

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**JAMAICA**

**INTEGRATED SUPPORT TO JAMAICA SOCIAL PROTECTION STRATEGY**

**(JA-L1053)**

**LOAN PROPOSAL**

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ELECTRONIC LINKS	
<b>REQUIRED</b>	
1.	<a href="#">Pluriannual Execution Plan (PEP)</a>
2.	<a href="#">Monitoring and Evaluation Arrangements</a>
3.	<a href="#">Procurement Plan</a>
<b>OPTIONAL</b>	
1.	<a href="#">Cost-Benefit Analysis</a>
2.	<a href="#">Detailed Budget</a>
3.	<a href="#">Annual Operational Plan (POA)</a>
4.	<a href="#">Final Report for the PATH Parenting Pilot</a>
5.	<a href="#">Parents are Teachers at Home Parenting Programme: Curriculum</a>
6.	<a href="#">Parents are Teachers at Home Parenting Programme: Operations</a>
7.	<a href="#">References</a>
8.	<a href="#">Safeguard screening form and safeguard policy filter</a>

ABBREVIATIONS	
AOP	Annual Operation Plans
BMIS	Beneficiary Management Information System
CCT	Conditional Cash Transfer
CTD	Chief Technical Director
ECC	Early Childhood Commission
ECD	Early Childhood Development
EFF	Extended Fund Facility
ELE	Electronic Labour Exchange
FFM	Fiduciary Financial Management
GOJ	Government of Jamaica
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MIS	Management Information System
MLSS	Ministry of Labour and Social Security
NCSC	National Council for Senior Citizens
NPSC	National Parenting Support Commission
NSPC	National Social Protection Steering Committee
OJT	on –the-job training
PATH	Programme of Advancement Through Health and Education
PEU	Project Executing Unit
PIOJ	Planning Institute of Jamaica
PMR	Project Monitoring Report
JSLC	Jamaica Survey of Living Conditions
SPF	Safeguard Policy Filter
SSF	Safeguard Screening Form
SSN	Social Safety Net
STW	Steps-to-Work
TWG	Technical Working Group

**PROJECT SUMMARY**  
**JAMAICA**  
**INTEGRATED SUPPORT TO JAMAICA SOCIAL PROTECTION STRATEGY**  
**(JA-L1053)**

Financial Terms and Conditions				
<b>Borrower:</b> Jamaica			<b>Flexible Financing Facility<sup>(a)</sup></b>	
			<b>Amortization Period:</b>	25 years
<b>Executing Agency:</b> Ministry of Labour and Social Security (MLSS)			<b>Original WAL:</b>	15.25 years
			<b>Disbursement Period:</b>	4 years
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Grace Period:</b>	5.5 years
<b>IDB (OC):</b>	50,000,000	100	<b>Supervision and Inspection Fee:</b>	(b)
<b>Local:</b>	0			
<b>Total:</b>	50,000,000	100	<b>Interest rate:</b>	LIBOR-based
			<b>Credit Fee:</b>	(b)
			<b>Currency of Approval:</b>	US\$ chargeable to the Ordinary Capital (OC)
Project at a Glance				
<b>Project Objective/Description:</b> The objective of the project is to support consumption, protect and promote the human capital accumulation of the beneficiaries of the Programme of Advancement Through Health and Education (PATH), and strengthen the overall capacity of the Ministry of Labour and Social Security (MLSS) to improve quality and access to the network of social services provided by the MLSS to the poor and vulnerable population.				
<b>Special Contractual Clauses prior to the first disbursement:</b> (i) the Operating Manual for the project has been approved and entered into effect, in accordance with the terms and conditions previously agreed upon between the Executing Agency and the Bank; (ii) the consultant(s) to conduct the audit/assessment of the Beneficiary Management Information System (BMIS) has/have been hired, and the corresponding work plan has been approved by the Bank; and (iii) the internal auditor and senior accountant have been hired (¶3.5).				
<b>Exceptions to Bank Policies:</b> None				
<b>The project qualifies for<sup>(c)</sup>:</b> SV <input checked="" type="checkbox"/> PE <input checked="" type="checkbox"/> CC <input type="checkbox"/> CI <input type="checkbox"/>				

(a) Under the Flexible Financing Facility (FN-655-1), the borrower has the option to request modifications to the amortization schedule as well as currency and interest rate conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

(b) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

(c) SV (Small and Vulnerable Countries), PE (Poverty Reduction and Equity Enhancement), CC (Climate Change, Sustainable Energy and Environmental Sustainability), CI (Regional Cooperation and Integration).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, Problem Addressed, Justification

- 1.1 **Macroeconomic Conditions.** The Jamaican economy has made major strides since 2013, as it has performed strongly under the International Monetary Fund (IMF) supported Extended Fund Facility (EFF). As of June 2015, Jamaica passed eight reviews successfully showing that the programme is on track and policy implementation remains strong. According to the IMF,<sup>1</sup> at midpoint of the ambitious four-year reform program, economic activity is slowly rebounding amid a favorable external environment and a pickup in agriculture. Lower oil prices have improved the current account, and in combination with prudent monetary policy, reduced inflation to its lowest point in nearly 50 years. Tourism and remittance flows are strengthening and food production increased last year. There are signs that imports are being replaced by domestic production as competitiveness improves. There is a potential for sustained low oil prices, a strong recovery in main trading partners, and improved investor and consumer confidence –business confidence continues to advance, reaching its highest level since 2007 in the first quarter of 2015, with a record share of firms expecting their financial health to improve during the year ahead. With these developments the overall economic outlook for Jamaica is positive and economic growth is expected at 1.6% for FY2015/16. The country is making progress in correcting its macroeconomic fundamentals as prerequisite to break the high-debt low-growth trap. In this context, the EFF agreement includes a target to protect social spending,<sup>2</sup> which has been accompanied with the strengthening of the social protection framework and with efforts to increase the efficiency of social investment.
- 1.2 **Poverty Trends.** According to the 2012 Jamaica Survey of Living Conditions (JSLC), overall poverty reached 19.9% and extreme poverty 7.3%, similar to the 19.7% value in 2002 and well above the pre-crisis level of 9.9% in 2007. Poverty is slightly higher in rural areas (21.3% versus 19.7% in Kingston and 16.6% in Other Towns). As in other countries in the region, poverty is more prevalent among younger kids: poverty for children under five is 25% higher than the overall poverty rate, and for children 6-12 the figure is 32%. People living in female headed households are 37% more likely to be extremely poor and 34% more likely to be poor (the overall poverty rates for individuals living in female and male headed households are 22.7% and 16.8%, respectively).
- 1.3 From a low point of 8.9% in July 2006 before the global financial crisis of 2008-2009, unemployment peaked at 16.3% in April 2013 and has begun a slow recovery, but with the perspective that it will decline only slowly as the economic recovery accelerates.<sup>3</sup> Youth unemployment is pervasively high, reaching 33%

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<sup>1</sup> IMF Country Report No. 15/95, <http://www.imf.org/external/pubs/ft/scr/2015/cr1595.pdf>.

<sup>2</sup> Social spending is computed as the sum of central government spending on social protection programmes as articulated in the central government budget for a particular fiscal year. These programmes are funded by Government of Jamaica (GOJ) resources only and comprise conditional cash transfers to children 0–18 years, the disable and the elderly; youth employment programmes; the poor relief programme for both indoor and outdoor poor; the School Feeding Programme (SFP); and the basic school subsidy.

<sup>3</sup> Unemployment figures are from <http://statinja.gov.jm/LabourForce/NewLFS.aspx>.

among the 20-24 age group. The 2013 School-to-Work Transition Survey<sup>4</sup> reports that transitions into the labour market are shorter and with better outcomes for youth with higher educational attainment; that between 20% and 30% are unemployed, and that only 25% of the employed youth have formal sector employment.

- 1.4 Data from the JSLC shows that the fall in consumption during the world crisis (2007-2012) was higher for poorer households. Additionally, the necessary and successful fiscal consolidation since 2013 adversely affects the poorest Jamaicans. It is precisely this vulnerable people who also face significant challenges in terms of consumption and accumulation of human capital, which is essential to access the jobs that should be created during the economic recovery. Although inequality is low by regional standards (2012 Gini is 0.38 vs 0.51 for Latin America), significant differences in outcomes and opportunities arise when comparing across per capita consumption quintiles.
- 1.5 **Demographics and Health.** Poor households are larger (4.5 persons in the poorest quintile Q1<sup>5</sup> vs 2.1 in the richest quintile Q5), have larger dependency ratios (1.7 children in Q1 vs 0.3 in Q5) and more likely to be headed by females (54% in Q1 vs 37% in Q5). Also, female headed households are larger, even within Q1 (5.0 vs 3.9 for male-headed households). In addition female headed households have more children and seniors, increasing the need for care. In terms of health, Jamaica is facing an increase in risk factors for prevalence of chronic diseases. Also, vaccination rates are consistently lower for Q1. For example, the vaccination rate against Hepatitis B is 69.2% in Q1 vs 87.5% in Q5.
- 1.6 **Early Childhood.** Jamaica has one of the highest school attendance rates for children 3-5 years, and it is a regional pioneer regarding the development of a comprehensive framework for the implementation and monitoring of Early Childhood Development (ECD) interventions for children 0-8. The entity in charge of regulating all ECD interventions against very clear quality standards is the Early Childhood Commission (ECC) that has been in place since 2003, while the National Parenting Support Commission (NPSC) created in 2013 is responsible for the strategic coordination and oversight of parenting policies at the national level. Also, the JSLC provides uniquely rich data on ECD. In Jamaica less than 40% of children live with both birth parents and in Q1, 42.6% had no father figure at home (vs 34.6% in Q5). In terms of adults engaging with children in developmentally appropriate activities, the share of children that had stories told to them were 50.8% vs 72.0% in Q1 and Q5 respectively, and in the case of counting or naming things the figures were 41.9% vs 73.8%. About 18% of children 0-3 had toys that helped them identify colors, shapes and sizes in Q1, vs 67.4% in Q5. Self-reported parenting practices show excessive use of corporal and psychologically aggressive discipline methods in general. Based on the body of evidence regarding the importance of the first years, proper stimulation, father involvement and reducing maltreatment of children are areas to be included in the parenting programs<sup>6</sup> in order to enhance children's development and

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<sup>4</sup> For complete references, see [Optional Electronic Link # 7](#).

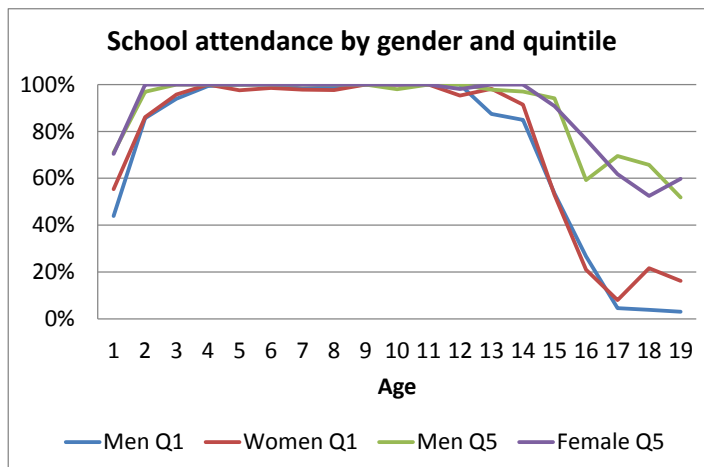
<sup>5</sup> Q1 refers to the first quintile of individuals (defined by per capita household consumption). As poverty rate is close to 20%, Q1 and poverty are used equivalently. The source for this section is the 2012 JSLC.

<sup>6</sup> The impact evaluation of parenting pilot funded with technical cooperation RG-T1894 (ATN/SF-12300-RG) may serve as starting point to design the interventions, both based in the health center and the home visits.

opportunities in life, as well as to reduce the intergenerational transmission of violence (Heise 2011; Whitfield 2003; Knerr 2011).<sup>7</sup>

- 1.7 **Education.** Jamaica has achieved universal enrollment (more than 99%) for all children ages 3-14. However, gaps between Q1 and Q5 arise at age 15-16 (90.3% vs 98.5%) and by 17-18 and 19-24 the gaps are substantial (37.3% vs 74.1% and 4.3% vs 32.3%). Regular school attendance is also lower in Q1 (80% vs 95% in Q5 for attending 17 or more of the last 20 days), as is the case of having all the required textbooks (48.1% vs 84.9%). Non-attendance of Q1 was due to money problems in 60% of the cases, vs 13.1% in Q5.<sup>8</sup> Also, 88.8% of the prime working age population (25 - 59) in Q1 lacked any certification, vs 58.4% in Q5. Given the relationship between educational achievement and labour earnings, children from poor households are on average at a disadvantage when joining the labour market.

FIGURE 1. SCHOOL ENROLLMENT BY GENDER AND QUINTILE, JSLC 2012



- 1.8 **Aging Population.** According to the United Nations Population Fund, Jamaica is currently at an intermediate stage of the demographic transition, which is characterized by a decrease in the share of the 0-14 age group, an increase in the working age population and an increasing share of the elderly (65 and older). Although poverty rate among the elderly is about 80% of the national level, this group is highly vulnerable due to the increasing burden of chronic diseases, reduced income generation capacity and higher levels of dependency. In fact, 25% of cash grants from the country's Conditional Cash Transfer (CCT) programme are paid to elderly poor that have no other source of income. Also, according to a 2014 report by Planning Institute of Jamaica (PIOJ) the increase of the elderly population is the most relevant emerging vulnerability in Jamaica.<sup>9</sup> Under the umbrella of the MLSS, the National Council for Senior Citizens is responsible for the implementation of the National Policy for Senior Citizens

<sup>7</sup> Whitfield, C.L., et al. (2003); Knerr, W., F. Gardner, and L. Cluver (2011), Heise, L.(2011).

<sup>8</sup> Regular school attendance, having the required textbooks and reasons for non-attendance are reported for all enrolled children in Early Childhood, Primary and Secondary schools. Source: JSLC 2012 final report.

<sup>9</sup> PIOJ, Current and Emerging Vulnerabilities in Jamaica, 2014. Available at [http://www.pioj.gov.jm/Portals/0/Social\\_Sector/FINAL\\_pioj\\_current\\_and\\_emerging\\_vulnerability\\_in\\_ja-pgs-Nov-4-2014.pdf](http://www.pioj.gov.jm/Portals/0/Social_Sector/FINAL_pioj_current_and_emerging_vulnerability_in_ja-pgs-Nov-4-2014.pdf).



which promotes individuality, independence, accessibility, dignity and productive aging, through the collaboration with other government agencies and non-governmental organizations.

- 1.9 **Social Safety Net (SSN).** In order to alleviate poverty, protect the vulnerable and foster the human capital development of the poor, the GOJ has established a SSN centered on two larger programs: the conditional cash transfer Programme of Advancement Through Health and Education (PATH) and the School Feeding Programme (SFP), each with a budget of about 0.20-0.25% of GDP. The Steps-to-Work (STW) is a smaller programme launched as a pilot in 2007 targeted to beneficiary households of PATH to promote their transition from welfare to work. PATH and STW are implemented by the MLSS, while SFP, which targets PATH beneficiaries for subsidized meals, is implemented by the Ministry of Education.

TABLE I.1. SOCIAL INVESTMENT IN JAMAICA

	JA \$ billions (current)			JA \$ billions (constant)			% of GDP		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
<b>Total Health</b>	33.30	36.00	49.00	33.30	33.09	42.01	2.25	2.51	3.49
<b>Total Education</b>	76.20	78.20	79.30	76.20	71.88	67.99	5.15	5.45	5.64
<b>PATH</b>	2.70	3.00	2.99	2.70	2.76	2.56	0.18	0.21	0.21
<b>School Feeding</b>	3.14	3.42	3.45	3.14	3.14	2.96	0.21	0.24	0.25

Source: GOJ Estimates of Expenditures

- 1.10 **PATH.** Since the early 2000s Jamaica has reformed social protection policies to promote advancement of the poor through a CCT Program, PATH, which is supported by evidence of positive impacts of CCTs regionally, globally and in Jamaica.<sup>10</sup> PATH provides transfers to poor households (typically to a woman that acts as family representative)<sup>11</sup> according to grants associated with specific individuals meeting particular conditionalities. Pregnant and lactating women, as well as children ages 0-6, are required to attend well-being visits regularly (as established by protocols defined by the Ministry of Health), while school-aged children need to be enrolled and attend at least 85% of days to school. Table I.2 shows the current structure of payments, that provides larger education grants to kids in higher grades.

TABLE I.2. PATH CONDITIONS AND TRANSFERS

Age Cohort	Compliance Condition	Monthly Benefit (JMD)
Children birth to 1 year	6 clinic visits per year	\$1,000
Children 1 to 6 years	2 clinic visits per year	\$1,000
Pregnant and Lactating Women	1 clinic visit every two months	\$1,190
Primary school children	85% school attendance	\$1,045
Lower secondary school children		\$1,400
Upper secondary school children		\$1,600

<sup>10</sup> For evidence of the effectiveness of CCTs, see Fizbein and Schady (2009), IDB's SFD on Poverty and Social Protection (2014) and for Jamaica, Levy and Ohls, (2010).

<sup>11</sup> Approximately 73% of PATH households are female headed.

- 1.11 PATH has a good track record in targeting poor families. PATH was designed to cover the bottom two quintiles, and according to the JSLC 2012 63% of beneficiaries live in households in such quintiles, with another 22% living in the third quintile that represents vulnerability. Although these figures show that there is room to improve targeting efficiency—which are being addressed by policies such as the recently approved PATH Graduation Strategy—these figures are in line with other mature CCTs such as Chile, Mexico and Uruguay (in particular those with extreme poverty around 10% and overall poverty around 20%; see Robles, Rubio and Stampini, 2015). PATH has also been successful in increasing the use of preventive healthcare for young children and in encouraging households to send their children to school with greater regularity (a significant outcome given that enrollment is high in Jamaica).<sup>12</sup> As documented by the education literature, truancy is a good predictor of school abandonment, so improving regular attendance is important.<sup>13</sup>
- 1.12 PATH is making improvements that put it in a second wave of CCTs. PATH efficiently implements the core processes of beneficiary selection and registration as well as the verification of conditionalities,<sup>14</sup> and is actively exploring mechanisms to improve the payment process using new technologies. The focus of the programme has been on ensuring that conditionalities are met and on innovations to promote higher compliance in order to effectively achieve greater human capital accumulation. As in other CCTs in the region, a challenge faced by PATH is to increase attendance in the higher grades. For this purpose, a Transportation Allowance Grant has been piloted to support school attendance in situations where transportation costs are the reason for the absence from school. Also, compliance is relatively low for children 2-6 year old, as PATH requires two annual health checkups, but the protocol defined by the Ministry of Health only requires one. Hence, PATH is adapting conditionalities to issues related to the accumulation of human capital of the poor in the Jamaican context. In recognition of the importance of parenting practices on child development and in line with the country's experience on the matter (see ¶1.6), PATH in collaboration with the National Parenting Support Commission and other key stakeholders, and with support from the Bank<sup>15</sup>, is piloting a parenting intervention (*Parents are teachers at home*) that involves 13 group workshops with parents as well as eight home visits for a total of at least 25 contact hours per year. The curriculum is based on previous experiences of the ECC in Jamaica and will aim to promote key

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<sup>12</sup> See [Levy and Ohls](#) (2010).

<sup>13</sup> See Campbell Systematic Reviews (2011:8) on [Dropout prevention and intervention programs](#).

<sup>14</sup> PATH consistently verifies and enforces conditionalities. Compliance is high (over 80%) and the programme continuously analyzes causes for non-compliance and is developing a case-management scheme to work with families that consistently do not comply. As explained below, a common reason for non-compliance in education is the transportation cost.

<sup>15</sup> The ECC is also participating through the technical steering committee.

parenting abilities.<sup>16</sup> This parenting intervention is currently being piloted with PATH beneficiaries with children 2-6 years old.

- 1.13 PATH is also exploring the use of technology to communicate with beneficiaries and to improve the efficiency of payment mechanisms, and adopting comprehensive recertification and graduation strategies to improve its targeting efficiency (as shown by the recently approved Graduation Strategy). The current payment system is based on *cheques* that are emitted every two months which beneficiaries collect at post offices and cash in Banks (or in the post office if Bank's are not close to their residence). While this method has worked well and allowed the payment process to take place regularly, there is room for improvement in terms of reducing administrative costs to the programme and opportunity costs to beneficiaries with the adoption of alternative methods such as debit cards, payment agents and the use of cell phones. These alternatives need to be carefully examined and tested to determine their feasibility and efficiency.
- 1.14 In terms of integration of PATH with other social services, the STW programme is a supplemental set of labour market intermediation and training services offered to PATH families and is an integral part of its graduation strategy.<sup>17</sup> Services include skills and literacy training, microenterprise support and a youth summer camp. PATH is now seeking to upgrade the STW model with the introduction of an on-the-job training (OJT) programme that places PATH beneficiaries directly in firms and track their employment and employability outcomes. In addition, the STW programme will seek complementary improvements in active labour market policies implemented by the Electronic Labour Exchange (ELE) of the MLSS which include intermediation, basic skills training and assistance with the job search process. This will enhance employment prospects of the poor and open opportunities for PATH beneficiaries to access referrals and better quality employment. The STW programme is working to strengthen links with the private sector to provide effective intermediation services. These efforts are underway and the Bank's support to the expansion of the ELE regional offices and to the strengthening of links between social services and labour market policies will contribute to their full implementation.
- 1.15 The Bank has supported the improvement of the targeting of the SFP including a policy to extend the subsidy to pre-primary children. SFP has strengthened its information management and is improving its monitoring and evaluation systems

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<sup>16</sup> The five specific objectives of the parenting pilot are: (i) to strengthen parents' understanding and encouragement of normal child development and behaviour between the ages of two to six; (ii) to build parents' confidence and capacity to stimulate children's early learning and development through regular play, language and reading activities with the child; (iii) to increase parents' use of positive alternative discipline strategies and reduce levels of harsh verbal and physical punishment; (iv) to promote positive parent-child communication strategies that encourage children's self-expression, problem-solving, self-esteem and self-help skills; and (v) to provide parents with the information required for them to support their children's optimum health, nutrition and safety. In order to help achieve these objectives, the programme will develop strategies to include fathers as evidence shows that a father's involvement in parenting has long lasting and positive impacts, and to promote gender equitable attitudes and relationships among mothers and fathers that also contribute to an enabling environment for positive parenting. (see [State of the World's Fathers](#) report, 2015).

<sup>17</sup> STW operates principally as a "referral" program whereby candidates are referred to providers for specialized services, some of which are provided by the MLSS Labour Exchange Dept.

towards improving school attendance particularly among PATH beneficiaries. Currently, the SFP is working to enhance efficiency by implementing the National School Feeding Policy (that was prepared with support from the Bank) as well as the rolling out of guidelines and mechanisms to improve nutritional content, food safety and hygiene that were developed as part of the same effort.

- 1.16 **Social Protection Strategy.** The GOJ has advanced with the consolidation and modernization of its social protection system, as set forth in the 2014 SPS. The SPS takes elements from the rights-based, social risk management, and social protection floor approaches to provide a complete framework. The SPS emphasizes the importance of income transfers to the poorest so as to support consumption and to protect and promote human capital accumulation. Based on a life-cycle approach, the SPS also recognizes the importance of children of poor households being exposed to parenting practices that promote their emotional and cognitive development; the need to promote effective school-to-work and welfare-to-work transitions; and, for the elderly, the objective of the SPS is to ensure access and opportunity to attain income security and adequate living standards by promoting active aging and social inclusion.
- 1.17 **Sector development and Bank's involvement.** The Bank has been a strategic partner with the GOJ in the definition and implementation of social protection policies. In partnership with the World Bank, since 2000 the IDB has engaged in policy dialogue, technical assistance and financing of investments aimed at increasing the equity, efficiency and effectiveness of Jamaica's SSN.<sup>18</sup> The emphasis of the Bank's support has been in: (i) protecting human capital formation, especially under various episodes of adverse economic conditions; and (ii) improving the effectiveness of safety net programs to reduce vulnerability of the poor. Both areas have been identified as core issues of the 2014 SPS. A new approach to social protection based on targeting and efficiency in anti-poverty interventions began in 2001 with the consolidation of three welfare programs into PATH,<sup>19</sup> which has a unique and standardized management information system (MIS) that uses a transparent targeting mechanism to identify poor households more effectively. With additional Bank support between 2008 and 2011 the GOJ: (i) increased PATH's coverage from 245,000 to 360,000; (ii) updated the selection criteria of the targeting algorithm to better target the urban poor, resulting in increased coverage of the urban poor from 8.4% to 12.4% of total beneficiaries; (iii) implemented a differentiated benefit scheme to create better incentives for school attendance among older students, resulting in increased school attendance and decreased noncompliance with the attendance condition among different subgroups of the PATH population, with important gains for children with previous low school attendance;<sup>20</sup> and

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<sup>18</sup> In 2001 the Bank approved the Social Safety Net Reform Program (1355/OC-JA), which was followed by the Social Protection Support to Food Price Crisis, PDL (1559/OC-JA), approved in 2008 this was a reformulation KW&S project; Human Capital Protection Program (2299/OC-JA); Human Capital Protection Programme II (2519/OC-JA); as well as the Integrated Social Protection and Labour Programme JA-L1037 (2889/OC-JA) approved in 2012. Three technical cooperations have supported the strengthening of the safety net: Modernization of the School Feeding Programme (ATN/JF-12197-JA); Understanding the Social Effects of the Financial Crisis (ATN/OC-12199-JA), and Support to Improving the Lives of Persons with Disabilities (ATN/JF-11988-JA), all of which complemented the loans.

<sup>19</sup> The three programs that were merged to create PATH were the Old Age and Incapacity Program, the Food Stamp Voucher Program and the Outdoor Poor Program.

<sup>20</sup> Bedoya, G. 2012.

(iv) advanced coverage of complementary social programs such as the SFP with the design and approval of a policy (with corresponding budgetary allocation) to expand the SFP to preprimary schools, which to date has improved the allocation of the PATH feeding subsidy to approximately 126,000 children three to six years in preprimary schools.

- 1.18 In December 2012, the Bank approved an investment loan (2889/OC-JA) that has financed cash grants for children and pregnant and lactating women of poor households through PATH, and has also supported: (i) the strengthening PATH through the design of parenting education for households with children two to six years old (see [optional electronic link #4](#) for the complete curriculum of the intervention) and the support for an early stimulation center for PATH children with disabilities, as well as with ongoing improvements to its financial and management information systems; (ii) the scaling up of labour intermediation services, in collaboration with the private sector, that would benefit PATH beneficiaries through the upgrade and expansion of the ELE into a national employment portal and the creation of three regional satellite offices, that has passed from having virtually no vacancies in 2011 to having over 400 vacancies registered in April 2015 and over 450 companies and approximately 9,000 job seekers registered. In addition, loan 2889/OC-JA is financing the development and early implementation of an OJT programme directed at placing participants in wage employment, the design of which is completed (see link for the OJT design); and (iii) the modernization of the SFP, through the development of the National School Feeding Policy which is completed and awaiting final review and approval by the Cabinet.
- 1.19 **Lessons learned.** This project will continue the strategic involvement of the Bank in the sector, maintaining the financing and technical engagement in the strengthening of PATH, with emphasis on the implementation of the parenting pilot and the welfare-to-work innovations. This project will move beyond the support to PATH and support key social inclusion activities that strengthen the institutional capacity of the Ministry as a whole and modernize the MLSS to deliver the network of social services provided to the vulnerable population. This latter support is informed by a key lesson learned where the Bank's previous support focused on the PATH program, however to meet its development objectives PATH needs to operate within a stronger, strategic and efficient network of social services that are managed by the MLSS. PATH is not fully integrated and still operates as a project within MLSS, receiving a large portion of the Ministry's budgetary allocation that enables it to develop and maintain a strong and modern institutional framework. The Ministry on the other hand, functions with weak and outdated systems and structure. In order to sustain the PATH as a national programme and to increase the quality and efficiency of social services overall, it is important to strengthen the social service provision and management at the Ministry.
- 1.20 The continuous policy dialogue between the Bank and the MLSS on strategic planning for PATH benefits from the accumulated experience of the Bank on CCTs in the region. Among the good practices from implementation of CCTs in the region that have been incorporated in PATH are the definition of clear recertification and beneficiary roster management processes, in order to address poverty dynamics. Another good practice is to transform cash payments into

opportunities for financial inclusion, which starts with the adoption of alternative payment mechanisms that are part of this operation. A third lesson learned is the use of technology to increase the efficiency in the implementation and to incentivize behavioural change.<sup>21</sup> Finally, adapting conditionalities to evolving opportunities to foster human capital accumulation (as in the case of parenting intervention) is another feature of advanced CCTs such as PATH.

- 1.21 Following the recommendations of Jamaica's Public Investment Management Committee<sup>22</sup> (which approved the project on July 24<sup>th</sup>, 2015), the project will fund a tracer study that will assess schooling, labour market and other outcomes of kids/households that have benefited from PATH. The study will also assess the effect of PATH on reducing inter-generational poverty and provide insights on the mechanisms through which the programme has an impact on the lives of beneficiaries by virtue of providing evidence on the achievement of the program's intended outcomes.
- 1.22 **Strategic Alignment and Coordination with other donors.** The proposed operation is aligned to the second pillar of the current Country Strategy with Jamaica (GN-2694-2), Social Protection and Safety, and to the result of strengthening PATH. Also, social protection is expected to be an ongoing priority area for the country in the next strategy cycle. This operation is also aligned to GOJ's poverty reduction and social welfare strategy outlined in its National Strategic Plan Vision 2030 and to its 2014 SPS. The project is also consistent with the Bank's Strategy on Social Policy for Equity and Productivity (GN-2588-4), and will contribute to the Ninth General Increase of the Resources of the Bank-IDB-9 (AB-2764) lending priorities for poverty reduction and equity enhancement as well as lending to small and vulnerable countries. It also contributes to the regional development goals of reducing extreme poverty, reducing inequality and increasing the share of youth 15-19 years old completing 9<sup>th</sup> grade, and to the Bank's output contribution related to the number of individuals receiving targeted anti-poverty programs. The project draws lessons from the Social Protection and Poverty Sector Framework Document (GN-2784-3) and is aligned with its action areas regarding strengthening redistributive programs such as PATH while enhancing their impact on human capital accumulation, as well as promoting social inclusion services for the poor and vulnerable. The proposed operation is coordinated with the work of the World Bank in the sector in Jamaica, which is currently focusing on complementing support for PATH cash grants, as well as scaling up the STW programme for youth at risk, and strengthening the case management activities within PATH. Coordination with the World Bank is done directly and under the strategic coordination role of the PIOJ and the MLSS.

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<sup>21</sup> Technology is being used in PATH in two areas under this operation. One is the use of cell phones as an alternative payment mechanism, that could be scaled if feasible and pending necessary regulatory changes. The second one is the use of SMS messages to reinforce behavioral change to strengthen human capital accumulation. For an example on use of SMS messages in CCTs, see López-Vargas et al., 2015.

<sup>22</sup> The PIMC is a key body in the governance framework of the new Public Investment Management System. This committee, established under the Financial Administration and Audit Act on April 1, 2014 has the responsibility for screening investment proposals for feasibility and consistency with government's strategic objectives; reviewing all projects for technical, financial, economic and environmental feasibility; prioritizing projects for financing and recommending to Cabinet their inclusion in the Public Sector Investment Program and reviewing project performance, monitor risks, achievement of objectives and continued relevance to government's policies and priorities.

## **B. Objective, Components and Cost**

- 1.23 The objective of the project is to support consumption, protect and promote the human capital accumulation of the beneficiaries of PATH, and strengthen the overall capacity of MLSS to improve quality and access to the network of social services provided by the MLSS to the poor and vulnerable population. To meet this objective the project has four components:
- 1.24 **Component 1. Cash Grants (US\$45,000,000).** This component will finance cash transfers to children and pregnant and lactating women that live in households that are eligible beneficiaries of PATH and that comply with the health and education responsibilities.<sup>23</sup> The transfers are usually paid to a named family representative of the household, who is typically female and are disbursed after verifying that school-aged children regularly attend classes, and that children younger than six and pregnant women comply with the health visits required by the protocols established by the Ministry of Health. In the case of families participating in the parenting program, this will serve as a pilot to determine whether attendance to the workshops can become a conditionality. These transfers directly support consumption of the poor, increase their resilience to shocks and protect and promote the human capital accumulation of children in poor households. During the projected disbursement period, the Bank's financing will cover 41% of cash grants to children and pregnant women (about 29% of total PATH grants). Table I.2 above shows eligible beneficiaries who will receive the grants.
- 1.25 **Component 2. Enhancing the services of PATH (US\$2,704,000).** This component will further the Bank's support to improve the efficiency and effectiveness of PATH with the aim of improving human capital of beneficiaries 0-6 beneficiaries, enhancing labour market opportunities of PATH beneficiary households; and improving and strengthening financial and operational administration of the programme. Specifically, it will finance: (i) continued implementation of parenting programme for families with children 2-6 years old and a communication campaign with social messages using technology to reinforce parenting messages delivered in the workshops and promote father's involvement, and compliance with conditionalities, as well as the strengthening of the National Parenting Support Commission (NPSC)<sup>24</sup> for its strategic oversight of the pilot; (ii) further consideration and possible design of a new payment system for cash grants; (iii) continued development of stronger linkages between social assistance and employment, and strengthen institutional capacity for active labour market policies by expanding welfare-to-work schemes with the OJT, as well as strengthening ELE programs and building stronger linkages with the private sector; (iv) updates of the PATH's Beneficiary Management Information System (BMIS) and Bank Reconciliation System (BRS) in keeping with good financial management practices; and (v) strengthen planning to deliver the school feeding subsidy to PATH beneficiaries.

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<sup>23</sup> Given that no major expansions of PATH are considered, it will largely finance existing beneficiary households.

<sup>24</sup> The NPSC is an Agency of the Ministry of Education tasked with the mandate to coordinate national parenting activities in Jamaica.

- 1.26 **Component 3. Modernization of social security services provided by the MLSS (US\$1,309,000).** The component will continue to support the sector and finance activities aimed at strengthening and consolidating the MLSS capacity to oversee and provide a network of social and labour services as set forth in the SPS. This component will implement core management and information systems in the MLSS, namely: (i) a documentation management system for all social services; (ii) a client management system that will serve as registry of beneficiaries of all social services provided by the MLSS with the capacity to monitor in real time the delivery of those services; and (iii) upgrade of the customer service facilities in line with the theme of improved service delivery. In addition, the component will provide resources to improve the organizational structure and functions of the MLSS to include reviews and strengthening of the organizational structure, systems, processes and human-resources related activities. Finally, in keeping with the strategic focus of the SPS on the elderly, the component will strengthen the National Council for Senior Citizens (NCSC) through the development of a strategic plan to improve its effectiveness and delivery of services by the NCSC to include training of social workers and assessment of day activity centers.
- 1.27 **Component 4. Administration and evaluation (US\$837,000,000)** will support project administration with the recruitment of four additional IT support staff, two project associates to strengthen project management and procurement functions, one additional monitoring and evaluation staff as well as a senior management accountant and an internal auditor. The remaining resources in this component will finance evaluations for the parenting pilot intervention and the OJT programme as well as the tracer study on PATH beneficiaries.

TABLE I.3. COSTS

COMPONENT / SUB COMPONENT	IDB US\$	Total (%)
<b>1. Component 1. Cash Grants</b>	<b>45,000,000</b>	<b>90.0%</b>
<b>2. Component 2. Enhancing the Services of PATH</b>	<b>2,704,000</b>	<b>5.4%</b>
Parenting pilot programme	435,000	
New technologies: Payment systems & social marketing	40,200	
Strategic Planning for PATH Feeding Subsidy	100,000	
Strengthening Financial Administration	173,000	
OJT and ELE	1,955,800	
<b>3. Component 3. Modernization of Social Security Services</b>	<b>1,309,000</b>	<b>3.0%</b>
Documentation management system	250,000	
Client management system	220,000	
Customer Service Centre Upgrade	589,000	
Organization review of the MLSS	50,000	
Strengthening services to elderly	200,000	
<b>4. Component 4. Project administration and evaluation</b>	<b>837,000</b>	<b>1.7%</b>
Project Administration	437,000	
Evaluation (Parenting and OJT)	200,000	
Tracer study on PATH beneficiaries	200,000	
<b>5. Contingency</b>	<b>150,000</b>	<b>0.3%</b>
<b>TOTAL</b>	<b>50,000,000</b>	<b>100%</b>



## C. Key Results Indicators

- 1.28 The project is expected to support consumption and enhance human capital accumulation of PATH's beneficiaries, as well as to improve the efficiency in the provision of social services by the MLSS. The Results Matrix includes indicators to track the impacts through the poverty gap of beneficiaries and compliance with conditionalities to document human capital enhancement. The expected outcomes include better parenting skills, efficiency in social service management measured with the coverage of the Client Management System, as well as the success of welfare-to-work transitions. Also, the cash transfers directly contribute to the output indicator of beneficiaries of anti-poverty targeted programs.
- 1.29 A [cost-benefit analysis](#) was performed for the main elements of the project, namely an assessment of the investment realized by PATH to promote higher accumulation of human capital. Considering that the main benefits of the CCT are the increase in future earnings of participants due to the higher accumulation of human capital as a result of fulfilling the conditionalities required to receive the transfers (better health and education are proven predictors of labour market earnings), the analysis shows positive results with a present value benefit/cost ratio of 3.09 with a discount rate of 4%. Under a variety of scenarios in terms of discount rate (8% and 12%),<sup>25</sup> impact of PATH on schooling, impact of schooling on wage and wage for low-skilled workers, the net benefits from the investments are greater than the costs.

## II. FINANCING STRUCTURE AND MAIN RISKS

### D. Financing Instruments

- 2.1 This is an investment loan for US\$50,000,000 drawn from the Bank's Ordinary Capital. The planned disbursement period is four years. Table 2.1 shows disbursement projections over the life of the project. Projections are that disbursements will commence in December 2015 and end the last quarter of 2019 in accordance with the four year duration of the loan.

TABLE 2.1. SCHEDULE OF DISBURSEMENTS (2015 TO 2019)

Components	2016	2017	2018	2019	Total (US\$)
Component 1: Cash Grants	12,000,000	12,000,000	12,000,000	9,000,000	45,000,000
Component 2: Enhancing Services of PATH	125,000	1,204,000	937,000	438,000.00	2,704,000
Component 3: Modernization of Social Security Services Provided by the MLSS	177,250	392,250	447,250	292,250	1,309,000
Component 4: Administration and Evaluation	159,000	257,500	213,000	207,500	837,000
Contingency	37,500	37,500	37,500	37,500	150,000
<b>GRAND TOTAL (US\$)</b>	<b>12,498,750</b>	<b>13,891,250</b>	<b>13,634,750</b>	<b>9,975,250.00</b>	<b>50,000,000</b>

<sup>25</sup> The cost benefit analysis includes a discussion and explanation regarding the variations in the discount rates applied.

## **E. Environmental and Social Safeguard Risks**

- 2.2 According to the Environmental and Social safeguard compliance (OP-703), this operation is classified as a “C” and has no negative environmental impacts and therefore it requires no environmental strategy. This operation has no negative environmental impacts and therefore does not require an environmental strategy. PATH beneficiaries’ parenting skills will improve the health and wellbeing of children 2-6 years old, and the cash transfers and their associated conditionalities will improve children’s welfare. Finally, the project will support the modernization of social services provided by the MLSS. This modernization will allow MLSS to provide higher quality services more efficiently, which will also benefit the poor and vulnerable population of Jamaica.

## **F. Fiduciary Risk**

- 2.3 In keeping with the required fiduciary oversight and capacity assessment, the project team has identified medium risks related to financial management and internal control of the financial function. To mitigate these risks, the project will strengthen the audit and accounting functions with the addition of one internal auditor and a senior accountant and will address systems weaknesses by commissioning audits of the BMIS and the BRS and investments in upgrading both systems. A second medium risk was identified as limited capacity to effectively manage increasing procurement activities. In agreement with MLSS, mitigation measures will include allocation of project resources to strengthen procurement manpower capacity of the Project Executing Unit (PEU).

## **G. Other Key Issues and Risks**

- 2.4 An important risk to monitor for this project is the weakening of economic policies or external shocks (economic, weather related) that could erode fiscal sustainability and require fiscal adjustments that could compete for fiscal space within the social protection budget. Shocks could also trigger macroeconomic instability that could increase inflation, eroding the cash incentive. This is considered a medium risk to the project and the mitigation measures are constant monitoring by the IMF and IDB on progress under the EFF and review of triggers of inflation adjustment system for the cash incentive. A second medium risk relates to sustainability of the PATH programme given the IMF agreement. However, the GOJ has demonstrated consistent commitment to supporting PATH and this commitment is expected to continue given that PATH has proven to be effective in improving the livelihoods of low-income groups and important also, the PATH programme is a key pillar in the Government’s poverty reduction strategy. Based on the experience of loan 2889/OC-JA, additional medium risks relate to the capacity of the executing agency to implement the project in a timely manner and to interagency coordination. Mitigation measures will focus on strengthening execution capacity to implement Components 2 and 3 (where the greatest execution burden lies) with the allocation of project resources to recruit additional staff and the definition of technical working groups with specific objectives and responsibilities for the implementation of key activities.

- 2.5 **Sustainability.** PATH is the main social protection programme in Jamaica with high budgetary priority. The programme has been successfully implemented

under several political administrations and its relevance has been maintained during the current fiscal consolidation measures under the IMF EFF. In fact, the EFF includes a target to protect social spending accompanied by proposed measures to strengthen the social protection framework. This operation is part of the GOJ's commitment to consolidation and improving the efficiency and effectiveness<sup>26</sup> of PATH, which constitutes a core factor for sustainability of the results achieved through this project. Also, this project seeks to strengthen the Ministry under which PATH operates in order to further consolidate PATH and improve overall social security service offered by MLSS.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### H. Summary of Implementation Arrangements

- 3.1 **Implementation Arrangements.** The MLSS will be the Executing Agency of the Program. The existing PATH Unit will serve as the Project Executing Unit (PEU) and will be responsible for implementation in accordance with the terms and conditions of the loan agreement. Execution function will include all aspects of planning, activity execution, operations monitoring and evaluation and reporting to the Bank and internal MLSS management. The PATH Unit, with support from the World Bank and recent institutional support from the IDB (2889/OC JA), was established approximately 12 years ago to implement the Jamaica CCT programme. The Unit is currently staffed with a cadre of experienced and qualified professionals many of whom (including the Project Director and the Finance/Procurement Managers) have more than eight years' experience working with the PATH and have been involved in executing projects financed by both the IDB and World Bank. The Unit will report to the Chief Technical Director (CTD) who is responsible for the work of the Social Security Division of the Ministry and oversees social policy and programme development and implementation. The model represents a recent modification to the original reporting relationship where the PATH programme reported to the Director of Social Security, a lower position than the CTD. This new structure guarantees higher level oversight of the proposed loan programme with opportunities for expedient decision making on potential policy issues that may arise during implementation. Key staff in the existing PATH Unit that will also serve as key staff for the proposed operation are: Director of the PATH Unit, Financial Manager, Procurement Manager, MIS Manager, and the Monitoring and Evaluation Manager. In order to address the fiduciary risks identified in ¶2.3 and to also respond to the demands of increased work load, the proposed project will provide resources to augment manpower support to the Project Director and financing to strengthening Fiduciary Management in the form of one Internal Auditor, a Senior Management Accountant, a Procurement Specialist and a Monitoring and Evaluation Officer that will track the implementation of the evaluation plan and monitor the functioning of the BMIS. The Component Coordinator for the Labour Market interventions and the Coordinator for the

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<sup>26</sup> After 10 years of operations, the GOJ has introduced several measures, with the assistance of the IDB and World Bank to introduce new and innovative changes to the program in order to respond to the dynamics of a changing environment. Efforts to modify conditionality (parenting), introduce welfare to work programs (steps to work and on the job training) and new payment systems are key examples of efforts to improve effectiveness, obtain better value for money and sustain the program in the long term.

parenting Pilot financed under loan 2889/OC-JA will be retained under this project. This coordinator will be responsible for the day-to-day implementation of the respective activities under both the existing and proposed loans.

- 3.2 **Institutional Coordination.** Under the recently approved SPS, a National Social Protection Steering Committee (NSPC) was established to provide strategic oversight for the social protection policy and implementation of all programs that fall within the framework of the SPS. The committee is chaired by PIOJ and is expected to provide strategic guidance and promote effective collaboration and coordination among involved stakeholders. Of particular importance is the committee's role in monitoring and evaluating programme results. The NSPC, and by extension PIOJ, will support the monitoring and policy oversight for the evaluation activities of both loan 2889/OC JA and the proposed loan JA-L0153, with particular emphasis on the design and implementation of the impact/process evaluations for the Parenting and OJT pilots and the evaluation of the use of net technologies. At a technical level, the new loan will benefit from inputs from the Technical Working Group (TWG) that was formed under loan 2889/OC-JA to facilitate consensus building among key stakeholders around the design and implementation of the OJT and parenting pilots design. Now that the design of both pilots are virtually completed and ready to move into implementation phases that will straddle both loans, the TWGs will continue to serve the process.
- 3.3 **Procurement Execution.** Procurement for the proposed project will be carried out in accordance with the Policies for the Procurement of works and goods financed by the IDB (GN-2349-9) and the Policies for the selection and contracting of consultants financed by the IDB (GN-2350-9), and with the provisions established in the Loan Contract and the Procurement Plan (PP). Procurement of goods, works and consulting services will be reviewed using ex-ante methodology for all critical processes.
- 3.4 **Retroactive Financing.** The Bank may finance with resources chargeable to the loan, eligible expenditures on cash grants incurred by the Borrower prior to the approval of the project by the Board of Executive Directors provided that conditions substantially similar to those established in the loan contract have been fulfilled and up to the amount of US\$10 million (20% of the loan). These expenses must have been incurred on or after June 25, 2015 Project Profile approval date, and under no circumstances shall expenditures incurred for more than 18 months prior to the loan approval date be included.
- 3.5 **Special contractual conditions prior to first disbursement:** (i) the Operating Manual for the project has been approved and entered into effect, in accordance with the terms and conditions previously agreed upon between the Executing Agency and the Bank; (ii) the consultant(s) to conduct the audit/assessment of the Beneficiary Management Information System (BMIS) has/have been hired, and the corresponding work plan has been approved by the Bank; and (iii) the internal auditor and senior management accountant have been hired.

## **I. Summary of Arrangements for Monitoring Results**

- 3.6 **Monitoring.** MLSS through the PEU has developed an efficient permanent monitoring system to evaluate the progress of all programme activities that are aligned to the Bank's monitoring tools as specified in its monitoring framework. The system and processes have allowed collaboration and supervision by the Bank for loan 2889/OC JA and will continue under the proposed loan JA-L1053. As part of the system, the PEU will continue to collect and retain updated information on performance indicators outlined in the results matrix, progress on the Annual Operation Plans (AOP) and all evaluations. Programme monitoring tools will be based on: (i) the AOP, including the procurement and financial plans that will be prepared and submitted to the Bank on an annual basis and updated as necessary; (ii) semi-annual reports on the progress on activities identified in the AOP; (iii) the results framework that identifies indicators of the programme and used to track progress in the Bank's Project Monitoring Report (PMR); and (iv) the risk assessment matrix that forms part of the loan documents and will be monitored and updated periodically to manage and mitigate potential risks.
- 3.7 **Evaluations.** Given the proven track record of CCTs in general and PATH in particular in terms of supporting consumption and increasing attendance to health centers and schools, the evaluation of the project will focus on the parenting pilot innovation. Evidence exists on the importance of positive parenting in ECD (Engel et al, 2011). It is also clear that while CCTs have had some success improving child development in Latin America and the Caribbean, they have mostly focused on health, nutrition, and access to school, while poor children also lag behind in terms of cognitive and language development, and in these domains CCTs –in general without direct interventions—have had modest impacts (Berlinski and Schady, 2015). An important knowledge gap is how CCTs could be redesigned to have a larger impact on early child development outcomes, which is completely aligned with CCTs objective of enhancing human capital accumulation of children in poor households. The evaluation of the parenting conditionality has an experimental design and will measure short-term child and parental outcomes including parenting skills and practices as well as compliance with PATH health-related conditions, thus generating evidence about incorporating parenting interventions to promote child development in the context of CCTs. The results from the evaluation will inform the GOJ and the Bank on alternatives to enhance the human capital accumulation results of CCTs.
- 3.8 The monitoring and evaluation plan will also contain an important component of process evaluations, including the ones for the parenting workshops of PATH health-related conditions, the OJT program, and the social messages strategy/new technologies. These analyses will help assess project implementation, identify problems and establish timely correctives to maximize programme effectiveness. Process evaluations will take place during the early stages of programs implementation, and they will also examine the ability of the PATH's information system to collect the required data, as well as the quality and appropriate provision of the planned services. The final reports of the process evaluations should provide feedback on potential problems and appropriate correctives.

**J. Significant Design Activities Post Approval**

- 3.9 In February 2015 the Fiduciary Financial Management (FFM) team of the Bank, in collaboration with the FFM team from the World Bank, carried out a review of project financial management on their respective loan operations executed by MLSS/PATH. The results of this review were shared with the MLSS, and an overall assessment/audit/upgrade of the PATH's BMIS will be conducted with the purpose of strengthening key processes to ensure operational and financial integrity and efficiency of the BMIS prior to incorporation of new modules that will allow adaptation to new conditionalities (parenting pilot, OJT) and better coordination with other programs such as SFP. The audit/assessment will be financed from IDB internal resources and will commence prior to first disbursement of the loan and the related upgrades will be done subsequently with financing from the loan. Also, the methodology and terms of reference for the tracer study requested by the PIMC (par. 1.21) will be developed by a working group led by PIOJ's Social Policy Planning and Research Division in collaboration with the MLSS to which the Bank will provide technical support.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	-Lending to small and vulnerable countries -Lending for poverty reduction and equity enhancement			
Regional Development Goals	-Extreme poverty rate -Gini coefficient of per capita household income inequality -Share of youth ages 15 to19 who complete ninth grade			
Bank Output Contribution (as defined in Results Framework of IDB-9)	-Individuals receiving targeted anti-poverty programs			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2694-2	Strengthen the social safety net.		
Country Program Results Matrix	GN-2805	The intervention is included in the 2015 Operational Program.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		9.7		10
3. Evidence-based Assessment & Solution		9.1	33.33%	10
3.1 Program Diagnosis		2.4		
3.2 Proposed Interventions or Solutions		4.0		
3.3 Results Matrix Quality		2.7		
4. Ex ante Economic Analysis		10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0		
4.2 Identified and Quantified Benefits		1.5		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		1.5		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		10.0	33.33%	10
5.1 Monitoring Mechanisms		2.5		
5.2 Evaluation Plan		7.5		
III. Risks & Mitigation Monitoring Matrix				
Overall risks rate = magnitude of risks*likelihood		Medium		
Identified risks have been rated for magnitude and likelihood		Yes		
Mitigation measures have been identified for major risks		Yes		
Mitigation measures have indicators for tracking their implementation		Yes		
Environmental & social risk classification		C		
IV. IDB's Role - Additionality				
The project relies on the use of country systems				
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury. Procurement: Information System, Shopping Method.		
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System.		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality	Yes	The pilot will emphasize the fathers' involvement in parenting practices, as well as sensitizing children about gender issues.		
Labor				
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project				
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan		Yes	The parenting pilot will have a random assignment design and it will contribute to close an important policy knowledge gap: how to use CCTs to further the Early Childhood Development agenda and how to scale up relevant conditionalities for younger kids besides basic health checkups and vaccinations.	

The objective of the program is to support consumption and promote human capital accumulation of PATH beneficiaries, and strengthen the overall capacity of MLSS to improve quality and access to the wide range of social services provided by the ministry to the poor and vulnerable. To achieve these goals, the program supports the PATH Conditional Cash Transfer, incorporating an innovative conditionality as an incentive for parent participation in parenting practices workshops for households with children aged 2 to 6 years old. The project also seeks to enhance state capacity instruments for modernization of social security services. Additionally, the program includes on-the-job-training for PATH beneficiaries to increase their opportunities for employment and better income.

The document presents an informed diagnosis of the current situation. The vertical logic covers products, outputs, and impacts. The results matrix includes adequate indicators to measure outcomes and outputs meeting SMART criteria. Although there are not baseline levels for every impact and outcome indicator, the program plans to conduct a baseline survey.

The MLSS, through the PEU, will be responsible for implementing monitoring and evaluation activities. The monitoring and evaluation activities have been planned and budgeted, including a processes evaluation and impact evaluations. The proposed impact evaluation of the parenting practices pilot is a randomized controlled trial to assess impacts on parenting skills and child development.

**RESULTS MATRIX**

<b>Project Objective</b>	The objective of the project is to support consumption, protect and promote the human capital accumulation of the beneficiaries of PATH, and strengthen the overall capacity of MLSS to improve quality and access to the wide range of social services provided by the MLSS to the poor and vulnerable.
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**EXPECTED IMPACT**

Indicators	Unit	Baseline		Goals		Means of verification	Observations
		Value	Year	Value	Year		
<b><u>EXPECTED IMPACT</u></b>							
<p>Poverty gap of PATH beneficiaries</p> $PG = \frac{1}{q} \sum_{i=1}^q \left( \frac{z - y_i}{z} \right)$	%	11%	2012	10%	2018	Survey of Living Conditions. Baseline is 2012, will be updated to 2014 when data is available. A SLC is planned for 2018.	Computed based on percapita consumption as provided in SLC. Reduction expected as economy recovers and welfare to work programs increase scale. Yi is consumption of household i, z is the poverty consumption line and q is the number of beneficiary households.
% of children in the parenting pilot at risk of delay on child development according to ASQ 3	%	TBC	2015	TBD	2018	Baseline and follow-up values will be collected as part of parenting pilot evaluation	See details in Monitoring and Evaluation Plan.

**EXPECTED RESULTS**

Expected Results	Unit	Baseline		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
<b><u>EXPECTED RESULT</u></b>									
Compliance with the parenting pilot conditionalities for the 2-6 year group	%	55%	2015	65%	2017	70%	2018	Beneficiary and Management Information System (BMIS). Refers to communities participating in new parenting conditionalities. Under this new scheme, the conditionality is defined by one visit to the health center and participation in the parenting program.	



Expected Results	Unit	Baseline		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
Parenting skills index	Index (base=100)	100	2015	110	2017	120	2019	Home Observation for Measurement of the Environment (HOME) inventory, a measure of quality and quantity of stimulation and support available to a child at home, that will be collected in the baseline and follow-up of the impact evaluation of the parenting component.	
Percentage of children 2-6 years old in PATH households that were disciplined with one or more corporal punishment methods in the last month	%	54	2012	50	2016	45	2018	Baseline is from all children 2-6 in households receiving PATH in the 2012 SLC. Baseline will be adjusted with primary data from impact evaluation, with baseline data to be collected in 2015 and follow-up in 2016 and 2018.	
% of families in which the father participates in at least half of the sessions of the Parenting Pilot Workshops	%	0	2015	25	2017	45	2019	Report from PATH based on data that will be collected in the implementation of the parenting conditionality.	
% of PATH beneficiaries participating in on-the-job steps-to-work training that are employed 6 months after initial placement  Women Men	%	0 0	2015	35 35	2017	40 40	2019	BMIS will include generate reports on trajectories of PATH beneficiaries participating in these modalities.	OJT modality has an incentive scheme embedded in its design so it is expected it will have higher placement rate that ELE.  Although unemployment is slightly higher for women, job placement should be similar as it is a population of people that looking for work
% PATH beneficiaries receiving labor intermediation and training through Electronic Labor Exchange that are employed six months after initial placement  Women Men	%	0 0	2015	25 25	2017	30 30	2019		
% of services provided by MLSS included in the Client Management System	%	0	2015	25	2017	70	2019	Reports from MLSS on the Client Management System	Services provided by MLSS include PATH, STW, Poor Relief, services to seniors services to disabled

Expected Results	Unit	Baseline		Intermediate		Goals		Means of verification	Observations
		Value	Year	Value	Year	Value	Year		
								submitted by MLSS	people, and national insurance.

## PRODUCTS

Products	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification / observations
<b><u>Component 1: Cash Grants</u></b>								
Beneficiaries of anti-poverty target programs	People ('000s)	0	175	100	100		375	PATH's information system (BMIS). First year retroactive financing will be used for grants. Average grant is US\$20 every two months. In 2014 no IDB funds were used to pay cash grants.
<b><u>Component 2: Enhancing the Services of PATH</u></b>								
Number of PATH beneficiaries participating in parenting education workshops as conditionality for health grants	#	0	600				600	See Monitoring and Evaluation Plan for details on parenting workshops. Data will be collected in BMIS.
Number of PATH beneficiaries participating in OJT steps-to-work training	#	0		400	400	300	1,100	In year 1 training will be funded by JA-L1037. Data will be collected in BMIS.
Number of new satellite stations established to strengthen partnership with private sector and provide online access to jobs	# stations	0	0	1	2	0	3	These are new satellite stations in addition to the five stations that are being established under JA-L1037, three will be set up under this loan. Evidence of ELE activity will be submitted by MLSS.
National electronic labour exchange portal established and functioning	# electronic labor exchange	0	0	0	0	1	1	Report approved by the PS on the system design and operations and with information on vacancies, registered jobs and companies listed in the portal.

Products	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification / observations
Number of cell phone text messages about parenting nutrition, discipline and cognitive stimulation advises and how to comply with the program to both mothers and fathers	# msgsg	125,000	0	0	65,000	60,000	125,000	PATH BMIS.
PATH FEEDING SUBSIDY Strategic plan completed	plan	0	0	0	1	0	1	Cabinet approval and letter from PS confirming approval of the plan.
Financial Systems review and upgrade completed ( BMIS and Bank Reconciliation System)	#	0	2	0	0	0	2	BMIS and BRS Systems functioning according to financial and operational management standards. Completed upgrade verified by external auditor and letter from PS with Auditor's report.
<b>Component 3: Modernization of Social Security Services Provided by MLSS</b>								
New Document Management System functioning	#	0	0	0	1	0	1	Systems will be considered to be functioning with reports of operational audit submitted by MLSS.
New Client Management System for MLSS functioning	#	0	0		1	0	1	
New organizational structure of the MLSS defined and approved by Permanent Secretary	#	0	0	1	0	0	1	Approval document submitted by MLSS
Refurbished and upgraded Customer service centre	#	0	0	0	0	1	1	Final Inspection and report of activities in centre provided by MLSS.
Strategic Plan National Council for Senior Citizens	#	0	0	0	0	1	1	This includes design (organization assessment/gap analysis; redesign of organization structure and functions) and implementation of the strategic plan and the electronic registry for senior citizens.

Products	Unit	Baseline	Year 1	Year 2	Year 3	Year 4	Final Goal	Means of verification / observations
<b><u>Component 4. Program Administration, Audit and Implementation</u></b>								
Evaluation of OJT completed	Report	0	0	1	0	0	1	Evaluation reports and tracer study approved by MLSS and PIOJ.
Parenting Evaluation completed	Report	0	0	1	0	0	1	
Tracer Study on PATH beneficiaries	Report	0	0	1	0	0	1	

## **FIDUCIARY ARRANGEMENTS**

<b>Country:</b>	Jamaica
<b>Project Nº</b>	JA-L1053 – Integrated Support to Jamaica Social Protection Strategy
<b>Executing Agency:</b>	Ministry of Labor and Social Security (MLSS)
<b>Fiduciary Team:</b>	Graham Williams – Fiduciary Financial Management Senior Specialist; Lila Mallory - Procurement Specialist; Leon Ferguson - Procurement Consultants and Martin Nesbeth - Financial Management Analyst

### **I. EXECUTIVE SUMMARY**

- 1.1 During February 2015 the Bank's fiduciary financial management (FFM) team, in collaboration with the FFM team from the World Bank, carried out a joint review of project financial management on their respective loan operations executed by MLSS and Programme of Advancement through Health and Education (PATH), and the fiduciary risk of the Project Execution Unit (PEU). Based on the Financial Management (FM) visit in February 2015 in addition to prior ex-post reviews FM assessed the financial risk as medium. The Procurement ex-post reviews and capacity building exercises conducted with the current PEU, which will execute the pending project, suggest that the requisite institutional capacity is present. However, considering the anticipated increase in activities due to the additional loan, there may be a need for additional staff. Based on the assessment, the MLSS/PATH was assessed as having a medium level of fiduciary risk. Notwithstanding this, and with the implementation of key mitigation measures, the unit is deemed as having the relevant capacity to execute the project.
- 1.2 The Government of Jamaica (GOJ) continues, with assistance from major donors, to address key improvements to its fiduciary systems. The donor community is committed to working with the GOJ to determine the extent to which the country fiduciary systems can be used for the administration of donor-financed projects.
- 1.3 For this project, in the area of financial management, the Bank is recommending the use of the following national systems: use of the Auditor General of Jamaica (AudGen) for external control in keeping with previous arrangements and the positive results from the Bank's re-assessment of that Office. Currently, the portfolio of the Bank is managed through the establishment of special project execution units for the majority of the projects. In addition, the Bank conducts a close operational supervision on these Project Execution Units, and provides training as needed on Bank's policies and procedures. At the country's fiduciary management level the employment of FinMan accounting software is implemented for treasury and financial administration. However, the PEU will employ the AccPac accounting software and other assisted software which satisfies the financial administration requirement of the Bank.
- 1.4 The project does not include local counterpart, nor financing from other multilateral organizations, and no sub-executors are envisaged.

### **II. FIDUCIARY CONTEXT OF THE EXECUTING AND IMPLEMENTING AGENCIES**

- 2.1 The MLSS is guided by the Financial Administration and Audit Act (FAAA) for financial management. The Central Government uses the FinMan software for

accounting purposes; this is fairly new and still in its implementation stage. The PEU uses the AccPac software for the project accounting purposes. This facilitates both a US\$ and J\$ transactions and general ledger; budgeting; reporting and other core accounting functions.

- 2.2 Both the Executing Agency (EA) and the PEU have a track record of effective implementation of projects placed under their responsibility. These projects include Support to Improving the Lives of Persons with Disabilities; Integrated Social Protection and Labor Program Social Support to the Food Price Crisis. The former two are currently in execution while the later was fully disbursed in May 2010. There is also the Social Protection Project financed by World Bank which is also currently in execution.
- 2.3 All the officials who serve as part of the PEU under the aforementioned operations are now attached to the PEU for the proposed operation. With the addition of this project it is anticipated that additional manpower would be required. Consequently a senior accountant and an internal auditor will be contracted to provide the necessary institutional strengthening to the PEU.

### III. EVALUATION OF FIDUCIARY RISK AND MITIGATION ACTIONS

- 3.1 The overall fiduciary risk of the program which was evaluated during our visits in February 2015 was deemed to be **medium**. There were a few risks identified which are outlined below along with their respective risk rating and mitigation measures.

Risk	Risk Rating	Mitigation Measures
Weak operating systems: 1. Beneficiary Management Information System (BMIS) and; 2. Bank Reconciliation System (BRS)	Medium	Contracting of auditors to perform an operational and process audit of the BMIS. Upgrade of the BRS Implementation of the recommendations stemming from the BMIS audit <b>Responsible party:</b> PEU/Borrower & IADB <b>Timeline for implementation:</b> continuous with a final date of one year subsequent to disbursement
Timely financial information specifically the preparation of the beneficiary bank account bank reconciliation.	Medium	Upgrade of the BRS Integrating the BMIS and BRS <b>Responsible party:</b> PEU/Borrower <b>Timeline for implementation:</b> December 31, 2016
Weak financial management capacity of the PEU	Medium	A Senior Account should be recruited. <b>Responsible party:</b> PEU/Borrower <b>Timeline for implementation:</b> Prior to 1 <sup>st</sup> disbursement of loan
Weak internal control of the capacity	Medium	An Internal Auditor should be recruited <b>Responsible party:</b> PEU/Borrower <b>Timeline for implementation:</b> Prior to 1 <sup>st</sup> disbursement of loan
Non-encashment of beneficiary cheques and leakages of resources (via duplications etc.) thus desired targets not being met.	Medium	Conduct study to identify reasons for non-encashment. Upgrade BMIS <b>Responsible party:</b> PEU/Borrower <b>Timeline for implementation:</b> Prior to 1 <sup>st</sup> disbursement of loan

- 3.2 The fiduciary risk identified is the limited institutional capacity as it relates to an additional loan and increased procurement expected under this project.

#### **IV. ASPECTS TO BE CONSIDERED IN THE SPECIAL CONDITIONS OF THE LOAN CONTRACT**

- 4.1 In order to facilitate the negotiation of the operation, outlined below are agreements and requirements which will be incorporated into the special conditions:

a) **Special Conditions prior to first disbursement**

- (i) the Operating Manual for the project has been approved and entered into effect, in accordance with the terms and conditions previously agreed upon between the Executing Agency and the Bank;
- (ii) the consultant(s) to conduct the audit/assessment of the Beneficiary Management Information System (BMIS) has/have been hired, and the corresponding work plan has been approved by the Bank; and
- (iii) the internal auditor and senior accountant have been hired.

b) **Rate of Exchange Agreed with the Executing Agency**

If the project's expenditures have been incurred in local currency, the EA and the Bank will agree on the exchange rate to be used in the justification and reimbursement. For purposes of the justification of expenditures to the Bank (including reimbursement/recognition of expenditures, and local counterpart) the equivalent amount to be reported in the project or disbursement currency will be determined using the effect exchange rate used to convert the funds denominated in the project's currency to the local currency.

c) **Financial Statements and Reports**

Annual Audited Financial Statements (AFS) for the Project will be required, beginning with the fiscal year in which the first project expenditures were incurred. The AudGen will be responsible for the audit report, which will be submitted for MLSS.

#### **V. REQUIREMENTS AND AGREEMENTS FOR EXECUTION OF PROCUREMENT**

##### **1. Procurement Execution**

- 5.1 Procurements for the proposed project will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (GN-2349-9) of March 2011, and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9) of March 2011, with the provisions established in the Loan Contract and the procurement plan (PP).

- a. **Procurement of Goods, Works, and Non-Consulting Services:** The PP for the Integrated Support to Jamaica Social Protection Strategy covering the first 18 months of project execution will indicate the procedure to be used for the procurement of Goods, the contracting of Works and Non Consulting Services. The review of technical specifications in all cases, during the process of selection is the responsibility of the sector specialist of the Project.

- b. **Procurement of Consulting Services:** The PP for the Integrated Support to Jamaica Social Protection Strategy covering the first 18 months of project execution indicates the procedure to be used for the **procurement** of Consultancy Services, and the method of selecting Consultants. The Borrower is responsible for preparing and implementing the project, and therefore for preparing the TORs, short lists, selecting the Consultants, and awarding and subsequently administering the contract, with Bank supervision.
- (i) **Selection of Individual Consultants:** Individual Consultants are employed on assignments for which: (a) teams of personnel are not required; (b) no additional outside (home office) professional support is required; and (c) the experience and qualifications of the individual are the paramount requirement. Individual Consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required<sup>1</sup> and Consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Borrower. Individual Consultants may be selected on a sole-source basis with due justification in exceptional cases. This will be carried out in accordance with Section V (Selection of Individual Consultants) of GN-2350-9 paragraphs 5.1-5.4.
- c. **Recurring Expenses:** Include payment of utilities and other office operating expenses of the PIU.
- d. **Advance Contracting/Retroactive Financing:** Section 1.9 of GN-2349-9 and Section 1.12 of GN-2350-9 allows for retroactive financing and advance contracting where the procurement procedures, including advertising, are in accordance with the procurement policies in order for the eventual contracts to be eligible for Bank financing. The Bank shall review the process used by the Borrower. A Borrower undertakes such advance contracting at its own risk, and any concurrence by the Bank with the procedures, documentation, or proposal for award does not commit the Bank to make a loan for the project in question. In this project, the Bank may finance with resources chargeable to the loan, eligible expenditures on cash grants incurred by the Borrower prior to the approval of the project by the Board of Executive Directors provided that conditions substantially similar to those established in the loan contract have been fulfilled and up to the amount of US\$10 million (20% of the loan). These expenses must have been incurred on or after June 25, 2015 Project Profile approval date, and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.
- e. **Domestic Preference:** Determining whether it is appropriate and necessary to use domestic preference in the evaluation of bids should be guided by Appendix 2 of GN-2349-9 paragraphs 1-6.

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<sup>1</sup> However, in some cases Borrowers may consider the advantage of advertising at their option.



## 2. Country Threshold Table (US\$Thousands) [www.iadb.org/procurement](http://www.iadb.org/procurement)

Works			Goods			Consulting Services		Limit for Ex-Post Revision
International Competitive Bidding	National Competitive Bidding	Shopping/Price Comparison	International Competitive Bidding	National Competitive Bidding	Shopping/Price Comparison	International Competitive Bid	Short Lists Solely by Nationals	
+ 1,500	150 -1, 500	-150	+ 150	25-150	-25	N/A	-200	12 months

Note: Ex-post and ex-ante review are applicable based on the capacity of the EA and complexity of procurements. These methods may be adjusted by the Bank, as capacity is improved, based on supervision visits and as agreed with the EA.

## 3. Procurement Plan (PP)

- 5.2 The PP indicates the procedure to be used for the procurement of Goods, the contracting of Works or Services, and the method of selecting Consultants, for each contract or group of contracts. It also indicates cases requiring prequalification, the estimated cost of each contract or group of contracts and the requirement for prior or post review by the Bank. The PP will be posted on the Bank's website ([http://www.iadb.org/en/projects/procurement-plans.8180.html?keyword=&projectCountry=JA&ProjectNumber=&dateFrom\\_plan=&dateTo\\_plan=](http://www.iadb.org/en/projects/procurement-plans.8180.html?keyword=&projectCountry=JA&ProjectNumber=&dateFrom_plan=&dateTo_plan=)) and will be updated annually or whenever necessary, or as required by the Bank.

## 4. Procurement Supervision

- 5.3 The review method for all procurement actions will in accordance with the validated PP Ex-post procurement. Supervision visits will take place at least once every 12 months, in accordance with the supervision plan of the Project.

## 5. Records and Files

- 5.4 All records and files will be maintained by the PIU, according to accepted best practices, and be kept for up to three (3) years beyond the end of the operation's execution period.

# VI. FINANCIAL MANAGEMENT

## 1. Programming and Budget

- 6.1 Each year, the Ministry of Finance and Planning publishes a Budget Circular requesting the submission of estimates of income and expenditure from ministries and other agencies for inclusion in the National Budget for the following fiscal year, April to March.
- 6.2 The PEU will prepare annual estimates in the required format for the review and approval by the Permanent Secretary of the MLSS, which will be included in the Ministry's overall budget estimates. The estimates will consider the total cost of financing required for execution of the program. The budget is presented to Parliament before the close of the fiscal year. Once the budget is approved, amendments are made through the submission of Supplementary Budget by the Minister of Finance.

- 6.3 The Borrower has committed to allocate, for each fiscal year of project execution, adequate fiscal space to guarantee the unfettered execution of the project; as determined by normal operative instruments such as the Annual Operating Plan, the Financial Plan and the PP.
- 6.4 Even though no counterpart resources are contemplated in the original project budget, the Borrower will undertake to provide all required resources for the total and effective completion of the project activities.

## **2. Accounting and Information Systems**

- 6.5 Project accounting will be performed using AccPac accounting software, in accordance with the FAAA; IDB's financial management requirements; the modified cash basis of accounting, which is a comprehensive basis of accounting other an International Financial and Reporting Standards (IFRS). It is expected that the accounting system will facilitate the recording and classification of all financial transactions, provide information related to: planned vs. actual financial execution for the project; the financial execution plan for the next 180 days that will be attached to each request for Advance of Funds. Additionally, the list of commitments will also accompany any request for Advance of Funds.

## **3. Disbursements and Cash Flow**

- 6.6 Whenever resources from the financing are requested through an Advance of Funds, they will be deposited into a Special Consolidated Fund Account at the Central Bank., denominated in US Dollars.
- 6.7 The PEU commits to maintain strict control over the utilization of the Advance so as to ensure the easy verification and reconciliation of balances between the Executing Agency's records and IDB records (WLMS1).
- 6.8 Eligible expenditures, authorized by the PTL and incurred prior to the approval of this project will be reimbursed to the Borrower, in accordance with current Bank policy.
- 6.9 The project will provide adequate justification of the existing Advance of Funds balance, whenever 80% of said balance has been spent. Advances will normally cover a period not exceeding 180 days and no less than 90 days. The following disbursement methodologies will be used for the program:
  - Reimbursement of Payments Made (will be minimally used)
  - Direct Payment to Supplier (for large foreign payments)
  - Advance of Funds (to facilitate the day to operations)
- 6.10 Generally, supporting documentation for Justifications of Advances and Reimbursement of Payments Made will be kept at the office of the PEU. Support documentation for direct payments will be sent to the Bank for processing. In light of the experience garnered from the current and former operations the modality for disbursement will be ex-post.

#### **4. Internal Control and Internal Audit**

- 6.11 The management of the project, at the level of both the EA and the PEU, will assume the responsibility for designing and implementing a sound system of internal control for the project. This will be bolstered with the addition of an Internal Auditor assigned to the project. The individual will report to the Senior Internal Auditor under the MLSS who reports to Chief Internal Auditor of the Ministry. Reports are presented to the Audit Committee and Permanent Secretary of the MLSS.

#### **5. External Control and Reports**

- 6.12 For each fiscal year during project execution, MLSS will be responsible to submit Audited Financial Statements for the project. These Financial Statements will be audited by the AudGen. The AudGen of Jamaica has been the External Auditors for all Bank financed project managed by the MLSS and the PEU. A final AFS is to be submitted to the Bank within 120 days from the date of last disbursement.

#### **6. Financial Supervision Plan**

- 6.13 Financial Supervision will be developed based on the initial and subsequent risk assessments carried out for the project. Financial, Accounting and Institutional Inspection visits will be performed twice per year, covering, among others things, the following topics:
- a) Review of the bank reconciliation and supporting documentation for Advances and Justifications.
  - b) Review of compliance with the Program Operations Manual.
  - c) Conducting Ex Post Reviews.

#### **7. Execution Mechanism**

- 6.14 The MLSS is named as the EA for this project. The Project will be executed by a PEU established within the MLSS. Steering Committee comprising key project stakeholders will provide guidance and strategic direction regarding the implementation of the project activities. Because of the wide reach and influence of the project the Steering Committee is likely to act as a stabilizing and a coordinating force, as well as pave the way for decision making at the very top levels of government.
- 6.15 The PEU will be headed by a Project Director, who will supervise five (5) Component– Coordinators. For fiduciary management there will be a Finance Manager, one Financial Assistant, a Procurement Manager, MIS Manager, Internal Auditor, Senior Accountant and Monitoring and Evaluation Manager. All personnel of the PEU will be assigned there on a full – time basis.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/15

Jamaica. Loan \_\_\_\_/OC-JA to Jamaica  
Integrated Support to Jamaica Social Protection Strategy

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with Jamaica, as Borrower, for the purpose of granting it a financing to cooperate in the execution of an integrated support to Jamaica social protection strategy project. Such financing will be for the amount of up to US\$50,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_\_)