoring and Evaluation	40,000	--	40,000	2.9
Audit	8,000	--	8,000	0.6
Contingencies	35,830	9,570	45,400	3.3
TOTAL	800,000	580,000	1,380,000	100.0
Percentage	58%	42%	100%	

- 5.2 **Sustainability.** The sustainability of the project is based on expanding the market for ISO and HACCP system implementation in SMEs through awareness creation, training, and technical assistance activities. Revenue will be generated by (i) charging fees for SME owners/managers and/or specialists in quality, and HACCP training courses; and by (ii) charging competitive market fees to consultants for the training programs offered in Component 2.
- 5.3 Sustainability in Component 3 will be arrived at through JBS's promotional work in marketing and promoting the matching grants. While the resources for the matching grants are finite and the target number of firms that implement ISO or HACCP systems is 100, the demand analysis conducted as part of the preparation of this project indicates that there are potentially 20,000 firms in Jamaica that would be willing to pay for management system implementation along the lines proposed in this project. The MIF project as designed will generate a demonstration effect and will develop local capacity

in the JBS to continue to offer training and implementation services to satisfy the existing and future demand.

- 5.4 All revenue generated by the project will be used to sustain project staff, the schedule of awareness creation seminars, training of local trainers, and implementation of systems by additional SMEs (see technical files). As part of project preparation, the team worked with the JBS to forecast income from the sale of goods and services, as well as to quantify the operational costs of the project. According to projections, the income generating activities proposed in components 1 and 2, coupled with the graduation of the JBS to an internationally recognized certification entity through the institution building activities proposed in component 4, indicate that there will be full operational sustainability of the program by the middle of the third year of implementation.

VI. BENEFITS AND RISKS

A. Benefits

- 6.1 The benefits of this project are as follows: (i) enhanced awareness among SMEs of the importance of quality management and food safety systems as a way to improve business performance; (ii) the improvement in the competitiveness of 100 small and medium enterprises through the implementation of quality management and food safety systems; (iii) increased supply of qualified technicians able to assist SMEs with implementing management systems and thus diminishing the overall cost of ISO and HACCP systems; and, (iv) the strengthening of the JBS through the experiences gained in the process of supplying business services and eventual certification capabilities for management systems.

B. Risks

- 6.2 Some of the possible project risks result from: (i) the possibility that financial constraints of local SMEs will prohibit their participation in the project; (ii) the possibility that future demand for the services provided will be lower than projected; and (iii) the possibility that the demand for the various training courses developed in component 2 will be less than anticipated. This first risk will be mitigated by providing resources to increase the awareness of both the benefits of management system implementation and of the services available through the JBS. Decreasing the costs for SMEs to participate in the project, making it more affordable and increasing the likelihood of interest is mitigating the second risk. The third risk will be taken into account by the Program Management Unit's monitoring of the training courses to ensure that they are responsive to the needs of local consultants and routinely making necessary adjustments.

VII. PERFORMANCE INDICATORS AND EVALUATION

- 7.1 The Bank will contract individual consultants to carry out two evaluations of the project. A mid-term evaluation will be performed when 50% of the resources have been

disbursed. A final evaluation will be conducted within three months after the project is completed. Based on the mid-term external evaluation, the Country Office, together with the project team if needed, will carry out annual performance evaluations to determine whether the project should be continued, suspended, or cancelled.

- 7.2 During the project's execution, the JBS will compile supervision and project evaluation indicators. These indicators are set forth in the Logical Framework (see Annex I) and will be used by the Bank Country Office and the JBS to gauge the overall impact and assess results.
- 7.3 The MIF Office has developed a detailed survey instrument of performance indicators for ISO 9000 implementation that will be used to collect information on the firms participating in this project. The purpose of this survey instrument is to collect data on the impact that implementing ISO management systems has on SMEs in the region. This survey instrument is a tool to enable the MIF to evaluate empirically the performance of the various ISO projects in its portfolio. All SMEs that participate in MIF-sponsored projects focused on quality or environmental management system implementation are expected to complete these forms. Project staff will monitor the administration of this survey instrument. The survey and guidelines for administering it are available in the technical files.
- 7.4 To complement the IDB Country Office and project staff monitoring and to ensure that there are lessons learned among all the MIF-financed ISO projects, the MIF Office will contract the services of a management system expert who will be responsible for monitoring and technically overseeing all of the MIF-financed projects in the "ISO Cluster." Fees to cover the services of this technical supervision are included in this project budget and in each ISO project budget under the MIF expenditures allocated in the cost table under monitoring and evaluation. Terms of reference and fee structures for the technical expert are included in the technical files, as well as the pipeline of ISO projects financed by the MIF that comprise the "ISO Cluster."
- 7.5 For the final evaluation, the external consultant will take into account the program's impact on individual firms, as well as the overall results and development impact. This final evaluation would focus on key areas such as: measuring the cost of the specific service provided and its relationship to the benefit obtained; and the impact on the productivity of participating firms. The executing agency will provide access to all the information and documentation needed to conduct these evaluations.

VIII. EXCEPTIONS TO POLICIES AND PROCEDURES

- 8.1 No exceptions to Bank policies are involved.

IX. SPECIAL CONTRACTUAL CONDITIONS

- 9.1 Prior to first disbursement, in addition to the Bank's standard contractual conditions, the executing agency will have appointed the Program Management Unit (see paragraph 4.1 and 4.9).

LOGICAL FRAMEWORK

ACTIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
the level of efficiency, and competitiveness of SMEs.	Improvements made in the productivity indices of SMEs. Increased market participation of SMEs.	Periodic evaluations undertaken by the JBS among the target population.	Both the macroeconomic and local markets remain stable in Jamaica.
both the local demand and to implement quality, food and food safety systems in SMEs.	25% of SME's will have increased access to training and quality management systems. Management system service providers for SMEs increased by 20%.	Mid-term and final evaluation reports.	The focus on quality management continuously acquires importance in international markets. An adequate response exists from the involved sectors of the market.
ness among SMEs	600 representatives of SMEs and other institutions are made aware of the importance of benefits of ISO and HACCP management systems	Mid-term and final evaluation reports.	SMEs seek information about quality management to improve quality management and respond to the various mechanisms of the project used for transmitting information.
of the local supply	900 representatives of SMEs with improved knowledge about ISO 9000/14001 or HACCP systems; 50 individuals trained as external quality or HACCP auditors; 90 local consultants trained in implementing ISO 9000/14001 and/or HACCP systems in SMEs	List of participants at each training event	The SME managers are willing to understand the benefits of the project and dedicate the time needed for training and technical assistance. The workers realize the benefits of the project and are willing to participate actively.
ent Systems Implemented	100 SMEs will have benefited from having implemented quality management or HACCP systems.	ISO Performance Indicators surveys completed for each participating SME. Reports and payment contracts confirmed by the beneficiary and the Project Director.	SMEs are willing to pay consultancy costs needed to implement quality management systems.
al Strengthening and	JBS will have in place an internationally recognized certification body.	Final evaluation report for the project.	Demand for locally-available quality management services will continue to increase.
launching events in Montego Bay.	- Two events will be held for a total of 500 event participants.	List of participants and questionnaires completed.	
introductory seminars.	- Two seminars will be held with a total of 225 participants from SMEs and various		

LOGICAL FRAMEWORK

OBJECTIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>chambers meeting and press</p> <p>created and maintained.</p>	<p>chambers/associations.</p> <ul style="list-style-type: none"> - Four meetings will be held to broadcast the awarding of the grants for system implementation. - At least 1,500 SMEs registered in the database. 	<p>Evaluation sheets completed by participants.</p>	
<p>ISO 9000/14001</p> <p>documentation</p> <p>ISO 9000/14001.</p> <p>internal quality</p> <p>external quality</p> <p>trainers in the</p> <p>ISO</p> <p>001 management systems.</p> <p>HACCP course.</p> <p>course for HACCP</p> <p>auditor.</p> <p>external auditor training</p> <p>trainers in the</p> <p>ntation of HACCP.</p>	<ul style="list-style-type: none"> - 24 courses held with 25 participants each for a total of 600. - 12 courses offered with 25 participants each for a total of 300 individuals informed about the documentation requirements. - 12 courses offered with 25 participants per course for a total of 300 trained. - Two courses offered with 20 participants per course for a total of 40 trained external auditors. - Three courses held with 15 participants each time for a total of 45 trained consultants. - 12 courses given with 25 participants per course for a total of 300 individuals trained. - 12 courses offered with 25 participants per course for a total of 300 individuals trained. - Three courses offered with 10 participants per course for a total of 30 individuals trained. - Three courses offered with 15 participants per course for a total of 45 individuals trained in implementing HACCP systems. 	<p>Course registry and evaluations.</p>	
<p>systems implemented.</p>	<ul style="list-style-type: none"> - 50 SMEs with quality management systems implemented. 		

LOGICAL FRAMEWORK

ACTIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
environmental management systems implemented. food safety systems implemented.	<ul style="list-style-type: none"> - 20 SMEs will have implemented environmental management systems. - 30 SMEs with HACCP systems in place. 		
of an accredited certification body and maintenance of an website	<ul style="list-style-type: none"> - Certification body functioning with international recognition - 1,000 visits to the websites logged over the course of the project 		

PROPOSED RESOLUTION

**JAMAICA. NONREIMBURSABLE TECHNICAL COOPERATION FOR THE
IMPLEMENTATION OF QUALITY, ENVIRONMENTAL
AND FOOD SAFETY SYSTEMS**

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Jamaican Bureau of Standards, and to take such additional measures as may be pertinent for the execution of the project proposal contained in Document MIF/AT-____ with respect to a technical cooperation for the implementation of quality, environmental and food safety systems.
2. That up to the amount of US\$800,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to resources of the Human Resources Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.