

JAMAICA  
National Community Development Project

**Project Appraisal Document**

Latin America and Caribbean Region  
LCSFU

<p><b>Date:</b> September 11, 2002  <b>Sector Manager/Director:</b> Danny M. Leipziger  <b>Country Manager/Director:</b> Orsalia Kalantzopoulos  <b>Project ID:</b> P076837  <b>Lending Instrument:</b> Specific Investment Loan (SIL)</p>	<p><b>Team Leader:</b> Thakoor Persaud  <b>Sector(s):</b> General water/sanitation/flood protection sector (24%), General education sector (23%), Health (23%), Housing construction (23%), Central government administration (7%)  <b>Theme(s):</b> Civic engagement, participation and community driv (P) , Access to urban services for the poor (P), Rural non-farm income generation (P), Other financial and private sector development (P)</p>
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**Project Financing Data**

Loan     Credit     Grant     Guarantee     Other:

**For Loans/Credits/Others:**

**Loan Currency:** United States Dollar  
**Amount (US\$m):** \$15.00

**Borrower Rationale for Choice of Loan Terms Available on File:**  Yes

**Proposed Terms (IBRD):** Fixed-Spread Loan (FSL)

**Grace period (years):** 5

**Years to maturity:** 17

**Front end fee (FEF) on Bank loan:** 1.00%

**Payment for FEF:** Capitalize from Loan Proceeds

**Initial choice of Interest-rate basis:**

**Type of repayment schedule:**

Fixed at Commitment, with the following repayment method (choose one): level  
 Linked to Disbursement

**Conversion options:**  Currency     Interest Rate     Caps/Collars:

Financing Plan (US\$m):	Source	Local	Foreign	Total
BORROWER		10.90	0.25	11.15
IBRD		12.00	3.00	15.00
LOCAL COMMUNITIES		0.91	0.00	0.91
FOREIGN MULTILATERAL INSTITUTIONS (UNIDENTIFIED)		1.34	1.25	2.59
<b>Total:</b>		25.15	4.50	29.65

**Borrower:** JAMAICA

**Responsible agency:**

Jamaica Social Investment Fund  
Address: 10-12 Grenada Crescent  
Kingston 5, Jamaica, WI

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<b>Estimated Disbursements ( Bank FY/US\$m):</b>								
<b>FY</b>	2003	2004	2005	2006	2007	2008		
<b>Annual</b>	2.00	3.00	3.00	3.00	3.00	1.00		
<b>Cumulative</b>	2.00	5.00	8.00	11.00	14.00	15.00		

**Project implementation period:** 2003-2008

**Expected effectiveness date:** 01/31/2003 **Expected closing date:** 12/31/2007

OCS PAD Form: Rev. March, 2000

## **A. Project Development Objective**

### **1. Project development objective: (see Annex 1)**

Jamaicans are today suffering the effects of several adverse external events (lingering impact of post-September 11 decline in tourism earnings, low demand for Jamaica's exports), and internal ones (recent floods, high unemployment, poor access to basic services, crime and violence). Many of these problems are inter-related. The primary objectives of the proposed project are to: (a) help communities in the most affected areas by providing basic services and temporary employment opportunities, and (b) assist the Government of Jamaica (GOJ) in its current effort to promote greater social and community development, especially among the poor.

The Government has already received Bank assistance through a US\$75 million Emergency Economic Rehabilitation Loan (ERL) to help compensate for declining public revenues needed to finance its pre-September 11 investment program and to finance investments needed for tourism-related security measures after the September 11 attacks. To achieve the first project goal mentioned above, funds of the proposed National Community Development Project will be used to finance a backlog of social infrastructure works in the Jamaica Social Investment Fund (JSIF) which have been identified as priority needs by poor communities. These works will be done through contractors hired through JSIF. Some of these funds will also be used to finance priority community works which are determined through Community Development Plans (CDPs) and implemented through Community Based Contract (CBC) procedures.

### **2. Key performance indicators: (see Annex 1)**

For Basic Service / Employment-generation Objective:

1. Increase in access to and quality of basic services.
2. Number of incremental temporary jobs created (gender, number, skilled, and unskilled).
3. Improved operation and maintenance of project facilities.

For Social Development Objective:

1. Increase in the number of projects financed by JSIF after being identified in Community Development Plans (CDPs)
2. Increase in the number of communities which develop the capacity to select their own priority projects and to manage project contracting and project implementation effectively to ensure work quality, reasonable costs, and timeliness.
3. Evidence of increased complementary investment generated (from residents, other public sector entities and the private sector) through JSIF and Social Development Commission (SDC) assistance to community groups.
4. Number of subprojects with active community maintenance plans and clear indication of agreed support from line ministries and/or local authorities.
5. Level of community satisfaction with subproject and performance of sponsoring entities, JSIF, SDC, and Community Development Committees (CDCs).

Performance will be measured against the above-mentioned indicators through periodic reviews, audits and reporting arrangements, some incorporating sample surveys and other measurements of beneficiary satisfaction, as well as from Bank supervision missions.

## **B. Strategic Context**

### **1. Sector-related Country Assistance Strategy (CAS) goal supported by the project: (see Annex 1)**

**Document number:** SecM2000-680

**Date of latest CAS discussion:** November 30, 2000

In keeping with the CAS objectives of restoring economic growth, promoting inclusion and protection of the poor, and supporting sustainable development, the project seeks to enhance sustainable development of communities of low-income communities by promoting greater community selection of labor-intensive infrastructure-development projects and strengthening the local capacity to implement such projects, with the active participation of the target beneficiaries.

To ensure that investments in community infrastructure are priority ones and that they are sustainable, the subprojects will be demand-driven in line with the needs of the communities. It will also empower communities both in subproject selection as well as in the planning and design, contracting and management of the infrastructure investments. With assistance from the European Union (EU) and the British Department for International Development (DFID) to the SDC and JSIF, the Government has recently initiated a program which promotes Community Driven Development initiatives through Community Development Committees which formulate Community Development Plans through community consensus. These initiatives will be supported through the proposed project inasmuch as community development plans will be an important tool which JSIF will use to decide its assistance program. These community plans will also be used to promote greater accountability from parishes and sector entities which are responsible for providing basic services in the selected communities.

### **2. Main sector issues and Government strategy:**

#### **Major Issues:**

Jamaica's economy has been characterized in recent years by low or negative growth. After four years of negligible change in GDP, there was a resumption of real GDP growth at around 1% in 2000/01. Positive economic performance occurred mainly in the services sector where tourism is a leading component. However, the Government continues to be burdened by high debt levels and debt service (interest payments were about 14% of GDP in 2001/02 and 62% of the budget), high interest rates, and a large central government deficit (5.7% of GDP in 2001/02). These factors have constrained the Government's growth efforts. To complicate the situation, over the last two decades, Jamaica has faced political and socio-economic challenges which, have, at times, been manifested in social unrest. Among the main sector issues are:

**Poverty.** From a high poverty rate of 44.6% in 1991, the incidence of poverty rapidly declined over the last decade and by 1999, it fell to 16.9%. In 2000, the Jamaica Survey of Living Conditions showed that this figure rose to 18.7% (primarily because of a downturn in agricultural, bauxite and tourism sectors), before declining to its 1999 level in 2001. Poverty is largely a phenomenon of the working poor; demand for labor is not strong enough to raise real earnings and their lack of skills limit access to higher-paying jobs. The majority of the underemployed poor are farmers, agricultural laborers, domestic servants, street vendors, and craftsmen. The poorest quintile claim only about 6.24% of national consumption, while the wealthiest quintile had a 46% share in 2001. Some characteristics of the poor stand out prominently: they and their children have lower levels of education, they have larger households and are more likely to share basic housing amenities. Although poverty is higher in the rural areas (24%) partly due to poor infrastructure, the proportion of the poor in Kingston Metropolitan Area has more than doubled during the 1991-1998 period (from 4% to 10%), indicating the increasing urbanization of poverty. A large share of the recent political and social upheavals which Jamaica has suffered over the past decades has been attributed to unacceptable conditions in the inner-city areas where urban poverty is prevalent.

**Unemployment.** Unemployment remains high with 15% of labor-force age Jamaicans unemployed. There is also relatively high levels of underemployment and it is estimated that just over 12% of employed Jamaicans also live below the poverty line. The profile of the unemployed is a cause for concern; about 70% of the unemployed are young, 35 years old or under, and the unemployment rate among women is about 21%. According to a recent survey carried out in eleven communities within Kingston for the Kingston Restoration Company (KRC), unemployment among persons 18-25 years averaged 65%, with over 28% of the male heads of households being unemployed. Many residents as well as outsiders have voiced concerns about the practice for employers to compound the problem by shunning job-seekers from inner-city areas. At the same time, anecdotal evidence shows that even when inner-city residents do find employment, they generally have a high drop-out rate, primarily because of difficulty adjusting to the structured demands and discipline of formal employment, including finding affordable care for dependents and convenient transport. Some NGOs are preparing special programs to assist such inner-city residents.

**Lack of Basic Infrastructure and Services.** For years, the need to attend to the crisis in the financial sector and to contain public spending, have severely constrained much-needed public sector investment in essential services, particularly those used by the poor. Even while Jamaica's social indicators compare favorably with those of other Latin American countries with similar income profile, public expectations exceed the capacity of the state to provide social services and supporting infrastructure.

In 2000, 33% of the population lacked access to piped water supply and 38% lacked access to sanitation facilities. In terms of access to water and sanitation, while residents in urban areas enjoy a 2:1 advantage over those in rural areas, the gap is narrower when service quality and reliability are considered and the comparison is with inner-city areas. Among urban areas, almost all of the deficiencies are concentrated within the poor inner-city settlements; there are an estimated 50,000 residents who have no direct access to potable water and about 100,000 without direct access to sanitation facilities in such settlements. In the Kingston Metropolitan Area, it is estimated that less than 10% of the residents in the inner-city areas own their units, the rest being squatters or renters. Access to transport and health, education and social development facilities is also inadequate for a majority of the population.

**Crime and Violence.** Jamaica suffers from very high levels of violent crime. In 2001, over 1,100 homicides were reported, resulting in one of the highest per capita murder rates in the hemisphere. Violence, especially in poor urban neighborhoods, is so extensive that it is impossible to ignore the issue in the context of increasing levels of poverty in the country. Exacerbated by inequality in wealth; domestic violence; rising unemployment, particularly among the youth; political tribalism and drugs, the murder rate has escalated over the last two decades.

**Government Strategy.** The Government's strategy, as spelt out in its Medium-Term Economic and Social Policy Framework 1999/2000 to 2002/03, is to protect the poor and vulnerable while improving the quality of life through increased access to developmental programs, social and economic opportunities and enhanced social harmony. Poverty reduction is a major plank of this strategy, to be achieved through a combination of measures to improve incomes, self reliance, and the quality of life of the poorest groups and communities. The poverty reduction strategy has three elements. The first is a social assistance component with targeted income transfers under the Government's Unified Benefit Programme as the major thrust. The second is the development of the income-earning capacity of the working poor by providing training opportunities, micro-enterprise support, and financial services, using community-based approaches. The third is provision and upgrading of social infrastructure in poor areas,

through focused investments essential to sustained growth.

Coordinated efforts by the Government at pursuing the above strategy began with the implementation of its National Poverty Eradication Program (NPEP), elaborated and approved by Cabinet in October 1995 and by Parliament in March 1997. The NPEP has since provided a framework for action, and has emphasized community-based interventions undertaken in partnership with nongovernmental organizations (NGOs), the private sector, and the communities themselves. Cognizant of the limited capacity of existing institutions to initiate small-scale projects at the community level, the Government established the Jamaica Social Investment Fund (JSIF) in February 1996. JSIF is designed to assist in responding to the needs of the most vulnerable groups currently under-served by existing programs and institutional mechanisms.

Several studies show that the JSIF community development program has had considerable success in reaching a large number of the poor. It has worked closely with community based organizations (CBOs) in the delivery of priority subprojects widely perceived to reflect Community Driven Development (CDD) principles and providing wide benefits to the communities. JSIF has also built strong capacity in participatory approaches to community development among its implementing partners, including parishes, ministries, NGOs, CBOs and contractors.

While it has been successful on several fronts, there are also some clear areas of concern about JSIF's operation. Among these are: (i) less than full participation in some cases in the decision-making stage for project selection, where the relatively wealthier or politically-active groups tend to participate more than the poorer and more vulnerable groups in communities; (ii) JSIF supplanting rather than supplementing traditional providers (ministries and parishes), and being a primary source of financing for infrastructure improvement, a role which explains the large and growing backlog of project applications JSIF now has; and (iii) the limited capacities by beneficiaries, sector ministries and the parishes to provide adequate follow-up operation and maintenance attention and resources for such works.

### **3. Sector issues to be addressed by the project and strategic choices:**

The National Community Development Project is aimed at improving living conditions by: (i) providing basic infrastructure and generating temporary employment opportunities, primarily within poor communities which have been affected by declining tourism flows; (ii) rehabilitating, upgrading, and/or constructing essential economic and social infrastructure (e.g. schools, community centers, water connections, rural roads) identified through CDD initiatives and implemented through both JSIF and community-based contracting; and (iii) promoting and facilitating stronger community-based development initiatives.

The key sector issue which will be directly addressed by the project is the delivery of sustainable basic infrastructure and complementary services in poor communities while providing temporary employment opportunities for mostly unskilled workers in these neighborhoods. Community Based Contracting of priority works which are decided upon through CDD initiatives and articulated through Community Development Plans will assist in empowering, integrating and strengthening communities while they improve access to basic services. In the process of assessing their priority needs, the target communities will receive assistance to evaluate such priorities according to a range of technical, financial, social, and institutional criteria to ensure that funds are soundly and strategically channeled.

Since JSIF has already demonstrated its success in implementing CDD-based projects which reach the poor, a strategic choice has been made to retain it as the primary implementing entity for the project. This will allow lessons learned from its experiences with community-based subprojects to be

incorporated in subsequent operations throughout both urban and rural areas. JSIF's demonstrated ability to mobilize and channel required funds for social sector investments also enhances this decision. However, to address JSIF's already-identified weaknesses, the following areas have been strengthened in the design of the project:

JSIF's role vis-à-vis other sector entities. To prevent the build-up of long-term dependence on JSIF, efforts are being made to get the GOJ to streamline the roles, functions and responsibilities among JSIF and other actors in the sector, including the parishes and ministries. Greater emphasis will be placed upon JSIF's role as a temporary entity which is set up to complement, and not to substitute for sectoral investment and operation and maintenance programs implemented by line ministries, parishes and other local authorities. To reinforce recent decentralization initiatives, the proposed project will emphasize the role of the parish authorities and their recent efforts to promote Community Development Committees (CDCs) and larger functional economic areas.

Although most beneficiary communities are capable of carrying out minor maintenance activities, they often lack financial resources and/or technical expertise for larger tasks. The proposed project will help such communities to improve their own maintenance efforts as well as the way they seek assistance from the line ministries and parishes for other operation and maintenance activities.

Enhanced role for Social Development Commission (SDC). The SDC is a public entity which has responsibility for, among other things, empowering all Jamaicans, enabling them to participate in an integrated, equitable and sustainable national development process. Under the project, SDC, in partnership with JSIF, will have an important role in (i) enhancing community participation; (ii) encouraging communities to design and utilize Community Development Plans; (iii) helping communities to identify local financial and non-financial resources for the implementation of their plans and (iv) for maintenance of community facilities.

Targeting. JSIF will improve its targeting mechanism and will modify its project-cycle process and beneficiary-selection criteria, using such devices as weights and ranking, which among other things, will allow equally-poor communities to compete among themselves for access to project assistance. JSIF will also use the PIOJ geographic targeting criteria aimed at identifying needy residents in poor urban and rural areas, especially those around tourist destinations. It has simplified project preparation requirements for the poorest communities and along with other partners, it will provide intensive support to these communities throughout the project cycle.

Project Supervision and Monitoring. Revised supervision and monitoring arrangements have been built in with new operational procedures which were developed under the project. These are expected to create incentives for all participating project-implementing entities to maintain quality, efficiency and related standards.

## **C. Project Description Summary**

**1. Project components** (see Annex 2 for a detailed description and Annex 3 for a detailed cost breakdown):

1. a. JSIF Subprojects. This component is aimed at providing basic services while helping to create temporary employment opportunities for residents who are among the poorest income strata in Jamaica. There are several subprojects which have been already identified as priority by these communities and submitted to JSIF for funding. JSIF will contract the works for selected subprojects in its pipeline as

well as other new works which are generally large and/or complex and for which direct community contracting will not be feasible.

**b. Community Subprojects.** This component will finance demand-driven and community-implemented socio-economic infrastructure works and activities. Sub-project identification will be in line with JSIF's sub-project menu which includes construction and rehabilitation of basic infrastructure and social superstructure facilities. Community assessment will be carried out to make sure that the selected communities have, or will be able to acquire the skills and resources needed to efficiently manage their proposed community-contracted works. Because this is a new approach for JSIF, special implementation arrangements, acceptable to the Bank, will have to be in place during the first year of project implementation before activities in this component will commence. Based upon discussions with ongoing task teams and reviews of similar operations underway in LAC and other regions, it is expected that this component will be at least 20% of the total value of sub-projects financed under this loan.

2. **TA and Institutional Strengthening.** This includes financing for Technical Assistance, training and strengthening programs to JSIF and the various entities which would be involved in the proposed project, particularly to support the CBC system. Financing will also be provided for additional consultants to support the implementation of community contracting.

3. **Administration.** This component includes funding for goods needed to facilitate sub-project supervision, monitoring and community training.

<b>Component</b>	<b>Indicative Costs (US\$M)</b>	<b>% of Total</b>	<b>Bank-financing (US\$M)</b>	<b>% of Bank-financing</b>
Subprojects	18.30	60.8	12.38	82.5
TA and Institutional Strengthening	3.04	10.1	2.17	14.5
Administration	8.61	28.6	0.30	2.0
<b>Total Project Costs</b>	<b>29.95</b>	<b>99.5</b>	<b>14.85</b>	<b>99.0</b>
<b>Front-end fee</b>	<b>0.15</b>	<b>0.5</b>	<b>0.15</b>	<b>1.0</b>
<b>Total Financing Required</b>	<b>30.10</b>	<b>100.0</b>	<b>15.00</b>	<b>100.0</b>

Bank financing will be 55% of the total project costs net of taxes, this falls within the 3-year local cost financing limits of 60% for the Bank's Jamaican operations.

## **2. Key policy and institutional reforms supported by the project:**

In the GOJ's National Poverty Eradication Program, JSIF was created to finance a wide variety of sustainable small-scale projects meeting the needs of the poorest strata who are overlooked by the investment programs of traditional sector entities and parishes. However, during the implementation of the just-completed Social Investment Fund project, JSIF, by default, appears to have become the primary financing source for many new and renovated works and has even started to focus on operation and maintenance functions as several of these sector entities were unable to assume their responsibilities for various reasons. The proposed project will help to refocus JSIF's operation upon its originally-envisaged role and ensure that the parishes and other sector entities assume their respective roles so that JSIF is not overburdened.

Another policy modification of the proposed project is to reach consensus among a wider group of poor beneficiaries for project identification, selection and preparation so that more beneficiaries identify with the project output at an earlier stage and make special efforts to maintain them appropriately, either with their own resources or through the appropriate sector entity or parish. While Community Based

Contracting (CBC) has been tried on an experimental basis in previous JSIF works, in the proposed project, a significant share of project funds (20%) is expected to be for works contracted through CBC which is being developed to become a prominent feature in this project as well as in future JSIF lending. This new focus requires several modifications to JSIF's already-revised project cycle and operational manual and these will be finalized during the first year of project implementation. The Bank (OPCPR) is currently conducting a field test in Jamaica of a reference guide for fiduciary management of CDD operations. This exercise is expected to assist JSIF in the preparation of its community-based contracting component. In order to ensure that CBC is operational, a loan condition of disbursement is that JSIF cannot contract more than 30 percent of the loan funds unless it has an established CBC system approved by its Board and the CBC system is fully operational (i.e. the first group of eligible communities participating in the Community Sub-projects have been legally registered and trained in community contracting).

However, it is expected that a four month startup period will be needed before the communities should attempt CBC, since they will need technical assistance, guidance, and preparation before CBC can commence.

The operating guidelines have been revised to include: relatively greater weights for smaller subprojects; works with relatively more unskilled labor needs; works in areas or among groups affected by the recent floods or the lingering impact of the September 11 events; weights in favor of greater community and private sector contribution; procedures for elimination of backlog applications through division of priority requests among sector entities and renewal of the cycle each year; and improved accountability of JSIF and all of its principal partners (contractors, consultants, NGOs, CBOs, parishes).

The modifications of JSIF role, the adjustments introduced to the project cycle and the operational manual, together with a more community-development oriented model which includes CBC, imply significant institutional changes for JSIF. The success of this new project relies on the incorporation of new ways of operation in JSIF's working culture. To move in this direction, the endorsement and commitment on the part of JSIF's Board and management will be key. Collaboration from middle management and technical staff in the preparation of the project package has been substantial, reflecting the commitment of higher-level officials. Monitoring the pace of consolidation of the changes proposed in JSIF's way of working will be incorporated as an important variable for Project Monitoring and Evaluation.

### **3. Benefits and target population:**

As with the first JSIF project, JSIF will continue to identify (via poverty map, PIOJ methodology and data on areas inhabited by residents affected by tourism decline), the targeted households for beneficiaries of the proposed project. Details on the methodology used to define and select poor communities are elaborated in the Operations Manual. In sum, applications from those communities in Quartile 4 (poorest) in the poverty map will be accepted, as will those in other quartiles with a low SDC Poverty Index score. This selection criteria will apply to both subprojects contracted by JSIF and those contracted by the communities.

Along with temporary job creation, the project will help to finance much-needed infrastructure, social amenities and economic facilities which will provide both short- and long-term assistance to targeted families. As more of the communities organize themselves and prepare their Community Development Plans, they would be better able to identify their priority needs and seek assistance from the relevant ministries and parishes. Having a substantial share of the project funds allocated for Community Based Contracts will empower these communities and provide greater incentives for them to work together to

build, maintain and better utilize the facilities they receive. The proposed project will also assist the GOJ and other donors and lenders in their ongoing efforts to work with communities to create Community Development Committees and Community Development Plans within which the respective role of all of the actors will be much more clearly defined.

#### **4. Institutional and implementation arrangements:**

The proposed project will utilize most of the existing procedures and guidelines which were created and used for the previous JSIF Bank loan (Loan 4088-JM). The GOJ will borrow the loan funds which will be passed on to JSIF as a grant, under a subsidiary agreement to be entered into between the GOJ, through the Ministry of Finance, and JSIF, under terms and conditions satisfactory to the Bank. However, as explained above, there will be refinements in various stages aimed at addressing the deficiencies and shortcomings noted in the assessment of the previous project. JSIF's project cycle and its operational manual have been revised to reflect such changes. They also include other modifications aimed at having additional targeting instruments to help those affected by reduced tourism flows. JSIF will work with the SDC, CBOs, NGOs and others to promote active community participation in project origination, implementation, monitoring and operation and maintenance (directly or indirectly via the appropriate sector entity). Utilization of the proposed loan for Community Based Contracting will enhance the power of such communities insofar as they will be able to control the entire process of organizing themselves, articulating their needs and have responsibility for contracting the works and being accountable for the results. In order to assure accountability under the community based contracting system, the communities will have legal personality. JSIF's Board has recently reviewed and approved the new project-cycle procedures, including the concept of community based contracting.

JSIF's Operational Manual contains details on the various eligibility criteria which will be used in order to review and select subprojects which will be funded under the loan. For a project to be eligible for JSIF funding it must be within the Government's poverty-mapped area; be in JSIF's priority project menu; have no resettlement requirements; include some form of beneficiary contribution; and for Community Based Contracting, demonstrate the capacity of the community to undertake the works. In the project analysis and selection process, priority will be given to subprojects which have simple design; involve small works; have a relatively high ratio of unskilled labor needs; have short implementation period; benefit a relatively large pool of residents; have a relatively large share of community contribution; are in an advanced stage of preparation and include sustainable operation and maintenance provisions.

JSIF currently requires the relevant sector ministry or parish to agree that the new or renovated works which JSIF finances are appropriately maintained. This practice will continue under both JSIF and community contracted works. Greater details on the topics addressed here are found in Annex 2.

Funds would be managed similar to the JSIF project, in which a Special Account was maintained in US dollars, and payments were made to local contractors. Since JSIF's operations primarily involve relatively small community-oriented projects, most payments are to local contractors via a local currency account. All funds would be first budgeted via the government's normal budget processes, with counterpart funds made available on a monthly basis via the government's warrant system.

## **D. Project Rationale**

### **1. Project alternatives considered and reasons for rejection:**

Creation of a special Project Unit to implement the proposed project was among the alternatives considered. However, in discussions with the Finance Minister and his staff, this option was not

considered further because of the additional bureaucracy it would create and because it was felt that it would take time to organize and it would also duplicate many of the functions of the JSIF.

A second option considered was to set aside a special funding window in JSIF to manage the proposed project. This was also not pursued further because it was felt that this could add administrative complexity and confuse beneficiaries, especially since the areas of focus do not differ much from JSIF's normal operation.

Dividing the funds into two pools, one for JSIF to manage in rural areas and the other for some similar entity to use in urban areas was another alternative considered. This was because it was felt that JSIF has had relatively better success in rural areas and there was need for an experienced entity to work quickly in the urban areas. The absence of any strong entity with wide experience in urban areas and ongoing efforts of JSIF to work with various urban entities to complement its initiatives, led to this option not being considered further.

The option accepted by both the GOJ and the Bank for the proposed project was that of continuing with JSIF as was done in the previous Bank project but making various adjustments and TA provisions, including explicit provisions for community based contracting, in response to studies and recommendations on JSIF's performance in previous projects.

**2. Major related projects financed by the Bank and/or other development agencies (completed, ongoing and planned).**

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<b>Bank-financed</b>			
Post 9-11 impact amelioration	Emergency Recovery Loan - closed	S	S
Social Protection	Social Safety Net Project		
Social Protection	Social Investment Fund -closed	S	S
<b>Other development agencies</b>			
IADB	Kingston Urban Renewal-ongoing		
IADB	Rural Water Program-new		
IADB	National Road Services Improvement Program –new		
IADB	Parish Infrastructure Development Program-ongoing		
IADB	Emergency Flood Recovery-new		
IADB	Solid Waste Management		
CARE Canada	Tools for Development		
DFID	Urban Poverty		
DFID	Performance Improvement		

IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)

### **3. Lessons learned and reflected in the project design:**

Even though JSIF experienced some of the difficulties noted earlier, the recently-concluded Bank loan to JSIF was successful in reaching the target population and in assisting communities to better articulate their needs. Lessons from this and similar operations show that for community development subprojects to be successfully implemented, a number of factors needs to be present. These include: (i) a determined leadership with operational autonomy and with a strong sense of commitment; (ii) a demand-driven participatory approach that gives voice to the poor and serves as a mechanism to ensure impartiality of benefits; (iii) a simple community-based subproject design that ensures local participation, empowerment and ownership; and (iv) transparent and detailed decision-making procedures with regular financial and operational audits to ensure accountability at all levels. JSIF's operations also have important ancillary benefits. They contribute to decentralization of service delivery and bring CBOs and NGOs into a more collaborative and coordinated relationship with the Government. They also provide models of efficiency and effectiveness, which may be used by other public sector agencies. The design of the proposed project, which draws heavily on JSIF's experience, incorporates these factors.

In a similar vein, the concept of the proposed project is guided by weaknesses identified in JSIF's operation, as follows:

- (i) Sustainability is a key element in subproject investment, whether for physical works or community development activities. Based on the evaluation of completed projects under JSIF, maintenance for several completed works was rated as poor. The proposed project will pay greater attention to institutional and financial sustainability aspects through promotion of:
  - greater community involvement in all stages of the project cycle, including community contracting;
  - active linkage by beneficiary communities with line ministries (health, education, transport, water) and parish councils with O&M responsibilities to ensure subproject sustainability (e.g., a school-building project would have to be implemented with clearer commitment from the Ministry of Education) along with a clearer division of preventative and periodic maintenance responsibilities between communities and the appropriate sector entities.
  - introduction of performance-based agreements linking financing to own-contribution from beneficiaries and community commitment efforts in subproject implementation and O&M.
- (ii) Reform in the identification and selection processes of investments at the community level, making sure that adequate time is given for mobilizing increased participation of the poorest in decision-making and in the project cycle without long delays. This will contribute to greater responsiveness to their demand, greater representation and ownership, and greater transparency and accountability.
- (iii) Subproject preparation in future project design should be accorded greater attention and contractors and consultants should have clear responsibilities and greater accountability in order to avoid implementation delays, poor work quality and cost overruns.
- (iv) There should be greater attention paid to monitoring and evaluating the impact of investments. This calls for improvement in the Management Information System (which has recently been done).

In line with the recommendations from the Implementation Completion Report (ICR) of JSIF, other operational lessons incorporated in the design of the proposed project are:

- (i) Streamlined procurement and disbursement rules and regulations to ensure speedy implementation;

- (ii) Detailed operational manual, standardized accounting procedures, regular and rigorous auditing, and quantitative and qualitative evaluations of outcomes, all aimed at ensuring transparency, accountability and effectiveness;
- (iii) Mechanisms for sector coordination with line ministries and parish councils that are flexible enough not to compromise the independence and efficiency of JSIF, and incorporation of sustainability conditions in the design of the proposed project to ensure continued flow of subproject benefits.

#### **4. Indications of borrower commitment and ownership:**

In initiating its request for Bank assistance, the GOJ prepared a background paper in which, among other things, it presented details of the problem and the assistance which it was seeking from the Bank. The JSIF staff collaborated with Bank staff and consultants to review several aspects of JSIF's operation where changes were required to address problems noted in implementation of the previous Bank loan as well as to incorporate the additional needs arising from the September 11 event. JSIF has already revised its project-cycle procedures in light of Bank-JSIF discussions. The Government has also received TA from DFID and the EU for improving JSIF's operation and the Social Development Commission is working to create Community Development Committees and Community Development Plans. JSIF had initially approached the bank about mechanisms for implementing community-based contracting. They followed-up on this by participating in a CBC workshop held at the Bank and are working with consultants from other countries which have implemented CBC. Additionally, in June 2002, the Bank (OPCPR) conducted a roll-out of its CDD Fiduciary Management Training Package in Jamaica with JSIF and other interested bilateral, multilateral and NGO staff in attendance.

#### **5. Value added of Bank support in this project:**

The Bank has extensive experience in social funds, community-based contracting, upgrading works and emergency assistance. Its comparative strength in these areas can be used to help Jamaica address several critical issues within a sustainable framework. The Bank's initial support for the creation of JSIF was an important step in the GOJ's poverty eradication initiative. It opened the door for assistance from other donors and lenders to be channeled through JSIF to target needy beneficiaries. While the first-generation investments show that social funds and community-development initiatives can yield significant benefits to the poor, several areas of weaknesses also surfaced, e.g., gaps in obtaining greater participation from the poor in the upstream processes; low product quality for some sectors; weak linkages to line ministries, parishes and others who need to operate and maintain the works and to continue to address other sector needs, independently of JSIF and in line with their respective mandates. The lingering negative impact on tourism from the September 11 attacks, recent floods, economic difficulties and the rising level of violence in the country provide a unique opportunity to build upon the strengths of JSIF and to streamline its operation. It also opens up the door for ensuring that other official sector actors do not shunt their responsibilities to JSIF and that the communities have a greater voice in deciding their needs.

The Bank's global experience in community-based contracting is being used to help JSIF in its formulation and implementation of community-based contracting. As JSIF has already demonstrated its ability to achieve effective CDD, introducing CBC would deepen this approach and further help beneficiaries achieve greater autonomy in all stages of the process.

## E. Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)

### 1. Economic (see Annex 4):

- Cost benefit NPV=US\$ million; ERR = % (see Annex 4)
- Cost effectiveness
- Other (specify)

In most instances, the type of the sub-projects financed, their size, location and other characteristics do not allow for traditional economic rate of return analyses. However, a very strong proxy for such analyses emerges when beneficiaries are given the opportunity to assess their needs and establish priorities. As indicated in Annex 4, Internal Economic Rate of Return (IERR) analyses done on a sample of subprojects under the first JSIF operation show substantial economic benefits. Such results can be expected when the existing facilities are poor and beneficiaries are given the opportunity to assess their needs and establish priorities. Additionally, by requiring that beneficiaries contribute a minimum of their own resources (in cash or in kind), the benefits from their choices becomes very evident. Efforts have been made to ensure that in the selection and design processes for subproject selection, least-cost consideration will also be more explicitly taken into account. In addition to efficiency factors, such an approach is also expected to result in more appropriate technology being utilized (e.g. community latrines instead of individual indoor connections as a first stage for those who can only afford the former at this time). In its evaluation process for subproject selection, JSIF will incorporate weights for such factors as project cost (negative correlation); contribution from beneficiaries (positive correlation); contribution from private sector (positive correlation); operation and maintenance provisions (positive correlation).

### 2. Financial (see Annex 4 and Annex 5):

NPV=US\$ million; FRR = % (see Annex 4)

At the local level, matching community needs with the available resources (own, JSIF and other) and establishing priorities, will be a continuous challenge. In the previous project, a community contribution of at least 5% of the subproject cost was sought. However, this requirement was reportedly not well enforced. Additionally, the cost of operation and maintenance was apparently also not fully considered and so many of the rehabilitation works faced some of the problems which caused their deterioration in the first place. While explicit cost recovery could be difficult because of both the income level of the beneficiaries as well as the types of subprojects financed, it was clarified that for such infrastructure works as water and sanitation or solid waste removal, the sector entities responsible for such services will levy and collect tariffs in line with their normal policies which include cross subsidies and lifeline rates for such groups. For the schools, community centers, rural roads and other such works, a clearer definition of minor versus major maintenance costs will be made and financing responsibilities will have to be defined during the preparation phase for such works to ensure that all financial obligations are considered and the respective roles of the community and sector entities are clarified.

#### Fiscal Impact:

The main fiscal impact will be the counterpart funding from the government, estimated at about US\$11.1 million, or US\$2.2 million per year on average, along with the amortization of the loan. With an expenditure budget of US\$2.6 billion per annum, the government's contribution would have a fiscal impact of less than 0.1%, however of the non-debt budget this would be equal 0.2%. These figures would be lower if community contributions (either cash or in-kind) exceed 5%, as is expected under the project since the selection criteria will favor those communities willing to contribute more. With a 5% baseline, community contributions will represent about US\$0.92 million of the estimated US\$18.3

million spent in project investments. Additional donor grants would also reduce the fiscal impact, but these have yet to be determined.

Improvements in the efficiency of project identification and delivery, as part of the expected benefits under the new project cycle, would also help to compensate for the increased level of public expenditure. Moreover, by aiding communities under social stress, these could help alleviate tensions and civil unrest and thus help protect the tourist industry, a key revenue source for the Government.

### **3. Technical:**

As explained above, technical, financial and economic aspects will be more closely integrated in the selection, analysis and approval processes in order to ensure project sustainability. One identified area of weakness in JSIF's operation has been in design and quality-control aspects. Provisions have been made to address these problems. Such provisions include: clearer definition of responsibilities under which those preparing the designs and related works will be held accountable for their accuracy. The contractors will have access to all available information about the proposed task and they have to agree to do the work as specified in the contracts (regarding quality, timeliness, cost, etc.) or face penalties and/or be excluded from future contracting. JSIF will create and maintain an updated database on project cost as well as on the performance record of each contractor for each project. To the degree possible, greater efforts will be made to incorporate design standardization while still being responsive to special community needs. This will help to facilitate ease of subproject preparation in shorter time and improve maintenance, while allowing for easier design and cost comparisons.

### **4. Institutional:**

#### **4.1 Executing agencies:**

JSIF will be the Executing agency for the project. The Social Development Commission and several Community Based Organizations, Non-Governmental Organizations, ministries, parishes and other specialized entities will also participate, helping communities in the formation of their Community Based Committees, preparation of their Community Development Plans and in approaching the appropriate entities for investment and maintenance resources. JSIF will also provide assistance to help beneficiary communities develop the required capacity to contract their own work and to make the needed operation and maintenance arrangements.

#### **4.2 Project management:**

The project cycle of JSIF has been reviewed, revised and modified to address both the shortcomings noted in various assessments of its operation (including the Bank's ICR findings), as well as to make provisions for Community Based Contracting arrangements. One important feature of the proposed project is its focus upon the role of JSIF vis-à-vis other sector agencies, the parishes and other specialized entities. While the charter of JSIF clearly highlights its temporary nature and its role in supplementing specific gaps for basic services among the poorest residents, JSIF has by default, assumed a much larger role, partly because of lack of funds in the traditional entities to assume their respective role. Other entities have worked with JSIF to establish procedures for developing Community Development Plans and for using these as one tool in the process of identifying to which of the various sector actors the identified task corresponds. This process reinforces the project goal of reviewing this aspect with GOJ, JSIF and other entities to reestablish their respective sector obligations and responsibilities. Additionally, the community based initiatives which are currently underway will bring in both other donors and other CBOs and NGOs to assist in community development actions.

#### **4.3 Procurement issues:**

A review of a sample of JSIF's subprojects was done in 2001 as part of the supervision of the just-completed loan. It shows that the guidelines and operational manual of JSIF were consistent with Bank guidelines but closer JSIF supervision is needed to ensure that these guidelines are consistently being followed. The project preparation mission conducted a review of JSIF's capacity for complying with Bank requirements and it found that the updated project cycle and operational manual of JSIF have taken previous Bank comments into account. Additionally, for the Community Based Contracting system, apart from facilitating the attendance of JSIF staff at a recent Bank-sponsored CDD Seminar, Jamaica was used as a pilot country to launch a CDD Fiduciary Management Training Package prepared by OPCPR. During this process, staff of JSIF, SDC, EU, DFID, IDB and several NGOs were trained in a fourteen-module program which included, among other things, manuals, material and instructions on Procurement of Goods, Works and Services, Shopping for Goods, Hiring Labor and Local Bidding. Additionally, the Bank has provided information to JSIF from successful CBC projects in Malawi and staff from Malawi visited Jamaica to work with JSIF in preparing its CBC component. Capacity assessment of the relevant communities which undertake CBC will be conducted prior to any procurement being done by such communities.

With IDB financing, JSIF's MIS system has also been updated to keep track during all phases of project implementation and to keep up-to-date record of the performance of each contractor so that appropriate steps can be taken in cases of contractor non-compliance. Arrangements are also in place to maintain an updated system of unit prices for all inputs; this will be a very important tool for both JSIF and community contracting to ensure that bid prices are in line with market prices.

#### 4.4 Financial management issues:

As with the just-completed Bank project, JSIF has the lead role in implementing the new project. A Financial Management (FM) Assessment carried out by a Bank Financial Management Specialist concluded that the financial management capacity of the JSIF, with its prior experience in Bank projects, provide a strong basis for good project financial management. However, some aspects of JSIF's FM system need strengthening. More importantly, inclusion of the project component for community-based contracting activities will require several actions with respect to such areas as internal control, monitoring, and reporting requirements of JSIF and its partner entities. A follow-up Financial Mission has already conducted a preliminary review with JSIF and the broad operational parameters have been defined. Follow-up actions will be taken after the community procurement component is more fully developed after the project becomes effective, with financing for this subcomponent occurring only after all of the needed control and related measures are approved by the Bank and established in JSIF and other partner entities.

### **5. Environmental:** Environmental Category: B (Partial Assessment)

#### 5.1 Summarize the steps undertaken for environmental assessment and EMP preparation (including consultation and disclosure) and the significant issues and their treatment emerging from this analysis.

The proposed project is aimed at improving living conditions in poor urban communities through the construction/improvement of basic infrastructure and social superstructure facilities. The project is expected to provide: improvements in the urban environment including improved drainage, improved access on rural roads for farmers and reduced pollution from sanitary waste and wastewater sources. It is expected that there will also be public health benefits resulting from improved access to potable water and sanitary facilities. No major adverse environmental impacts are envisaged as a result of the project. Most of the potential negative impacts will be associated with construction nuisances in populated areas. These include dust and noise from construction activities; storage and disposal of construction debris; disruptions to traffic and increased traffic; interruption of public utilities; interruptions and/or limitations of access to dwellings or businesses; and safety of workers and road users; all of which, if not properly handled, could negate or reduce the expected benefits mentioned above.

To mitigate negative environmental impacts of the project, JSIF has designed Environmental Guidelines for design and implementation for the different infrastructure project typologies that it funds. These include roads; infirmaries and health centers; sanitary facilities (latrines and community showers); drainage; water projects; and agro-processing facilities. The guidelines cover aspects of design, construction, operation and maintenance.

## 5.2 What are the main features of the EMP and are they adequate?

The guidelines previously revised in September 1999 were found to be mostly generic in nature and not consistently applied among sub-projects. Thereafter, JSIF has in May 2002, revised and updated its general environmental guidelines as well as those pertaining to specific project typologies in line with the relevant legislation pertaining to project planning, design and implementation. The process has enabled important lessons learnt from past implementation of JSIF sub-projects to be reflected in the revised guidelines thus improving their aptness for mitigating adverse environmental impacts through project design and implementation.

Furthermore, significant efforts have been made in the newly revised environmental guidelines to ensure sustainable environmental practices from project design through operation. To this end, the guidelines articulate clearly, the environmental review, clearance, mitigation and monitoring processes required during the project cycle; identifying clearly activities to be carried out and responsibilities in ensuring that environmental issues form an integral part of the technical analysis of every JSIF infrastructure project throughout the project cycle. Screening checklists have been developed as part of a technical evaluation to which all projects are subjected and form the basis for determining the ensuing environmental appraisal procedure that is performed for each project type depending on the potential environmental impacts identified during screening. Additionally, where environmental impact assessments are required, JSIF guidelines stipulate that the mitigation measures prescribed therein be incorporated into the scope of work of the project designer. To reinforce the environmental compliance of projects during construction, environmental mitigation measures are included in the contract documents, together with penalties for non-compliance by contractors.

In addition, the Operational Manual includes: 1) a negative list of investments (sub-projects that would be classified as Category A under The World Bank's Environmental Assessment Operational Policy 4.01) which will not be financed under the project; 2) a provision that subprojects that will result in the significant conversion or degradation of natural habitats will be evaluated to ensure compliance with Operational Policy 4.04 on Natural Habitats; 3) that in the event that any of the subprojects procure pesticides or result in increased use of pesticides, an appropriate Pesticide Management Plan, as required by OP 4.09 on Pest Management, which would include non-chemical measures for pest management and guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides, will be developed. Additionally, sub-projects that involve involuntary resettlement will not be eligible for financing under the project.

To reinforce the effectiveness of its environmental screening and review procedures, JSIF is embarking on training of its Technical Officers to strengthen their capacity to identify and address environmental and other technical issues in the various stages of the project cycle. In addition training will focus on improving the ability of Technical Officers to improve communication and involvement of the communities where projects are located, during the project cycle.

## 5.3 For Category A and B projects, timeline and status of EA:

**Date of receipt of final draft:** Review of existing guidelines was completed on July 31, 2002.

5.4 How have stakeholders been consulted at the stage of (a) environmental screening and (b) draft EA report on the environmental impacts and proposed environment management plan? Describe mechanisms of consultation that were used and which groups were consulted?

The revised guidelines have been prepared in collaboration with professionals with expertise in the different areas covered by the guidelines; and relevant government entities which are involved with planning and implementation of similar projects are covered in the guidelines.

5.5 What mechanisms have been established to monitor and evaluate the impact of the project on the environment? Do the indicators reflect the objectives and results of the EMP?

While mechanisms for monitoring environmental impacts of the project have not been explicitly established in the project, it is expected that many positive environmental and public health effects will result from this project. Since most of the subprojects involve repairs or renovations to existing infrastructure or superstructures which are in need of such attention, a positive environmental impact is generally a large part of the expected benefits to the population e.g. by repairing a broken water distribution line, the supply of clean, potable water is increased. Similarly, the number of new and renovated toilets and other such facilities will be documented during project supervision and evaluation. In addition, the revised JSIF guidelines include a component to selectively assess completed projects with respect to the effectiveness of the environmental mitigation measures implemented in the project.

## **6. Social:**

6.1 Summarize key social issues relevant to the project objectives, and specify the project's social development outcomes.

The proposed project has its origins in efforts aimed at improving access to basic service and socio-economic conditions among the poorest communities in Jamaica. It seeks to empower poor communities by: i) strengthening their capacity to jointly identify and prioritize strategic community needs and investments; ii) increasing their abilities and skills to seek and manage financial and non-financial resources effectively; iii) helping to consolidate functional community development cooperation arrangements among communities and local government authorities, central government institutions, private sector, non-governmental organizations and private development foundations whose contributions will converge on supporting integrated community development plans (CDPs); and iv) strengthening the foundations of the community as a collective and reinforcing dialogue and negotiation as a basis for conflict resolution and consensus building. By introducing community procurement for selected activities under the project, it is expected that these communities will benefit from the greater control and responsibility which they will have in key decisions about the project works and this feeling of greater empowerment is expected to have positive impact upon other areas of the community.

6.2 Participatory Approach: How are key stakeholders participating in the project?

Studies of JSIF's operation show that residents of low-income communities, working together with social workers of the SDC, NGOs and CBOs, have been active participants in the discussions and decisions made concerning their priority investment needs. The proposed project continues to reinforce and refine this practice through the provision of greater opportunities for wider community participation in deciding community needs. Through community contracting procedures, this process is being taken one step further as communities gain greater voice in whom they contract for getting the works done. Measures are also being put in place for communities to expand their list of potential source of assistance for complementary investments and periodic operation and maintenance responsibilities to include not only

JSIF but also the parish authorities and all of the other national entities which are supposed to be involved in their respective sector. Under the Community Based Contracting component, communities will have a central role in the formulation of Community Development Plans and will directly manage and administer project implementation and contracting. In so doing, all active community organizations (youth clubs, women's organizations, farmers, etc) are expected to participate. In implementing their CDPs, communities will engage in dialogue and direct negotiation with different partners who are geared to assist them. The SDC will be a key player and stakeholder in working with the communities to manage and implement the plans. It is also expected that private sector companies will actively support and participate in the definition and implementation of the CDPs via direct funding, sub-contracting services or implementation of lines of action of the CDP involving employment generation, facilitation of market access, etc.

### 6.3 How does the project involve consultations or collaboration with NGOs or other civil society organizations?

The Social Development Commission is an entity created by the Government of Jamaica to work with all communities in assessing their situation and articulating their needs to the ministries, parishes and other sector entities. The SDC has an active partnership program with JSIF and several other NGOs, CBOs and donor agencies and it has taken a lead role in creating the Community Development Committees and other affiliated entities aimed at promoting community and economic development. The SDC has oriented several communities and initiated several of the subproject requests which JSIF financed. This process is expected to continue and become more formalized now that the SDC has assisted many communities in the creation of the CDCs and in preparing their CDPs. As these mechanisms become more developed, the role of many NGOs and CBOs will also become more important. As Community Based Contracting gets more established, this will also increase the potential for participation of other NGOs, CBOs and private sector entities in the process.

### 6.4 What institutional arrangements have been provided to ensure the project achieves its social development outcomes?

The creation of CDCs and CDPs, with technical assistance from SDC, JSIF and NGOs/CBOs is expected to strengthen the capacity of beneficiaries to work through the CDCs. Additionally, the CBC process will provide these beneficiaries with incentives to ensure work quality, timeliness and follow-up operation and maintenance actions. As these communities improve the community interaction process, they will gain confidence to approach the ministries and parish authorities to obtain the complementary assistance they need. In addition, the project is expected to strengthen the role of JSIF and SDC in creating horizontal dialogue and enhancing coordination among line ministries, local government authorities and other relevant government organizations, as a way of creating the conditions for communities to establish fruitful working arrangements, at local level, with such institutions.

### 6.5 How will the project monitor performance in terms of social development outcomes?

Apart from supervision and follow-up activities by JSIF, there will be other third-party studies aimed at measuring planned versus actual project achievements in several ways. Baseline indicators will be established for all components and actual achievements will be documented and compared with such indicators.

## 7. Safeguard Policies:

### 7.1 Do any of the following safeguard policies apply to the project?

Policy	Applicability
Environmental Assessment (OP 4.01, BP 4.01, GP 4.01)	<input checked="" type="radio"/> Yes <input type="radio"/> No
Natural Habitats (OP 4.04, BP 4.04, GP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Forestry (OP 4.36, GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Cultural Property (OPN 11.03)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Indigenous Peoples (OD 4.20)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Involuntary Resettlement (OP/BP 4.12)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Safety of Dams (OP 4.37, BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in International Waters (OP 7.50, BP 7.50, GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No
Projects in Disputed Areas (OP 7.60, BP 7.60, GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No

### 7.2 Describe provisions made by the project to ensure compliance with applicable safeguard policies.

Details on the actions which are being taken with respect to the Environmental Assessment are presented in Sections 5 above. No other Safeguard Policies are being triggered under the proposed project. As with the previous Bank loan to JSIF, there are no involuntary resettlement issues since sub-projects involving involuntary resettlement are not considered as eligible projects under JSIF's selection criteria.

While the primary objective of the project is to assist residents in communities most affected by tourism declines and violence and to promote greater social and community development, all communities throughout the island are accorded equal opportunity to participate in the preparation of their respective Community Development Plans and to seek subproject funding from JSIF. Maroon descendants live throughout the island and are concentrated in several remote areas of Jamaica. JSIF does not have a special program for the Maroons because of the primary focus of the project as well as the opportunity which exists for all communities, including the Maroons, to participate in the project. JSIF has identified five communities which are primarily populated by descendants of Maroons. Of these, three are in the Quartile 4 range of the Poverty Map used by JSIF as one of the qualifying criterion for subproject assistance. JSIF has already financed two projects, a basic school and a road, in one of these communities; an indication that these communities do have access to JSIF assistance. Through continued recordkeeping and evaluation procedures, there will be close monitoring of the beneficiary profile to ensure that all targeted low income communities are among the beneficiaries of the project. And, should the need arise, JSIF will take the necessary actions to ensure appropriate access to any under-represented target group.

## F. Sustainability and Risks

### 1. Sustainability:

JSIF's charter states that it is a temporary entity whose task is to help address critical needs which, for various reasons, cannot be currently addressed by the traditional sector entities for such tasks. Given the great need which exists in Jamaica today for assistance from JSIF, it is expected to continue into the foreseeable future. Also, with a revised project cycle in place, most of the weaknesses identified during implementation of the previous project are not expected to reappear, primarily because of project cycle provisions for greater accountability from contractors, clearer definition of lines of operation and maintenance responsibilities among the primary actors, and greater follow-up actions by JSIF. The creation of CDCs and CDPs is also expected to promote project sustainability to the degree that the new CDCs will develop into strong lobbying entities and take greater responsibilities for their own social and economic development and appropriately operate and maintain the works which they planned and contracted. Implementing CBC will also inject new project management skills into the communities, which should improve operation and maintenance of the sub-projects and could encourage ancillary investments and activities.

### 2. Critical Risks (reflecting the failure of critical assumptions found in the fourth column of Annex 1):

Risk	Risk Rating	Risk Mitigation Measure
<b>From Outputs to Objective</b>		
Contractors and consultants fail to perform as expected under the revised conditions.	M	Enforcement of penalty clauses and blacklisting, which can be tracked in new MIS system.
Contractors are not committed to goal of employment creation in implementation of project works.	H	Projects with higher labor input will be weighted more. Community reports back to JSIF.
JSIF, SDC and other participants do not have access to subproject areas throughout the project cycle (because of coercion)	H	Phased payment tranches will be delayed if JSIF and SDC officers do not get access (due to coercion).
Government support for CDC and CDP wavers.	M	Continuous interaction with key staff to ensure continued Government commitment to the program.
CBC proves not to be a viable mechanism for promoting social development in Jamaica	M	TA and assistance to NGOs and CBOs to build upon existing community participation initiatives.
Lack of cooperation between JSIF and sector entities	M	Joint orientation and follow-up sessions among the primary entities and JSIF
<b>From Components to Outputs</b>		
-Criteria developed for project selection are not effective in achieving the objectives.	N	Periodic evaluation of criteria to ensure relevance. During sub-project appraisals, project design will take into account objectives. Close supervision of projects.
-Projects are not carried out in a timely manner.	M	Improved MIS system will provide early warning and trigger action to penalize nonperforming contractors.
-Not enough communities able to participate in CBC.	M	Promotion campaign by JSIF to cover regular sub-projects and CBC. Extensive community

-Institutional ability of JSIF, SDC, NGOs and CBOs to work with communities throughout the project cycle is limited. -Difficulty for JSIF to make the institutional adjustments needed for implementing the new program package, approach and operational guidelines. -Inadequate staffing skills in line with overall programme and project objectives and high staff turnover. -Lack of cooperation between JSIF and sector entities.	H	training programs. Training and periodic review of procedures will be implemented. Creation of simplified handbooks to guide users.
	M	Training and preparatory sessions and a reasonable adjustment period.
	H	Payment of competitive salaries, majority of training budget to be dispensed at an early stage in the project.
	H	New procedures for subproject identification TA and other activities are designed to improve such cooperation.
<b>Overall Risk Rating</b>	H	

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N(Negligible or Low Risk)

### 3. Possible Controversial Aspects:

No possible controversial aspects have been identified.

## G. Main Loan Conditions

### 1. Effectiveness Condition

Signing of Subsidiary Agreement, acceptable to the Bank, between JSIF and Government of Jamaica.

### 2. Other [classify according to covenant types used in the Legal Agreements.]

JSIF cannot contract more than \$3 million of JSIF Subproject funds until the first group of eligible communities participating in the Community Subprojects have been legally registered and trained in community contracting.

JSIF shall maintain and thereafter update its MIS database on input (material and labor) cost, project cost and performance record of contractor and consultants for all project works.

## H. Readiness for Implementation

- 1. a) The engineering design documents for the first year's activities are complete and ready for the start of project implementation.
- 1. b) Not applicable.
- 2. The procurement documents for the first year's activities are complete and ready for the start of project implementation.
- 3. The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- 4. The following items are lacking and are discussed under loan conditions (Section G):

## I. Compliance with Bank Policies

- 1. This project complies with all applicable Bank policies.
- 2. The following exceptions to Bank policies are recommended for approval. The project complies with all other applicable Bank policies.

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Thakoor Persaud  
**Team Leader**

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Danny M. Leipziger  
**Sector Manager/Director**

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Orsalia Kalantzopoulos  
**Country Manager/Director**

**Annex 1: Project Design Summary**  
**JAMAICA: National Community Development Project**

Hierarchy of Objectives	Key Performance Indicators	Data Collection Strategy	Critical Assumptions
<p><b>Sector-related CAS Goal:</b> Ensuring inclusion and protecting the poor.</p>	<p><b>Sector Indicators:</b> Stabilization of poverty level.  Improved access to basic services.</p>	<p><b>Sector/ country reports:</b> Survey of Living Conditions.</p>	<p><b>(from Goal to Bank Mission)</b> Violence does not increase.  Economy stabilizes.  GOJ poverty-reduction program continues.</p>
<p><b>Project Development Objective:</b> To aid low-income communities by providing basic services and temporary employment opportunities (in response to demand for basic services and the effects of violence and lingering post 9-11 impact on tourism flows).  To assist the government of Jamaica in its efforts to promote social and community driven development, especially among the poor.</p>	<p><b>Outcome / Impact Indicators:</b> 1. Increase in access to and quality of basic services. 2. Number of incremental temporary jobs created (gender, number, skilled, and unskilled). 3. Improved operation and maintenance of project facilities.  1. Increase in the number of projects financed by JSIF after being identified in Community Development Plans (CDPs) 2. Increase in the number of communities which develop the capacity to select their own priority projects and to manage project contracting and project implementation effectively to ensure work quality, reasonable costs, and timeliness. 3. Evidence of increased complementary investment generated (from residents, other public sector entities and the private sector) through JSIF and Social Development Commission (SDC) assistance to community groups. 4. Number of subprojects with active community maintenance plans and clear indication of agreed support from line ministries and/or local authorities. 5. Level of community</p>	<p><b>Project reports:</b>  MIS reports on project advance.          Periodic evaluation and surveys by consultants and beneficiaries.</p>	<p><b>(from Objective to Goal)</b>  Political and related interference can be minimized, especially in urban areas.  No major socio/political disruptions during project implementation.  GOJ provides the needed counterpart funds in a timely manner.  SDC and other entities will adopt improved community development criteria.</p>

	satisfaction with subproject and performance of sponsoring entities, JSIF, SDC, and CDC.		
<p><b>Output from each Component:</b></p> <p>Subprojects (for repairs, renovation and construction of basic infrastructure and social superstructure facilities) are completed and appropriately utilized.</p> <p>Improved effectiveness of community organizations in identifying, planning, executing and maintaining subprojects.</p> <p>Improved and more efficient institutions (JSIF, SDC) for coordinating the provision of basic needs and services to communities.</p>	<p><b>Output Indicators:</b></p> <ol style="list-style-type: none"> <li>1. Number and type of sub-projects.</li> <li>2. Increased number of incremental temporary jobs created by the project (by gender, total number, skill level).</li> <li>3. Increased community participation in maintenance of projects.</li> <li>4. Facility utilization rate over time.</li> </ol> <ol style="list-style-type: none"> <li>1. Number of subproject requests identified through CDP.</li> <li>2. Number and type of subprojects financed through CBC</li> <li>3. Number of people trained to support community development.</li> <li>4. Increase in the average percent of community contribution in the subprojects.</li> </ol> <ol style="list-style-type: none"> <li>1. Reduced time taken to prepare and implement sub-projects.</li> <li>2. Improved quality in design and preparation of sub-projects.</li> <li>3. Effective use of the new operational guidelines.</li> <li>4. Active dialogue with line ministries to obtain their effective engagement in equipping and maintaining project facilities.</li> </ol>	<p><b>Project reports:</b></p> <p>Quarterly Progress reports/MIS.</p> <p>Supervision reports.</p> <p>Third-party reviews</p> <p>Mid-term review</p> <p>Stakeholder consultations</p> <p>Financial and operational audits</p>	<p><b>(from Outputs to Objective)</b></p> <p>Contractors and consultants perform as expected under the revised conditions.</p> <p>High contractor commitment to goal of employment creation in implementation of project works.</p> <p>JSIF, SDC and other participants have access to subproject areas throughout the project cycle.</p> <p>Government support for encouraging CDC and CDP continues.</p> <p>CBC proves to be a viable mechanism for promoting social development</p> <p>Cooperation between JSIF and sector entities.</p>

<b>Project Components / Sub-components:</b>	<b>Inputs: (budget for each component)</b>	<b>Project reports:</b>	<b>(from Components to Outputs)</b>
Sub-projects i. Works Contracted through JSIF.  ii. Works Contracted through Community Based Contracting.	\$18.3 mln	Supervision reports, Quarterly Reports.	Criteria developed for project selection are effective in targeting the objectives.  Projects are carried out in a timely manner with greater community involvement.  Willingness of the communities to participate.  Ability of JSIF, SDC, NGOs and CBOs to work with communities throughout the project cycle.
TA and institutional strengthening.	\$2.2 mln	Audit reports.	Cooperation between JSIF and sector entities. Adequate staffing skills in line with overall programme and project objectives Low staff turnover within primary entities.
Project Administration	\$9 mln		Smooth implementation by the Board of JSIF and staff of the new program package approach and operational guidelines.

## **Annex 2: Detailed Project Description**

### **JAMAICA: National Community Development Project**

#### **Overview.**

The proposed project is designed to address both some of the temporary and longer-term problems which Jamaica currently faces (high unemployment, poor access to basic services, crime and violence and socio-political divisiveness). Working through JSIF as the primary implementing agency, funds will be channeled to sub-projects which are identified by the communities through such community-driven development devices, including open forums guided by community facilitators from such entities as SDC or various NGOs and CBOs.

In the initial stage of the project, the primary focus will be upon provision of basic infrastructure investments identified as priority ones by the communities which seek such services. In order to commence quickly, JSIF will review the backlog of unfunded requests which it currently has. It will identify those located in areas affected by tourism decline and it will select priority projects meeting the selected criteria established in the operating manual. It will contract out the approved works in the targeted communities (see below, Component 1 - Subprojects Contracted by JSIF) via competitive bids. In this way, JSIF will be providing priority basic services while at the same time, helping to generate temporary employment opportunities within the selected communities.

In parallel with the above, during the first year of project implementation, JSIF will also introduce and implement community-based contracting (CBCs) sub-projects which, in addition to providing priority basic services among needy communities, will also promote community development at various levels. Since this is a relatively new system, there will be an initial institutional learning curve for JSIF and all participants. Funds will be available for technical assistance and training to JSIF staff and other entities (SDC, CDC) involved in mobilizing the communities (Component 2) as well as funds to hire new staff (Component 3) as part of the organizational changes needed to implement CBC. It is expected that a four-month startup period will be needed before the communities should attempt CBC. To ensure that progress is made in implementing CBCs, funds dispensed for works contracted directly via JSIF will be conditioned upon progress in getting CBC investments underway.

Sub-projects for both types of contracting will be demand-driven and reflect the priority needs of the affected communities. The communities will be selecting these sub-projects from a menu of sub-projects which can be financed by JSIF which cover basic infrastructure, social superstructure facilities, and social services and employment assistance.

Subprojects are those activities which meet the criteria set forth in the Operational Manual and consist of: (i) social infrastructure projects which consist of: (a) the rehabilitation, expansion or construction of schools, health centers, day care centers, shelter homes for children, the elderly and the disabled, community centers, training facilities and sport facilities, including the acquisition and utilization of the goods required therefore; or (b) the rehabilitation or construction of latrines, community showers, drains and canals and community-based water systems; (ii) economic infrastructure projects which consist of: (a) the rehabilitation or upgrading of parochial, feeder and urban access roads; or (b) the rehabilitation or construction of community-based agro-processing facilities; or (iii) social services projects which consist of: (a) the provision of technical assistance and training in career guidance, job placement, counseling, and parenting and family-life education; or (b) the provision of training in productive sector skills.

While the list of activities will be the same for both types of contracts, JSIF will be executing larger and more complex subprojects while the communities will be contracting smaller and relatively simple ones.

#### **By Component:**

##### **Project Component 1 - US\$18.30 million**

**WB Financing: \$12.38 million**

##### **JSIF Subprojects:**

**Total: \$15.1 million**

**WB Financing: \$9.8 million**

These will be subprojects contracted by JSIF. Under this component, basic services are to be provided in poor communities which suffer from the effects of recent declining tourism expenditures. JSIF already has a backlog of requests for priority basic services from communities throughout the island. In order to provide a quick response to basic service needs of such groups while generating much-needed investments in the affected communities, JSIF will select those requests which meet established pre-approved weighted criteria, including the number of temporary unskilled jobs created. The sub-project menu would include those activities already being financed by JSIF in line with its charter, such as those described above, and innovative projects to reach the more vulnerable populations, particularly in the urban areas where traditional JSIF projects have not been as successful. JSIF will then contract the works through private contractors/consultants, with the beneficiary communities being closely involved in the process.

Both urban and rural communities are expected to benefit from works under this component. However, since JSIF's strength has traditionally been in the rural and semi-urban areas, efforts are being made to have JSIF use partner entities which have relatively greater experience in urban areas.

##### **Community Subprojects:**

**Total: \$3.3 million**

**WB Financing: \$2.6 million**

This component will promote demand-driven and community-contracted and managed projects to provide basic services and infrastructure within such communities. Currently, the parishes and other authorities are working with several communities to form Community Development Committees which are preparing Community Development Plans. Prior to preparing this project, the European Union (EU), and British Department for International Development (DFID) have been working with JSIF, the SDC and several community groups to develop Community Based Contracting models. The Bank's contribution under this project will enrich such efforts aimed at strengthening community ownership, cooperation, management, maintenance, and help generate temporary jobs within the participating communities. This component will provide JSIF with the opportunity to formalize and structure such an arrangement, building upon the Bank's successful experience with community contracting, primarily in Africa.

Over the next year, JSIF's project cycle and manual will be revised to incorporate the special procedures needed for community based contracting. Along with TA and several orientation material which have already been discussed with JSIF, handbooks and other material which are being field-tested by OPCPR for community procurement in Jamaica, will be incorporated into the documents used for community procurement in this project. Because this is a relatively new tool, it is anticipated that there may be need for mid-stream adjustments and modifications as the process gets underway and obstacles arise and are addressed.

The role of the SDC and NGOs will be very pivotal as JSIF works with the communities and CDCs to prepare CDPs and to implement them via community based contracts. Interested communities can apply for community based contracting projects only after they have complied with all of the various requirements (including the establishment of formal entities with elected representatives and other related conditions as stipulated in JSIF's guidelines). Financing for community based contracting works will commence only after Bank-approved procedures are in place. This is expected to occur within one year of project effectiveness.

These subprojects will cost less than US\$100,000 equivalent.

### **Project Component 2 - US\$3.04 million**

**WB Financing: \$2.17 million**

Technical Assistance and Institutional Strengthening. One area of focus of this component will be upon the implementation of the JSIF's newly-revised project cycle, which addresses several of the shortcomings mentioned in the evaluation reports on JSIF. Improvements in the project cycle should lead to shorter project cycles, better project designs, higher community contributions, greater responsiveness of the communities and clearing of the pipeline each year. The JSIF Operations Manual has been revised to reflect greater focus upon these areas.

As JSIF moves toward promoting more CBC projects, it will need to train its staff, partners and beneficiary communities to facilitate more effective community dialogue. Moreover, as JSIF's role evolves into a more catalytic and facilitating entity, better coordination between JSIF, the communities, parishes and line ministries will also be needed. This component will be used to finance technical assistance and training (for consultants and stakeholder workshops) of JSIF and its partner organizations (SDC, CDS, KRC, and other NGOs and beneficiary groups). Financing will also be provided for institutional strengthening activities to enable JSIF to fully incorporate CBC into its operations. Implementing CBC will require additional support for JSIF as compared to traditional JSIF-contracted sub-projects, CBC projects will demand more labor intensive interaction with the communities, particularly with the amount of training needed. This component includes provisions to finance consultants to help JSIF in procurement activities, community liaisons and technical issues in the sub-projects (estimated at 2 procurement officers, 2 social officers, and 1 technical officer for project implementation).

### **Project Component 3 - US\$ 8.16 million**

**WB Financing: \$0.30 million**

Project Administration. While the counterpart funding will be used to pay for staff and operational funding, this component will provide for goods (equipment and vehicles) needed to support the increased activity associated with community contracting. Funding will be available for goods needed to facilitate sub-project supervision, monitoring and community training.

**Annex 3: Estimated Project Costs**  
**JAMAICA: National Community Development Project**

Project Cost By Component	Local US \$million	Foreign US \$million	Total US \$million
Subprojects	16.00	2.30	18.30
Technical Assistance, Institutional Strengthening, Training	2.49	0.55	3.04
Project Administration (including Goods)	6.66	1.50	8.16
<b>Total Baseline Cost</b>	25.15	4.35	29.50
Physical Contingencies	0.00	0.00	0.00
Price Contingencies	0.00	0.00	0.00
<b>Total Project Costs</b> <sup>1</sup>	25.15	4.35	29.50
Front-end fee		0.15	0.15
<b>Total Financing Required</b>	25.15	4.50	29.65

Project Cost By Category	Local US \$million	Foreign US \$million	Total US \$million
<b>Goods</b>	0.15	0.20	0.35
<b>Works</b>	16.00	2.30	18.30
<b>Services</b>	2.20	0.54	2.74
<b>Administrative</b>	6.50	1.31	7.81
<b>Training</b>	0.30	0.00	0.30
<b>Total Project Costs</b> <sup>1</sup>	25.15	4.35	29.50
Front-end fee		0.15	0.15
<b>Total Financing Required</b>	25.15	4.50	29.65

Note: Since the project is essentially a financial intermediary type operation, no contingencies have been provided for the sub-projects. Any increases in the average subproject cost would be reflected in a reduced number of subprojects executed.

<sup>1</sup> Identifiable taxes and duties are 2.61 (US\$m) and the total project cost, net of taxes, is 27.04 (US\$m). Therefore, the project cost sharing ratio is 55.47% of total project cost net of taxes.

**Annex 4**  
**Economic Analysis Summary**  
**JAMAICA: National Community Development Project**

**Background**

In most instances, the type of the sub-projects financed, their size, location and other characteristics do not allow for traditional economic rate of return analyses. However, there is a very strong proxy for such analyses when beneficiaries are given the opportunity to assess their needs and establish priorities. Additionally, by requiring that beneficiaries contribute a minimum of their own resources (in cash or in kind), the importance of the subproject becomes very evident. In JSIF's project selection and design processes, efforts have been made to ensure that least-cost consideration will be more explicitly taken into account. In addition to efficiency factors, such an approach is also expected to result in more appropriate technology being utilized (e.g. community latrines instead of in-house connections as a first stage for those who can only afford the former at this time). In its evaluation process, JSIF will incorporate weights for such factors as project cost (negative correlation); contribution from beneficiaries (positive correlation); contribution from private sector (positive correlation); operation and maintenance provisions (positive correlation).

**Economic Analysis of Previous JSIF Sub-projects**

In 2001, an impact-evaluation study was conducted by an external consultant to measure the impact of JSIF sub-projects. In particular, economic analyses were performed on water and road projects with very favorable results. The Internal Economic Rate of Return (IERR) for the 12 rural road projects examined ranged from 7% to 23%, with an average of 13%. The IERR for the 9 water projects ranged from 83% to 303%, and averaged 198%. The high rates for the water supply projects was probably because most of the interventions were in rural communities which had no regular or easy access to potable water. The reduction in water-borne diseases and time-savings also tend to greatly increase the benefits of such water projects.

**Economic Analysis of Community-Based Contracting Sub-projects**

Studies show that if conducted properly, the benefits derived from community-based contracting usually exceed those under private contracting. CBCs are designed to elicit greater community participation in all stages of project construction. Greater participation of the community could lower project cost and increase benefits to the participants. Moreover it helps to promote a better sense of ownership and with this, greater interest in maintenance and operation, which results in lower life-cycle costs.

Support for these observations comes from the recently-published "Social Funds 2000 Impact Evaluation" which evaluated the comparative costs between direct contracting and community-based contracting. The results showed that in all of the countries in the study, community managed resources led to lower unit costs. Lower cost per unit resulted from lower contractor profit margins, greater transparency and accountability, better control of price escalations, and less expenditure on materials. Moreover, it was found that community-based projects raised the level of local support better than those that were contracted out. Though workmanship of community projects was slightly lower and project completion took longer, these were not considered significant negative factors. In other cases such as the Mexico Municipal Fund Program, CBC project costs were reportedly 30% below those using outside contractors and the quality of the projects was also superior to those in State programs.

Since CBC will be a new element to JSIF, data on CBC project costs and quality will be maintained and later compared with traditional sub-projects to measure cost effectiveness and efficiency. Aside from the financial cost aspect, other benefits from CBC will also be measured, including social mobilization, training of community members in procurement and contracting, and improved sustainability of the completed projects.

**Annex 5: Financial Summary**  
**JAMAICA: National Community Development Project**  
**Years Ending**  
**June 30**

	<b>IMPLEMENTATION PERIOD</b>						
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>
<b>Total Financing Required</b>							
<b>Project Costs</b>							
<b>Investment Costs</b>	2.0	3.5	3.6	4.0	3.0	1.0	0.0
<b>Recurrent Costs</b>	1.2	2.5	2.5	2.5	2.5	1.2	0.0
<b>Total Project Costs</b>	3.2	6.0	6.1	6.5	5.5	2.2	0.0
<b>Front-end fee</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Financing</b>	3.2	6.0	6.1	6.5	5.5	2.2	0.0
<b>Financing</b>							
<b>IBRD/IDA</b>	2.0	3.0	3.0	3.0	3.0	1.0	0.0
<b>Government</b>	0.9	2.3	2.4	2.8	1.8	0.8	0.0
<b>Central</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Provincial</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Co-financiers</b>					0.0	0.0	0.0
<b>User Fees/Beneficiaries</b>	0.1	0.2	0.2	0.2	0.1	0.1	0.0
<b>Other</b>	0.2	0.5	0.5	0.5	0.6	0.3	0.0
<b>Total Project Financing</b>	3.2	6.0	6.1	6.5	5.5	2.2	0.0

**Main assumptions:**

Continued parallel financing from other donors will be forthcoming. JSIF currently receives about 60% of its funds from other agencies, including the Inter-American Development Bank, Caribbean Development Bank, CIDA, Government of the Netherlands, European Union, Organization of Petroleum Exporting Countries and Britain's DFID.

The project is for 5 years, spread over 6 fiscal years.

**Annex 6(A): Procurement Arrangements**  
**JAMAICA: National Community Development Project**

**Procurement**

**A) Procurement Arrangements**

Procurement for the proposed project would be carried out in accordance with World Bank "*Guidelines: Procurement Under IBRD Loans and IDA Credits*", published in January 1995 (revised January/August 1996, September 1997 and January 1999); and "*Guidelines: Selection and Employment of Consultants by World Bank Borrowers*" published in January 1997 (revised in September 1997, January 1999, and May 2002), and the provisions stipulated in the Project Agreement between the Bank and the Jamaica Social Investment Fund.

**1) Procurement methods:** The methods to be used for the procurement described below, and the estimated amounts for each method, are summarized in Table A. The threshold contract values for the use of each method are fixed in Table B.

**Procurement of Works**

Works procured under this project would include works for subprojects to be procured and implemented by JSIF totaling US\$15.05 million equivalent. Works estimated to cost more than US\$100,000 will be procured following National Competitive Bidding (NCB) procedures, using standard bidding documents agreed in advance with the Bank. Works estimated to cost less than US\$100,000 may be procured following Three Quotations procedures using model request for quotations satisfactory to the Bank.

In the case of community subprojects, and on exceptional cases where three quotations are not feasible to obtain, procurement of work might be carried out by direct contracting, and prior agreement with the Bank will be sought.

**Procurement of Goods**

Goods procured under this project would include office supplies and equipment totaling US\$350,000 equivalent. To the extent possible, contracts for these goods will be grouped into bidding packages of more than US\$150,000 equivalent and procured following International Competitive Bidding (ICB) procedures, using Bank-issued Standard Bidding Documents (SBDs). Contracts with an estimated value below this threshold per contract and up to an aggregate amount of US\$0.3 million may be procured using National Competitive Bidding (NCB) procedures and standard bidding documents agreed with the Bank. Contracts for goods which cannot be grouped into larger bidding packages and estimated to cost less than US\$25,000 per contract, up to an aggregate amount of US\$0.1 million, may be procured using national shopping procedures based on a model request for quotations satisfactory to the Bank.

## **Selection of Consultants**

Technical Assistance for institutional strengthening and training are estimated to cost US\$2.2 million equivalent and would be procured using Bank Standard Request for Proposals.

### *Firms*

Contracts for firms estimated to cost more than US\$50,000 will be procured using Quality and Cost-Based Selection (QCBS) method. Contracts for firms estimated to cost less than US\$50,000 up to an amount of US\$1.0 million equivalent may be procured using Consultant Qualification (CQ) or Least Cost Selection (LCS) methods.

### *Individuals*

Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of three candidates and hired in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines, up to an aggregate amount of US\$0.5 million.

**Subprojects Contracted by Communities:** The Loan would partially finance the cost of goods and services for the implementation of demand driven subprojects to be proposed and implemented by communities. They are estimated to amount US\$3.25 million equivalent. These subprojects will have a cost ceiling of US\$100,000 and will be selected following the criteria established in the Project Operations Manual. The goods and works for the subprojects will be procured following Three Quotations procedures.

Where three quotations are not feasible to obtain, procurement of works might be carried out by direct contracting, and prior agreement with the Bank will be sought.

The Operations Manual will include detailed procedures for procurement of small works contracts, including community contracting.

**2) Prior review thresholds:** The proposed thresholds for prior review are based on the procurement capacity assessment of the Jamaica Social Investment Fund (JSIF) and are summarized in Table B. In addition to this prior review of individual procurement actions, the procurement plan will be reviewed and approved by the Bank annually.

## **B) Assessment of the agency's capacity to implement procurement**

The Jamaica Social Investment Fund, JSIF, a temporary, autonomous Government sponsored institution, will coordinate project implementation. The JSIF is composed by a Board of Directors, a Managing Director and four management units: (i) Research, Evaluation, Documentation and Dissemination (REDD) Unit, (ii) Operations Coordination Unit, (iii) Financial and Administration Department, and (iv) a Management Information System Unit. Within the Finance and Administration Department, a Procurement Unit carries out procurement activities and an Accounting Unit is

responsible for recording project expenditures and preparing financial statements.

Initially, the subprojects will be procured and implemented only by JSIF. Capacity assessment of the communities will be carried out before the CBC component can commence. Within the Operations Coordination Unit, a Community Projects Unit will assist the Communities in the preparation of subprojects and applications for JSIF financing; a Screening and Project Concept Development Committee will review and approve the subprojects submitted by the Communities. For a project to be eligible for JSIF funding it must be within the Government's poverty-mapped area; be in JSIF's priority project menu; have no resettlement requirements; include some form of beneficiary contribution; and for Community Based Contracting, demonstrate the capacity of the community to undertake the works. In the project analysis and selection process, priority will be given to subprojects which have simple design; involve small works; have a relatively high ratio of unskilled labor needs; have short implementation period; benefit a relatively large pool of poor residents; have a relatively large share of community contribution; are in an advanced stage of preparation and include sustainable operation and maintenance provisions. The Procurement Unit within the Finance and Administration Department will carry out the procurement process for contracting the construction of the subprojects and consultant services for their supervision.

Commencing the second year, selected subprojects will be contracted and implemented by the communities that demonstrate capacity to assume subproject implementation, and JSIF will continue implementing subprojects for the communities that do not have such capacity. For the subprojects to be implemented by the communities, JSIF would sign a Financing Agreement with the sponsor community under a lump-sum basis. Payments to the community would be made in tranches on the basis of physical progress and the community would be responsible for the procurement of works, goods and services required for the subproject implementation. Consistent with the Operational Manual and the capacity assessment of the community, the financing agreement with the community will spell out, among other things, the procurement arrangements to be used by the community.

An assessment of the capacity of the JSIF to implement procurement actions for the project has been carried out and was approved by the Regional Procurement Advisor on July 25, 2002. The proposed organization, the staffing of the JSIF and the project implementation arrangements are satisfactory. A Project Operations Manual will include procurement procedures, standard bidding documents to be used for each procurement method, and model contracts for works and goods procured on the basis of three quotations or shopping.

- a) The main risks identified in the assessment include: (i) **Staff** High turnover of JSIF technical staff that constitutes a risk for an efficient project implementation, especially on procurement activities; (ii) **Limited Implementation Capacity of CBC Communities**: Since this is a relatively new role for the communities, there will be a learning process. As discussed in other sections, the Bank has taken several steps (OPCPR seminar, JSIF staff visits, planned community capacity assessment), aimed at facilitating this process and minimizing expected problems; (iii) **Bidding Documents and Bidding Process**: The Communities are not familiar with procurement procedures. The risk of procurement procedures inadequately applied is high; (iv) **Construction Designs and Technical Specifications**: Deficiencies occurred in the

construction designs and technical specifications were cause for problems in the previous project implementation. They may also occur in the proposed project; (v) **Subproject implementation:** lack of experience in project implementation by Communities; (vi) **Audit:** the Internal Audit Unit is not staffed; and (vii) **Record Filing:** Present JSIF system for filing procurement records is inadequate.

b) The following plan to address these risks is included in the PCA report and was agreed by the JSIF: **By negotiations:** (i) JSIF will submit to the Bank a Procurement Plan for the first six months of project implementation and will commit to update the plan every six months; (ii) JSIF to submit a draft Project Operation Manual (POM) that include selection criteria of subprojects, procurement procedures fully consistent with Bank Guidelines for Procurement and Guidelines for the Use of Consultants, detailed procedures and instructions for filing of procurement records, and SBDs with one-envelop system; (iii) JSIF to (a) appoint an Internal Auditor, and (b) provide evidence to the Bank that contract for external audit has been extended, or if not, to contract a new firm. **Before the start of procurement of works:** (v) JSIF staff would include two senior procurement officers. One of them to coach Communities and oversee their procurement activities; (vi) JSIF will appoint qualified individual consultants to review the standard designs for roads, schools and medical centers as well as their technical specifications. **Before the start of subproject implementation:** (vii) JSIF to invite NGOs to submit proposals for assisting the Communities in subproject implementation; (viii) Capacity assessment of communities.

The overall project risk for procurement is AVERAGE. The project is ELIGIBLE for FMR-based disbursements on procurement reporting grounds in view that the project includes improvements to JSIF Management Information System.

### **C) Procurement Plan**

Prior to negotiations, the Borrower submitted a Procurement Plan for project implementation. The aggregate amounts for the procurement methods (per Table A) are based on project cost estimates. At the beginning of each calendar year, the Borrower will update the Procurement Plan with a detailed procurement schedule for the coming year.

### **D) Frequency of Procurement Supervision**

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the JSIF has recommended one supervision mission to visit the field every three months during the first year and one full supervision mission once every six months thereafter to carry out post review of procurement actions. Based on the overall risk assessment (AVERAGE) the post-review field analysis should cover a sample of not less than 1 in 5 contracts signed.

Procurement methods (Table A)

**Table A: Project Costs by Procurement Arrangements**  
(US\$ million equivalent)

Expenditure Category	Procurement Method <sup>1</sup>				Total Cost
	ICB	NCB	Other <sup>2</sup>	N.B.F.	
<b>1. Works</b>	0.00 (0.00)	2.45 (1.50)	12.60 (8.30)	0.00 (0.00)	15.05 (9.80)
<b>2. Goods</b>	0.00 (0.00)	0.35 (0.30)	0.00 (0.00)	0.00 (0.00)	0.35 (0.30)
<b>3. Services</b> Technical assistance and institutional strengthening 3/	0.00 (0.00)	0.00 (0.00)	2.75 (1.92)	0.00 (0.00)	2.75 (1.92)
<b>4. Project Management</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	7.81 (0.00)	7.81 (0.00)
<b>5. Front-end fee</b>	0.00 (0.00)	0.00 (0.00)	0.15 (0.15)	0.00 (0.00)	0.15 (0.15)
<b>6. Sub-Projects Contracted by Communities 4/</b>	0.00 (0.00)	0.00 (0.00)	3.25 (2.58)	0.00 (0.00)	3.25 (2.58)
<b>7. Training 5/</b>	0.00 (0.00)	0.00 (0.00)	0.30 (0.25)	0.00 (0.00)	0.30 (0.25)
<b>Total</b>	0.00 (0.00)	2.80 (1.80)	19.05 (13.20)	7.81 (0.00)	29.66 (15.00)

<sup>1/</sup> Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

<sup>2/</sup> Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to managing the project. Consultant selection will be made using individual consultants method.

<sup>3/</sup> WB component includes funds for technical assistance to JSIF to implement CBC, institutional strengthening to NGOs and communities; project evaluation and monitoring; and general institutional support to JSIF.

<sup>4/</sup> Demand driven sub-projects to be implemented by communities. The goods and works for these subprojects will be procured following three quotations procedures for contracts less than US\$100,000, and direct contracting for works contracts with a value less than US\$5,000 and goods contracts with a value less than US\$2,000

<sup>5/</sup> US\$63,000 for CBC training workshops to the communities, US\$187,000 training programs to NGOs and communities.

**Table A1: Consultant Selection Arrangements (optional)**  
(US\$ million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost <sup>1</sup>
	QCBS	QBS	SFB	LCS	CQ	Other	N.B.F.	
<b>A. Firms</b>	0.70 (0.55)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.00 (0.80)	0.00 (0.00)	0.00 (0.00)	1.70 (1.35)
<b>B. Individuals</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.05 (0.57)	0.00 (0.00)	1.05 (0.57)
<b>Total</b>	0.70 (0.55)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.00 (0.80)	1.05 (0.57)	0.00 (0.00)	2.75 (1.92)

<sup>1)</sup> Including contingencies

Note: QCBS = Quality- and Cost-Based Selection

QBS = Quality-based Selection

SFB = Selection under a Fixed Budget

LCS = Least-Cost Selection

CQ = Selection Based on Consultants' Qualifications

Other = Selection of individual consultants (per Section V of Consultants Guidelines), Commercial Practices, etc.

N.B.F. = Not Bank-financed

Figures in parenthesis are the amounts to be financed by the Bank Loan.

Prior review thresholds (Table B)

**Table B: Thresholds for Procurement Methods and Prior Review<sup>1</sup>**

<b>Expenditure Category</b>	<b>Contract Value Threshold (US\$ thousands)</b>	<b>Procurement Method</b>	<b>Contracts Subject to Prior Review (US\$ millions)</b>
<b>1. Works</b>	>\$100K < \$100K	NCB Three quotations (JSIF)	All over \$200K: 1.2 First five contracts: 1.3
<b>2. Goods</b>	> \$150K <\$150K <\$25K <\$2K	ICB NCB Local shopping Direct contracting	All First two: 0.25 None None
<b>3. Services Firms</b>	>\$50K <\$50K	QCBS LCS (auditing), CQ (for other contracts)	All : 0.7 Only TORs
<b>4. Services - Individuals</b>	>\$50K <\$50K	See Section V of guidelines	All (TOR, contract, CV) Only TOR
<b>5. Services - NGO-sponsored and executed sub-projects</b>	>\$50K <\$50K		All First three contracts

**Total value of contracts subject to prior review:** \$3.55 million

**Overall Procurement Risk Assessment:** Average

**Frequency of procurement supervision missions proposed:** One every 6 months  
(includes special procurement supervision for post-review/audits)

reviewing a sample of 1 in 5 contracts signed. In the first year of community based contracting, supervision mission should be conducted every 3 months.

<sup>1)</sup> Thresholds generally differ by country and project. Consult "Assessment of Agency's Capacity to Implement Procurement" and contact the Regional Procurement Adviser for guidance.

## **Annex 6(B) Financial Management and Disbursement Arrangements JAMAICA: National Community Development Project**

### **Financial Management**

#### **1. Summary of the Financial Management Assessment**

As with the just-completed Bank project, JSIF has the lead role in implementing the new project. A Financial Management (FM) Assessment carried out by a Bank Financial Management Specialist concluded that the financial management capacity of the JSIF, with its prior experience in Bank projects, provides a strong basis for good project financial management. However, some aspects of JSIF's FM system need strengthening. More importantly, inclusion of the project component for community-based contracting activities will require several actions with respect to such areas as internal control, monitoring, and reporting requirements of JSIF and its partner entities. These actions can only be taken after the community procurement component is better defined (after the project becomes effective), with all of the needed control and related measures approved by the Bank and established in JSIF and other partner entities.

**Country Context.** The latest Jamaica Country Financial Accountability Assessment (CFAA) was completed in May 2001. While it identified a number of weaknesses in government financial management, the CFAA came to a general conclusion that there is a foundation of transparency and accountability in public financial management systems. The CFAA also noted a number of reforms currently underway, including those financed in part by the Bank via the Public Sector Modernization project. Bank-financed projects are therefore encouraged to utilize existing government systems, including those of entities such as JSIF, rather than creating entirely separate, project-specific FM arrangements.

#### **Description and Assessment of FM Arrangements**

**The Entity.** JSIF received support from the Bank-financed Jamaica Social Investment Fund project, which closed in 2001, and continues to function as an ongoing legal entity. Current JSIF operations are funded by a number of sources, including the Government of Jamaica, the Inter-American Development Bank, the Caribbean Development Bank, OPEC, and the EU.

Under the previous Bank-financed JSIF project, a number of financial management issues arose, as a result of audits, Bank missions, and other supervision processes. However, as stated in the just-completed ICR of this project, Financial Management was considered to be much improved by the end of the operation as compared to the earlier years (1996-97).

**Staffing of the Finance Function.** JSIF's Finance and Administration Unit is considered to be fully staffed. It is headed by a Finance and Administration Manager, and also includes a Financial Controller, Financial Analyst, Financial Accountant, and Accounting Clerk. All staff have sufficient background and experience for their duties. The financial staff are considered capable of absorbing the duties of the proposed project to the degree that it is implemented in a manner similar to current JSIF operations. The requirements of the community based contracting system will require some additional preparation of the staff and this will be done after the community based contracting system is developed.

**Funds Flow Arrangements.** Funds would be managed through a process which is similar to that used for the previous JSIF Bank loan in which a Special Account was maintained in US dollars, and payments were made to local contractors via a local currency account. All funds would be first budgeted via the Government's normal budget processes, with counterpart funds made available on a quarterly basis via

the Government's warrant system.

After the community based contracting system becomes operational during the first year of project implementation, additional internal control and reporting arrangements acceptable to the Bank would be put in place before funding for that component can commence.

**Accounting System.** During 2000 and 2001, JSIF migrated from the MACOLA accounting software package to ACCPAC. ACCPAC is now considered to be fully functioning. Duties for entering and maintaining information in the system are segregated among the financial staff. The software has a multi-currency feature, but this is limited in that it only allows for the translation of balances – this is sufficient for asset and liability accounts, but for sources or uses of funds, the average or weighted average exchange rates must be manually calculated. This is not an ideal arrangement but represents an improvement over MACOLA which did not have any multi-currency capabilities.

In-kind contributions are generally required to be made by the communities where JSIF projects are undertaken, although compliance with this requirement has not been consistent. JSIF is considered to have an adequate system for recording these contributions. In the past, the project supervisor had to certify that the contributions are actually made and this certification is then reviewed by the JSIF internal auditor before entry into the accounting system (as a simultaneous source and use of funds). For this project, the internal auditor will not be involved in such a line function, but instead be allowed to focus on systemic issues.

**Financial Management Procedures.** The updated JSIF Operational manual, dated July 2002, contains the key financial procedures. This manual reflects procedural changes including those arising from this project. Further modifications, acceptable to the Bank, will have to be made during the first year of project implementation in order to accommodate the requirements of the community based contracting component before disbursements for this component are permitted.

**Reporting and Monitoring.** JSIF produces a number of internal financial reports, while also having to create reports for the various donors. Through the use of macros, customized reports can be generated directly in Excel from ACCPAC, which facilitates this process. Each donor has a unique code in the software which allows for the transactions related to that financier to be segregated.

For the NCD project, two main financial-oriented reports will be submitted to the Bank. The annual financial statements will be prepared and audited as in the JSIF project. JSIF's audit reports represent a "good practice" model for streamlined reporting, in that an overall report is produced which incorporates the specific information related to various stakeholders. In addition to the audit report, all Bank-financed projects must produce a Financial Monitoring Report, which includes information on financial, physical, and procurement progress. These reports are normally linked by reporting by project components and activities. The information from ACCPAC, along with that contained in the JSIF MIS, will be used not only to generate FMRs, but more generally, to provide better information for JSIF managers and other stakeholders.

## **Risks.**

The following matrix details the financial management risk assessment for the project. The greatest risks are posed by the nature of social fund operations, including the decentralized, community-oriented implementation of many small projects and the inherent political pressures on such organizations. These inherent risks are mitigated in part by the arrangements that have been put in place in JSIF in recent years.

	<b>Risk Assessment</b>				<b>Comments</b>
	<b>H</b>	<b>S</b>	<b>M</b>	<b>N</b>	
<b>Inherent Risk</b>					
Country			X		
Entity			X		FM systems recently improved
Project		x			Due to nature of Social Investment Funds and dispersion of authority
<b>Overall Inherent Risk</b>		x			Track record of JSIF for CBC not yet fully established
<b>Control Risk</b>					
1. Implementing Entity			x		
2. Funds Flow		x			
3. Staffing			x		
4. Accounting Policies and Procedures			x		
5. Internal Audit		x			Weak in the past
6. External Audit				x	
7. Reporting and Monitoring			x		Project reporting arrangements still to be established
8. Information Systems			x		Better linkages still sought between MIS and FM system – management info needs not being fully met
<b>Overall Control Risk</b>			x		

H – High    S – Substantial    M – Moderate    N – Negligible or Low

### Summary of Strengths and Weaknesses of FM Arrangements

Key strengths of the project's FM arrangements are:

- The entity's experience with a prior Bank-financed project
- Sufficiently staffed financial function without minimal recent turnover of key financial staff (Finance and Admin. Manager, Financial Controller)
- Adequate external audit arrangements and a record of understandable, informative audit reports and management letters
- Recently installed/established accounting software and fixed assets tracking system

Key areas to be arranged or improved are:

- Chart of accounts and reporting arrangements for the proposed project (reflecting definition of project objectives, components, and financial plan/costs)
- Appointment of an internal auditor who has a strong voice with the JSIF Board
- Definition of funds flow arrangements to provide adequate financing for the yet-to- be-defined project activities within a proper control environment

- Financial procedures in the Operational Manual to be updated in conjunction with the overall revision of the manual

### Action Plan

The following financial management system has been agreed upon between the Bank and GOJ:

<i>Action</i>	<i>Responsible Person</i>	<i>Completion Date</i>
Revise financial aspects of <b>Operations Manual</b>	JSIF Finance and Admin. Unit	Advanced draft prepared
Define <b>chart of accounts</b> for the project	JSIF – depends on definition of project activities, funding, and cost	<b>Completed</b>
<b>Reporting, including FMR formats</b> , defined	JSIF management, JSIF finance team, Bank task team	<b>Prior to Negotiations</b> - FMR formats to be attached to Minutes of Negotiations
Contract <b>internal auditor</b>	JSIF management	<b>March 31, 2002</b>
<b>External audit</b> – confirm arrangements	JSIF provides evidence to the Bank that current audit contract will be extended, or if not, carries out contracting of new firm	<b>September 30, 2002</b> (auditors currently under contract for the audit of the year ended 3/31/02 are acceptable to the Bank)

### Issues to be Included in Legal Agreements

The project would be expected to have standard financial management requirements in legal agreements. These include the requirements for annual audits, submission of FMRs to the Bank on a quarterly basis, and thresholds for the prior review of contracting and the use of Statements of Expenditure (SOEs).

### Supervision Plan

Although this project required relatively less intensive assessment by Bank staff during project preparation, due to the nature of the project and past financial management problems in JSIF, a normal supervision effort is planned. This would involve participation by FM staff in supervision missions at least once per year, including annual reviews of Statements of Expenditure, and prompt review of annual audit reports including the key findings in the auditor's Management Letter. The timely preparation of Financial Monitoring Reports (FMRs) by JSIF will allow the Bank to better focus its supervision efforts.

## 2. Audit Arrangements

**Internal Audit.** The position of internal auditor was recently filled. The job description for the position is considered to appropriately represent the role and functions of this position, which reports directly to the JSIF Board of Directors. In the past the person(s) in this position have often carried out line financial functions, and have not had a strong stature in the organization. It was agreed with JSIF that the current internal auditor will be allowed to focus on systemic issues, while also having the role of receiving comments from staff in a confidential manner. In this way the person will be carrying out the modern internal audit function, thus contributing to the image and integrity of JSIF as an organization.

**External Audit.** After some initial formatting and timing issues, the quality of audits in the Bank-financed JSIF project was considered to be good. As noted above, the format of the audits reflect what Bank is now encouraging – one audit for the entity with information for individual donors provided in separate schedules. The current auditors were appointed for a one-year contract renewal in August 2002 in a meeting of the JSIF Board. These auditors are acceptable to the Bank, as they have produced well-organized, informative audit reports and management letters in previous years. JSIF should confirm by September 2002 the decision of the Board for the audit of the period April 2002 – March 2003, as that will be the first audit that reflects the result of the new Bank project. By that time, audit TORs (as modified to reflect the project needs) should be submitted to the Bank, and a formal No Objection should be sought for the current firm (if renewed) or short list of firms (if a new procurement process will be undertaken).

**Fixed Assets.** A recurring item mentioned by auditors in JSIF management letters has been the establishment of an appropriate fixed assets register and related tracking system for JSIF assets. It appears that this system is now largely in place, as an Excel sheet is maintained of the entity's fixed assets – consisting of primarily computer equipment and vehicles – and assets have been labeled with a numbering system that combines a code from the chart of accounts with the asset's serial number. This system will be further tested by the external auditors in their audit for the year ended March 31, 2002.

### **3. Disbursement Arrangements**

The project will be implemented over a four year period, from January 2003 to January 2007. Procurement will be completed by September 2006. The proposed allocation of the loan is shown in Table C.

Disbursement for JSIF Subprojects will be divided into two categories. Category A, for an amount equivalent to US\$3 million corresponds to the 30% of the total allocation for JSIF subprojects. This amount will be available for project execution upon project effectiveness. Category B, for an amount equivalent to US\$6.8 million, will be available for the execution of JSIF subprojects only if activity in Community Subprojects has commenced.

Disbursements for Community Subprojects. As specified in their Operational Manual, for the community subprojects, JSIF will be making payments to the communities in 3 tranches of 30%, 50%, and 20%. At the start of the project a first payment into the project account will be made of 30 % of the project cost. After receipt of satisfactory technical progress reports and 70% disbursement of the tranche(s) the following tranches of 50 % and 20 % respectively can be released. Reimbursements for community contracted subprojects will be made on evidence of disbursements from JSIF to the community project committees (CPC). The Bank, however, will provide disbursements of the tranches only after completion of each stage. Therefore, the initial 30% advance will be funded by counterpart funds, and then reimbursed by the Bank once the first phase of work is complete. The same holds true of the remaining tranches.

IBRD will not finance taxes. The standard disbursement percentage for Jamaica is 85% for foreign and 80% for local. To ensure compliance, no more than 80% of technical assistance and consulting services will be financed. To encourage community contracting sub-projects, 80% of disbursements will be financed, whereas traditional JSIF contracted sub-projects will be financed at 65%.

#### **Allocation of loan proceeds (Table C)**

**Table C: Allocation of Loan Proceeds**

<b>Expenditure Category</b>	<b>Amount in US\$million</b>	<b>Financing Percentage</b>
1. JSIF Subprojects A. \$3.0 mln B. \$6.8 mln	9.80	65%
2. Community Subprojects	2.58	80%
3. Technical Assistance, and Institutional Strengthening	1.92	80%
4. Training	0.25	85%
5. Goods	0.30	85%
<b>Total Project Costs</b>	14.85	
<b>Front-end fee</b>	0.15	100%
<b>Total</b>	15.00	

**Use of statements of expenditures (SOEs):**

SOEs will be used for procurement below prior review.

**Special account:**

The Special Account will have an "authorized allocation" of \$US500,000, and shall be limited to the amount of US\$1,500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of US\$1,500,000.

**Annex 7: Project Processing Schedule**  
**JAMAICA: National Community Development Project**

<b>Project Schedule</b>	<b>Planned</b>	<b>Actual</b>
<b>Time taken to prepare the project (months)</b>	3	7
<b>First Bank mission (identification)</b>	11/04/2001	11/04/2001
<b>Appraisal mission departure</b>	08/15/2002	08/29/2002
<b>Negotiations</b>	09/05/2002	09/05/2002
<b>Planned Date of Effectiveness</b>	01/31/2003	01/31/2003

**Prepared by:**

Thakoor Persaud, LCSFU  
 Elaine Tinsley, LCSPE

**Preparation assistance:**

Ophelia Haase, LCSFU

**Bank staff who worked on the project included:**

<b>Name</b>	<b>Speciality</b>
Thakoor Persaud	Task Team Leader
Elaine Tinsley	PAD Coordinator
Josephina Stubbs	Social Sector
Marcelo Osorio	Procurement
Daniel Boyce	Financial Management
Rajeev Swami	Financial Management
Yewande Awe	Environment
Ophelia Haase	Team Assistant
Maria Victoria Lister	Quality Assurance
Mila Freire	Sector Manager, Urban
Luz Meza-Bartrina	Legal
Jose Augusto Carvalho	Legal

**GOVERNMENT OF JAMAICA STAFF**

Scarlette Gillings, Managing Director, Jamaica Social Investment Fund (JSIF)  
 Faith Graham, Finance and Administrator Manager, JSIF  
 Bridgette Levy, Participation Coordinator, JSIF  
 Shelley Anne Glasgow, Projects Coordinator/Environmental Officer, JSIF  
 Rhian Holder, Social Officer, JSIF

Devon Rowe, Deputy Financial Secretary, Ministry of Finance  
 Leila Palmer, Director of External Cooperation Management, Planning Institute of Jamaica

**Annex 8: Documents in the Project File\***  
**JAMAICA: National Community Development Project**

**A. Project Implementation Plan**

- Jamaica Social Investment Fund Operational Manual.
- Jamaica Social Investment Fund Project Cycle. 2002

**B. Bank Staff Assessments**

- Aide-Memoire for Pre-Appraisal Misson, Jan. 17-24, 2002.
- Financial Management Assesment, February 12-15, 2002.
- Implementation Completion Report - Jamaica Social Investment Fund. Social and Human Development Unit. Draft 2001.
- JM-NCDP Pre-Appraisal Procurement Report. March 11-15, 2002.
- Procurement Capacity Assessment for JSIF. Marcelo Osorio. July 2002.
- Procurement Post Review Supervision Mission Report, January 15-19, 2001.

**C. Other**

- Deloitte & Touche. *Auditors' Report and Project Financial Statements on JSIF*. March 31, 2001.
- Caraccioli, Arnold. *Analysis of Project Cycle - Jamaican Social Investment Fund*. May 2000.
- de Silva, Samatha. *Community-based Contracting: A Review of Stakeholder Experince*. World Bank. January 2000.
- ITAD, Ltd. *Impact Evaluation of the Jamaica Social Investment Fund*. December 4, 2001.
- Rawlings, Laura et al. *Letting Communities Take the Lead - A Cross Country Evaluation of Social Fund Performance*. Social Funds 2000 Study. World Bank. September 2001
- World Bank. *Fiduciary Management for Community-Driven Development Projects: A Reference Guide*. 2002

\*Including electronic files

**Annex 9: Statement of Loans and Credits**  
**JAMAICA: National Community Development Project**  
06-Feb-2002

Project ID	FY	Purpose	Original Amount in US\$ Millions		Cancel.	Undisb.	Difference between expected and actual disbursements <sup>a</sup>	
			IBRD	IDA			Orig	Frm Rev'd
P067774	2002	JM- Social Safety Net Project	40.00	0.00	0.00	40.00	0.00	0.00
P007490	1997	JM PUB SCTR MODERNIZ	28.40	0.00	0.00	14.51	13.73	12.26
P038700	1997	JM- STUDENT LOAN	28.50	0.00	0.00	0.37	0.37	0.00
Total:			96.90	0.00	0.00	54.88	14.10	12.26

JAMAICA  
STATEMENT OF IFC's  
Held and Disbursed Portfolio  
OCT-2001  
In Millions US Dollars

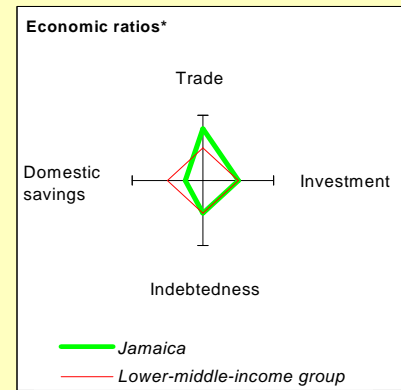
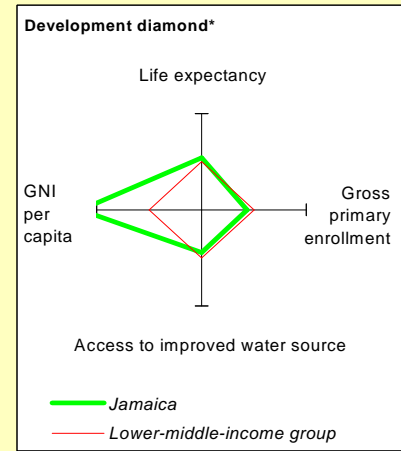
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1995	Jam Energy Prtnr	14.66	0.00	0.00	32.72	14.66	0.00	0.00	32.72
2001	Mossel	18.00	0.00	12.00	5.78	0.00	0.00	12.00	0.00
Total Portfolio:		32.66	0.00	12.00	38.50	14.66	0.00	12.00	32.72

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic
Total Pending Commitment:		0.00	0.00	0.00	0.00

## Annex 10: Country at a Glance

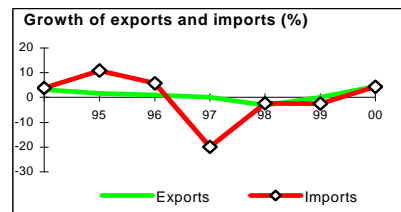
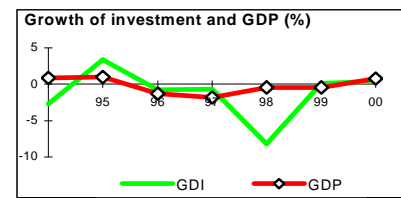
### JAMAICA: National Community Development Project

POVERTY and SOCIAL	Jamaica	Latin America & Carib.	Lower-middle-income		
<b>2000</b>					
Population, mid-year (millions)	2.6	516	2,046		
GNI per capita (Atlas method, US\$)	2,630	3,680	1,140		
GNI (Atlas method, US\$ billions)	6.9	1,895	2,327		
<b>Average annual growth, 1994-00</b>					
Population (%)	0.8	1.6	1.0		
Labor force (%)	1.4	2.3	1.3		
<b>Most recent estimate (latest year available, 1994-00)</b>					
Poverty (% of population below national poverty line)	..	..	..		
Urban population (% of total population)	56	75	42		
Life expectancy at birth (years)	75	70	69		
Infant mortality (per 1,000 live births)	20	30	32		
Child malnutrition (% of children under 5)	4	9	11		
Access to an improved water source (% of population)	71	85	80		
Illiteracy (% of population age 15+)	13	12	15		
Gross primary enrollment (% of school-age population)	100	113	114		
Male	100	..	116		
Female	99	..	114		
<b>KEY ECONOMIC RATIOS and LONG-TERM TRENDS</b>					
	<b>1980</b>	<b>1990</b>	<b>1999</b>	<b>2000</b>	
GDP (US\$ billions)	2.7	4.2	7.2	7.4	
Gross domestic investment/GDP	15.9	27.9	25.6	26.8	
Exports of goods and services/GDP	51.1	52.0	42.0	44.1	
Gross domestic savings/GDP	15.9	23.8	15.6	15.8	
Gross national savings/GDP	10.8	18.2	20.0	20.8	
Current account balance/GDP	-5.2	-7.7	-3.4	-4.8	
Interest payments/GDP	4.6	4.8	4.5	2.5	
Total debt/GDP	72.1	110.3	54.6	57.8	
Total debt service/exports	19.6	28.4	20.2	16.5	
Present value of debt/GDP	..	..	54.1	..	
Present value of debt/exports	..	..	106.9	..	
	<b>1980-90</b>	<b>1990-00</b>	<b>1999</b>	<b>2000</b>	<b>2000-04</b>
(average annual growth)					
GDP	2.0	0.5	-0.4	0.8	1.8
GDP per capita	0.8	-0.4	-1.3	-0.1	1.1
Exports of goods and services	5.4	0.3	0.2	4.4	4.2



#### STRUCTURE of the ECONOMY

	<b>1980</b>	<b>1990</b>	<b>1999</b>	<b>2000</b>
<i>(% of GDP)</i>				
Agriculture	8.2	6.5	7.0	6.5
Industry	38.3	43.2	30.8	31.3
Manufacturing	16.6	19.5	13.5	13.4
Services	53.5	50.4	62.2	62.2
Private consumption	63.8	62.2	67.5	67.9
General government consumption	20.2	14.0	16.9	16.2
Imports of goods and services	51.0	56.1	52.0	55.1
	<b>1980-90</b>	<b>1990-00</b>	<b>1999</b>	<b>2000</b>
(average annual growth)				
Agriculture	0.6	1.9	1.3	-11.2
Industry	2.4	-0.5	-0.3	0.2
Manufacturing	2.7	-1.9	-0.9	0.7
Services	1.8	1.1	-0.8	3.0
Private consumption	4.3	-1.1	-2.6	2.7
General government consumption	6.2	2.7	-2.6	-2.1
Gross domestic investment	-0.1	4.4	0.1	0.4
Imports of goods and services	9.2	1.1	-2.4	4.3

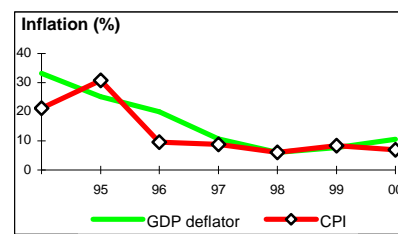


Note: 2000 data are preliminary estimates.

\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

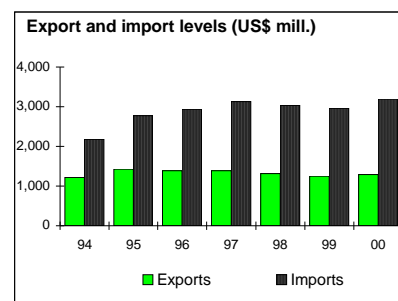
**PRICES and GOVERNMENT FINANCE**

	1980	1990	1999	2000
<b>Domestic prices</b> (% change)				
Consumer prices	27.0	22.0	8.4	6.9
Implicit GDP deflator	18.3	23.7	7.7	10.6
<b>Government finance</b> (% of GDP, includes current grants)				
Current revenue	24.7	30.4	30.4	31.0
Current budget balance	..	5.9	-2.4	1.1
Overall surplus/deficit	-15.5	2.6	-4.3	-1.0



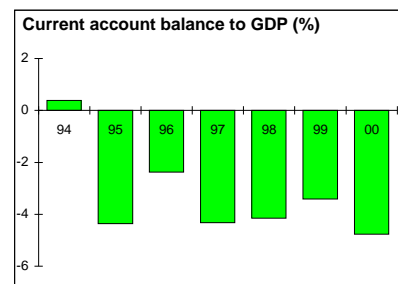
**TRADE**

	1980	1990	1999	2000
<i>(US\$ millions)</i>				
Total exports (fob)	963	1,157	1,247	1,293
Alumina	537	625	627	744
Bauxite	198	103	56	46
Manufactures	57	71	42	49
Total imports (cif)	1,170	1,850	2,960	3,192
Food	72	126	274	263
Fuel and energy	447	404	416	585
Capital goods	198	580	470	509
Export price index (1995=100)	52	86	113	118
Import price index (1995=100)	52	86	113	117
Terms of trade (1995=100)	100	100	100	101



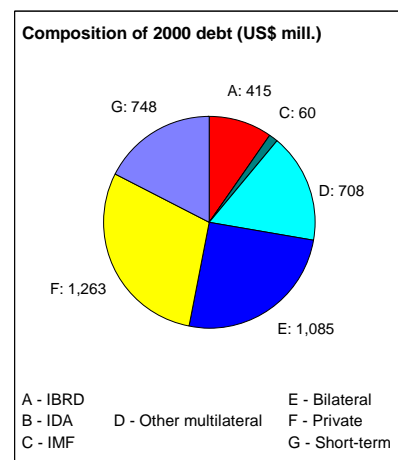
**BALANCE of PAYMENTS**

	1980	1990	1999	2000
<i>(US\$ millions)</i>				
Exports of goods and services	1,369	2,247	3,367	3,250
Imports of goods and services	1,368	2,340	3,928	3,973
Resource balance	1	-93	-562	-723
Net income	-229	-506	-333	-410
Net current transfers	91	271	649	780
Current account balance	-138	-328	-245	-353
Financing items (net)	58	408	123	643
Changes in net reserves	79	-80	122	-290
<b>Memo:</b>				
Reserves including gold (US\$ millions)	..	..	801	1,082
Conversion rate (DEC, local/US\$)	1.8	7.2	40.1	43.3



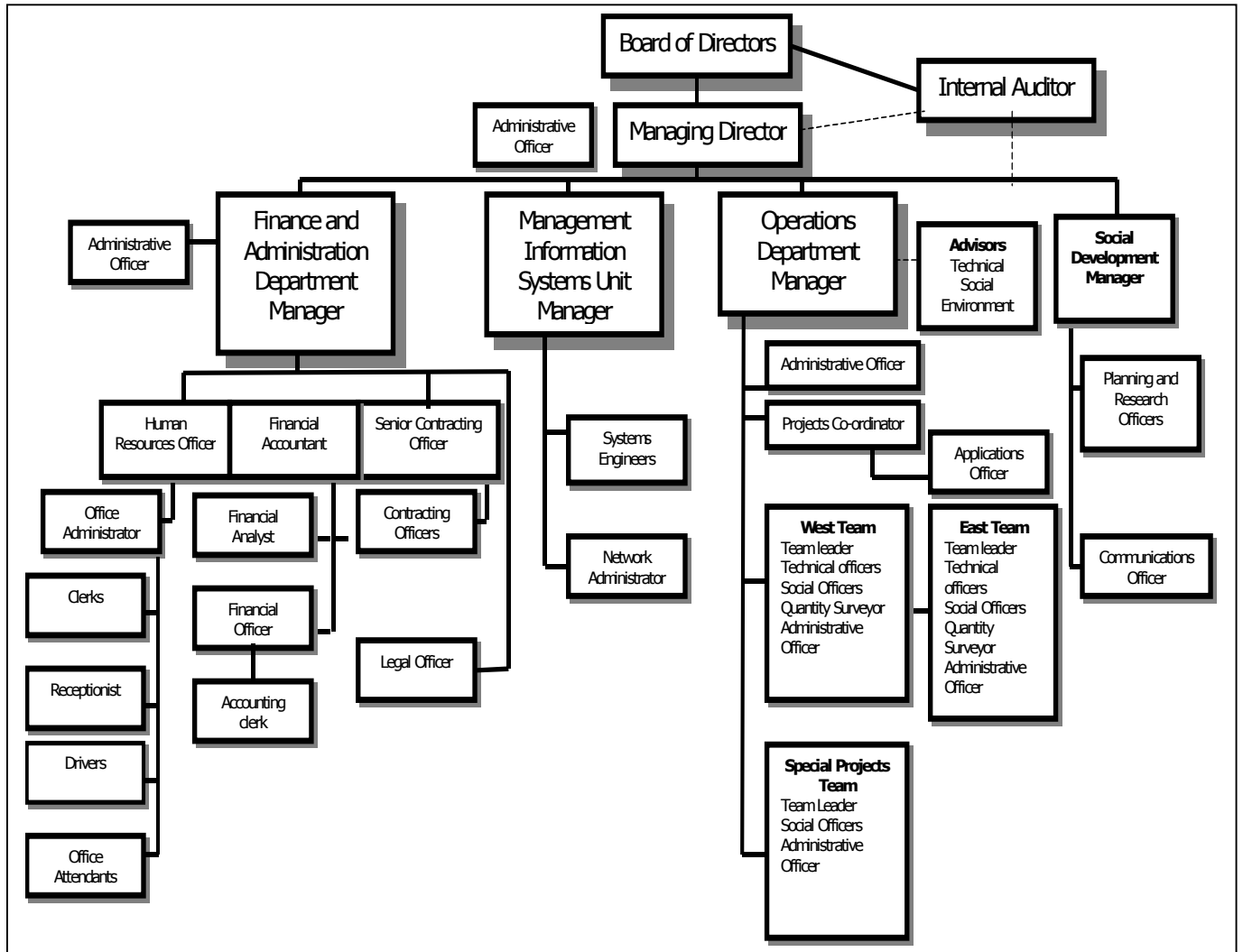
**EXTERNAL DEBT and RESOURCE FLOWS**

	1980	1990	1999	2000
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	1,913	4,674	3,913	4,279
IBRD	176	672	393	415
IDA	0	0	0	0
Total debt service	280	662	732	577
IBRD	18	120	99	83
IDA	0	0	0	0
Composition of net resource flows				
Official grants	13	117	24	..
Official creditors	280	41	-104	29
Private creditors	-19	-46	-99	442
Foreign direct investment	28	138	524	..
Portfolio equity	0	0	0	..
World Bank program				
Commitments	0	60	0	75
Disbursements	55	35	64	98
Principal repayments	6	62	75	61
Net flows	50	-27	-11	37
Interest payments	13	58	24	22
Net transfers	37	-85	-35	15

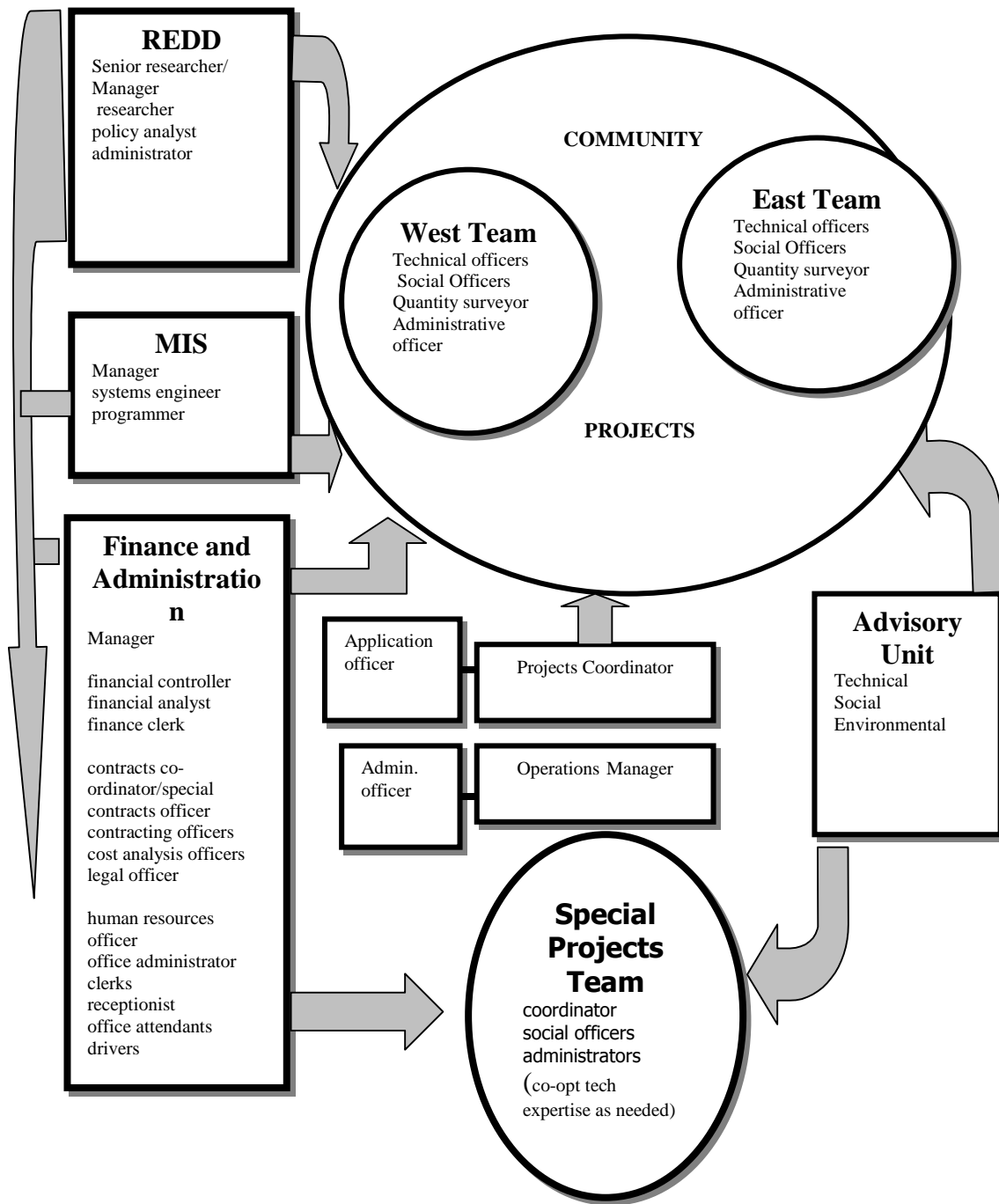


**Additional Annex 11: JSIF Organization and Project Cycle**  
**JAMAICA: National Community Development Project**

**Chart 1. JSIF Organization**



**Chart 2. Relationship among Units and Departments with JSIF**



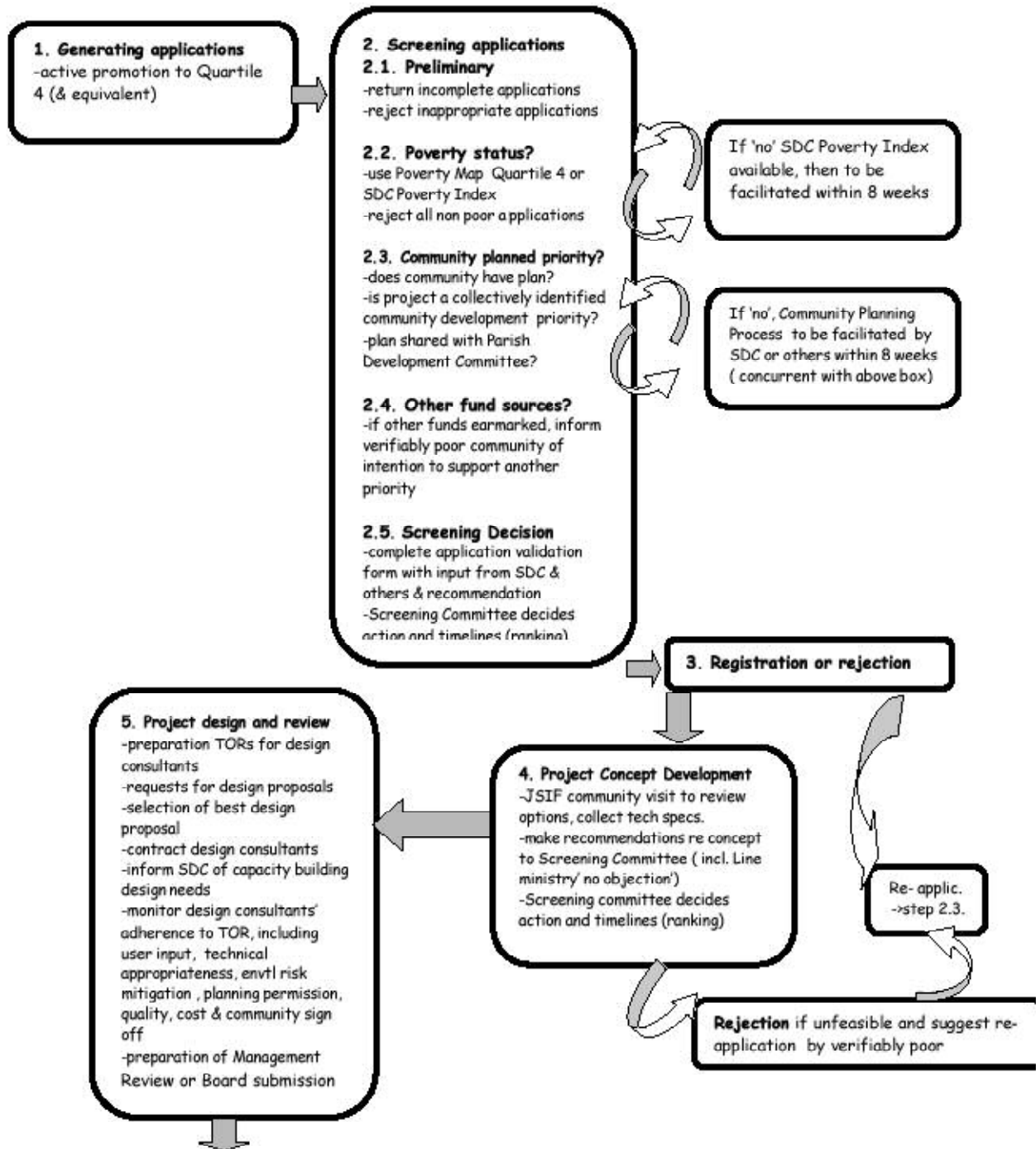
### Box 1: Eligibility Criteria For Community Projects

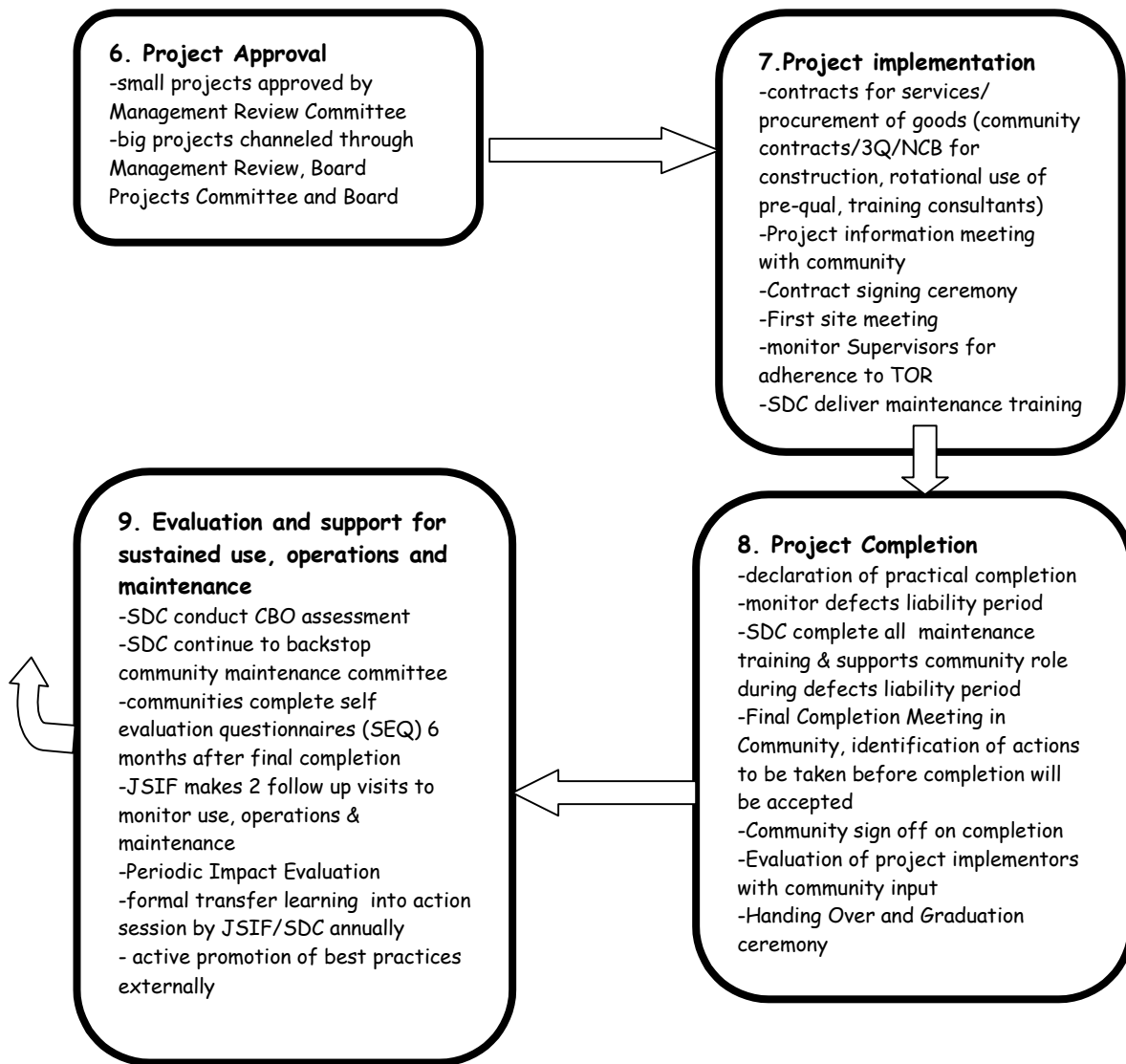
- Community must be poor
- Project must be on the JSIF menu
- Project must respond to a priority development need supported by the majority of the community.
- Project must be proposed by a community based group, either on its own or in partnership with NGOs, service clubs, private sector or local government entities.
- Willingness of the community to provide a contribution to the total cost of the project in cash or kind and to maintain the facility/services.

### Summary of Community Project Timelines

1. Generating applications	ongoing
2. Screening applications	Min 2 weeks Max 10 weeks (where community plan weak and poverty status not known)
3. Registration	Not more than 10 weeks from application (i.e. screening period)
4. Project Concept Development	Min 2 weeks Max 4 weeks
5. Project Design and Review	Max 10 weeks ( allows for contracting design consultants , provision of design and community sign off)
6. Project Approval	Min 1 week Max 6 weeks
<b>Time from application to approval</b>	<b>Min 12 weeks</b> <b>Max 22 weeks</b>
• Where poverty index & community plan already exist	
• Where poverty index and community plan do not exist	<b>Max 30 weeks</b>
7. Project Implementation	min 7 weeks average 22 weeks ( 4 month construction) max 38 weeks ( 8 month construction)
<b>Time from application to practical completion</b>	<b>Min 19 weeks</b> <b>Average 40 weeks</b> <b>Max 68 weeks</b>
8. Project Completion	Defects liability period (generally 6 months) plus 1 month
<b>Time from application to final completion</b>	<b>Min (OS/SS alone) 21 weeks</b> <b>Min (IS) 46 weeks</b> <b>Max (IS) 96 weeks</b>
9. Evaluation and Support	Variable up to 2 years post final completion

Chart 3: The Community Project Cycle





## **Additional Annex 12: JSIF Environmental Guidelines JAMAICA: National Community Development Project**

### **Jamaica Social Investment Fund Environmental Guidelines**

#### **1.0 Overview**

The Jamaica Social Investment Fund Environmental Guidelines are designed to ensure that the **Guiding principle of Environmental Soundness** of all JSIF infrastructure projects is adhered to and these guidelines form an annex to the JSIF Operations Manual. This principle states that:

“Projects funded by JSIF must conform with the Government of Jamaica's Environmental Regulations and have minimum negative impact on the natural and cultural environment” ( JSIF Operations Manual July 2002, Chapter 2, Guiding Principles”)

The guidelines also call for an integrated approach to project design and implementation, where the analysis of environmental issues is not an “add-on” activity, but an integral part of the technical soundness of the project. The guidelines present over-riding environmental principles and the regulations that project must adhere to as general guidelines as well as specific guidelines for the design and implementation of specific project types, according to each stage of the JSIF project cycle.

As these guidelines form part of operational procedures, they also assume the other guiding principles of community participation and consultation in the process, technical soundness, transfer of learning, sustainable development focus, poverty eradication and cost-effectiveness.

These guidelines have been developed for use by the Technical Officers involved in the design and implementation of JSIF Sub-Projects and form part of the technical analysis processes required for successful implementation of JSIF Interventions.

#### *1.1 A. JSIF Project Menu*

These guidelines apply to the full list of infrastructure project types accommodated under the JSIF Sub-project menu as detailed in Chapter 4, Box 3 of the Operations Manual, which cover the construction, rehabilitation and equipping of:

- Basic schools, primary schools and all age schools
- Small roads in agricultural areas, bridge approaches, small bridges, foot bridges, retaining walls, drains
- Urban access roads
- Gullies
- Small scale water schemes (<2000 people)
- Ministry of Health approved Health Centres (Types 1 and 2)

[ Type 1 and 2 Health Centres provide services but do not admit patients, persons with illnesses requiring admission are sent to regional hospitals. The services offered are as follows:

Type 1 - Serves 2,000 - 4,000 people.

Provides: 1. Maternal and child health services (antenatal, postnatal, child health, immunization, nutrition monitoring and support) 2. Health promotion/education and community participation

Type 2 - As in Type 1 plus

1. Health promotion and illness prevention (veterinary public health and food, hygiene/food handlers clinics, water quality, solid liquid and excreta disposal)

2. Surveillance and Disease Control (specific communicable diseases e.g. TB and Hansen's, malaria and childhood diarrhoeal disease, STDs, other communicable diseases, rheumatic fever prophylaxis)

3. Curative Services (common medical conditions, STDs, acute and chronic diseases)

4. Dental services (visiting)

Source: Ministry of Health

]

- Community Resource Centres
- Skills Training Centres and Business Incubators
- Facilities for Community Tourism development
- Play and recreation areas in inner-cities
- Small sports facilities
- Offices/meeting facilities/income generation facilities for inner-city CBOs

**The Jamaica Social Investment Fund does not implement housing projects or projects that involve the relocation of individuals or communities.**

*B. Precautionary measure in project selection*

All JSIF infrastructure sub-projects will comply with donor requirements environmental management for projects assigned. As such:

- (i) any World Bank-financed sub-projects that will result in conversion of natural habitats will be evaluated to ensure compliance with the World Bank's Natural Habitats Operational Policy 4.04.
- (ii) for any World Bank-financed sub-projects that procure pesticides or result in the increased use of pesticides, an appropriate Pesticides Management Plan will be developed, as required by the World Bank's Pest Management Operational Policy 4.09, which would include non-chemical measures for pest management and guidelines for proper selection, application, storage, handling, transport, and disposal of pesticides.
- (iii) sub-projects which belong to the World Bank's environmental category 'A', according to the World Bank's Operational Policy 4.01, will be included in a 'negative list' of sub-projects which will not be eligible for financing by the World Bank. This negative list applicable will include such sub-projects as:

- Construction of any new roads.
- Major upgrading or realignment of roads ("major" means changing the road category, such as from seasonal to all-weather or secondary to primary; adding new lanes; or changing road surface)
- Improvement and rehabilitation of any existing roads within 5 kilometers of any protected areas or any other areas of natural forest
- Dam construction, reconstruction, rehabilitation or strengthening.
- Irrigation works with incremental command areas exceeding 200 hectares
- Flood protection, sewage treatment, agricultural drainage, or other works which could adversely affect wetlands or natural waterways, either through pollution or hydrological changes.
- Use of pesticides on the World Health Organization's Hazardous Pesticides List which are not recommended.
- Aquaculture using non-native species in natural water bodies.
- Works which would adversely affect cultural property, including archaeological and historical sites
- Activities that negatively affect natural protected areas recognized by federal, state or municipal governments (or buffer zones thereof)
- Land reclamation such as drainage of wetlands or filling of water bodies to create land.
- Purchase or lease of land which has unclear titles
- Land clearance and leveling (when affecting critical natural habitats and natural land contours, natural habitats for this purpose being those water or land areas where most of the original plant and animal species are still present).
- Hazardous waste management and disposal as well as manufacture, transport and use of hazardous, and/or toxic materials (except small amounts of solvents, degreasing materials, paints, fuels, and the like used during construction).

*1.2 The National Legal and Institutional context – Environmental Management in Jamaica*

"The Ministry of Land and the Environment is the Ministry with the executive mandate to govern Jamaica's natural environment. The most recent initiative of the government was recognition that urban and rural planning must be done within the context of the wider thrust of environmental management, and to this end government has established the National Environment and Planning Agency. This new agency represents an amalgamation of the Natural Resources Conservation Authority which has a statutory mandate for the conservation, protection and proper management of the natural resources of Jamaica; the Town and Country Planning Authority which has the statutory mandate to ensure the orderly planning of Jamaica and the Land Development and Utilization Commission with a statutory mandate to ensure that prime agricultural lands are kept in agricultural production in the interests of *inter alia* food security and self sustainability". 'Jamaica's Commitment To The Conservation And Management Of Natural Resources Ten Years in Retrospect'; Unpublished Paper, National Environmental and Planning Agency; Kingston, Jamaica

The legislation relevant to projects of the Jamaica Social Investment Fund are:

- The Natural Resource Conservation Authority Act
- The Public Health Act
- The Clean Air Act
- The National Heritage Trust Act
- The Town and Country Planning Act
- The Local Improvements act
- The Land Development and Utilisation Act
- The Water Resources Authority Act

There are also a number of policies being developed which will have application in JSIF interventions. These include:

- Revision of the Jamaica National Environmental Action Plan
- The Draft National Environmental Policy
- Towards a National Policy and Strategy on Environmental Management Systems
- The National Sustainable Development Plan

An Environmental Impact Assessment process has been put in place by NEPA with clear guidelines on implementing EIAs under the NRCA Act. The Act requires an environmental impact assessment of developments with in prescribed areas.

Under directives from the National Policy level, JSIF sub-projects will require permits under the Permit and Licence System as follows:

- Building permission to expand buildings
- License to discharge trade effluent and sewage
- Permits for Eco-tourism projects
- Permits for Pipelines and conveyers
- Permits for Solid Waste Treatment and disposal facilities

### *1.3 JSIF and Environmental Management*

Environmental management within the JSIF falls under the purview of the Operations Department as part of the Project Development and Implementation process, under the Policy directions approved by the Board of Directors.

Technical Officers within the Operations Department, under the supervision of the Operations Manager

and under the guidance of the Environmental Advisor are therefore responsible for ensuring the maintenance of environmental standards throughout the Project Cycle, based on these guidelines.

#### 1.4 *The Environmental Impact of JSIF projects*

##### *Positive*

There are a number of positive impacts of JSIF sub-projects to physical environmental in the communities in which they are situated. In keeping with principles of sustainable development and holistic planning where the environment is defined as the physical, biological, social and economic factors of life, the projects will have the effect of:

- i. Eliminating environmental safety hazards from deteriorating structures
- ii. Improving environmental health through water, sanitation and health infrastructure
- iii. The creation of temporary employment opportunities and long-term income generation
- iv. The provision of social services that were previously not available
- v. Improved learning environments and access to education and non-formal training
- vi. Improved living conditions in poor communities

##### *Negative*

Most of the negative impacts associated with Sub-projects are likely to occur during construction and rehabilitative works on roads, buildings, drainage, water and sanitation projects and where designs are inadequate. These tend to be minor and are easily identified and mitigated and determination of these potential impact forms and integral part of the analysis of the technical feasibility of the projects. In keeping with the principles of technical and environmental soundness however, adequate technical review, through peer review and using technical advisors, must take place to ensure adequacy of designs.

Negative impacts will also occur during operation particularly with relation to disposal of solid and sewage waste, where there is improper operational and maintenance procedures in place. These issues must also be factored into the technical analysis of the projects at the design phase.

Even with adequate planning and design, there are risks of impacts during implementation where guidelines are not followed at a supervisory level. All contracts and Terms of Reference for formulators, supervisors and contractors must therefore clearly show deliverables with the relation to implementation of mandated environmental procedures. Potential impacts include:

- i. Unnecessary removal of vegetation cover
- ii. Creation of soil slippage and soil erosion conditions from excavation and inappropriate placing of excavated matter on hillslopes
- iii. Blockage of drains from construction waste and excavated materials
- iv. Water contamination during construction on all project types or during operation of inadequate sewage facilities
- v. Excessive run-off where drainage on roads and off buildings is inadequate.
- vi. Inappropriate disposal of solid waste
- vii. Interruption of vehicular and pedestrian traffic flow or access to amenities.

## **2.0 General Guidelines for Infrastructure Projects**

### **I. Project Design**

1. The project must be designed to minimize tree taking and damaging. When the project will result in clearing of land or cutting trees, at least the same number of trees must be replanted on or near

the facility.

## **2. Site Selection**

The land on which a building is to be located must comply with the zoning requirements of the National Environmental Planning Agency and relevant planning legislation. It must also be well drained, aesthetically landscaped and secure, especially if very small children are involved. All relevant permits and no objections from relevant agencies must be obtained.

- (i) In rehabilitation projects, when an existing building does not comply with the guideline above. Rehabilitation must, whenever possible include drainage, security and landscape of the area as well as the building itself and testing for hazardous materials such as asbestos and lead;
- (ii) In rehabilitation projects, when an existing building is located on unsuitable land, the JSIF shall not approve the project. The following are considered to be unsuitable lands:

- (a) land resulted from fill up with any refuse matter that is contaminated by human or animal excreta or any other hazardous material;
- (b) wetlands and flood plains;
- (c) Protected Areas where approval has not been obtained
- (d) steep (more than 30% declivity) and unstable slopes susceptible to slippage.

3. Any road rehabilitation project must comply with the minimum technical standards of the relevant Parish authority to which the road will be handed over to and required no objections obtained.

4. In rehabilitation/expansion or construction projects the technical and financial feasibility of using traditional architecture and simple technologies and materials must be assessed, and simple, traditional style and materials adopted when suitable. A comparative assessment of environmentally friendly materials and techniques should also be adopted where suitable, based on comparisons of techniques and long-term cost-benefit analysis. This applies to any building, road, water and sanitation project.

5. All buildings should be well designed to provide security and at the same time to be attractive and well ventilated and make best use of natural lighting.

6. Adequate space and facilities for recreation inside and outside of a school must be designed accordingly and whenever possible, budget for its construction must be ensured in the project.

## **7. Sanitary Systems**

Appropriate sanitation systems must be designed and installed; proper disposal systems must be functioning: it must also be determined if there is a need to provide training in environmental awareness to users. Awareness by users of sanitary systems is required whenever new systems are installed which are different from the ones they are used to. This is particularly needed when flushing toilets are introduced to new users. In many cases it has been reported that flush toilets were used to grow plants because new users did not get accustomed to using them.

- (i) Sanitary facilities must be suitable to the local and ground conditions.
- (ii) Sanitary facilities must be provided in sufficient number

**(iii) In order to avoid surface water contamination, when public facilities for**

**sewage treatment are not provided, effluent should not be discharged into surface waters without adequate treatment: to avoid ground water contamination, effluent must be treated in a septic tank (minimum efficiency of 70% reduction of BOD); the absorption tank is not efficient in preventing groundwater contamination.**

- (iv) The site where the sanitary facility is to be installed must have a low water table.
- (v) If sanitary facilities use alternative technologies such as Ventilated Improved Pits (VIP) latrines and others, it must be located at least 15 meters from existing buildings and houses, in the opposite direction of the prevailing winds, to prevent odours and undesirable impacts.

(vi) When an external latrine vent pipe exists, it must be located at the sunny side of the latrine and painted black, to produce an updraft, due to the heating of the air inside the vent: an external cover at the top of the vent pipe will prevent flies and mosquitoes from coming out the vent and therefore will reduce the risk of contamination.

(vii) All required approval and permits must be obtained and the relevant agencies (NWC, NEPA etc) informed and involved in the development of the project

8. Adequate water supply must be provided:

- (i) Adequate structures for water storage must be provided.
- (ii) Rainwater can be collected, stored and used for sanitary facilities.
- (iii) The storage structure must be located (about 25 meters) from, the absorption tank, septic tank or other similar facility, and upstream the direction of the water table flow. If the storage facility is underground it can be contaminated by groundwater contaminated with effluent or by effluent directly, in case an absorption tank is located nearby.

## **9. Hazard Mitigation**

(i) **Fire Control:** Safety precautions against fire must be assessed, implemented, documented and functional at all times and water supply for fire hoses must be secured. Note that:

- (a) Evacuation and fire extinguishing procedures must be approved by the fire department or a similar institution
- (b) Fire disaster preparedness should be addressed in organisational strengthening exercises and in maintenance training

(ii) **Natural disaster mitigation:** The design of all infrastructure projects must accommodate the potential occurrence of a natural disaster and as such include the necessary mitigation measures to ensure minimum damage from disaster events. This includes but not exclusive to:

- (a) Earthquake mitigation: Designs must uphold the minimum building standards recommended for Jamaica as indicated by the Building Code.
- (b) Storm mitigation: This includes heavy rain, storm surges, tropical storms, hurricanes mitigation measures for strong winds and high levels of precipitation and runoff. Road and building designs must therefore have adequate drainage measures and buildings and other structures must maintain the minimum standards under the Building Code for wind resistance.

(iii) **Safety:** Care must be taken to ensure that designs promote a safe work site and safe operation

of the facility. The following must be considered:

**(a) Materials:** No toxic paints or construction materials (e.g., lead-based paints, amianthus, asbestos) may be used within the buildings or on water supply projects

**(b) Site Safety:** Designs must factor in terrain and other potential areas of danger that may lead to an unsafe work site. Where there is potential for danger on a site, cautions and recommendations for safe implementation must be outlined.

## **II. Construction**

10. Dust and noise during construction works should be minimised:

(i) In residential areas, if works are conducted in the dry season, the contractor must water the exposed area and construction materials either stored or transported must be covered to avoid particulate matter to be blown by the wind

(ii) Communities must be given adequate notice of intended construction and potential for dust and blockage of access to roads or community facilities during construction

(iii) When sand is used to fill in land or to level a site it must be capped with clay turf, whenever possible. If this solution is not viable, spraying the area with water can minimize dust blown by the wind.

(iv) Construction work must be limited to daylight hours, from approximately 6:00 am to 8:00 pm, or according to local or specific regulations.

(v) Blasting to break up rocks will be conducted during daylight and residents will be advised when blasting will occur. The local regulatory authority should certify the person conducting this activity.

11. Adequate measures for preventing siltation of watercourses by run-off must be implemented, such as silt screens and straw devices, among others.

12. Safety measures must be taken to prevent accidents involving workers and members of the community.

13. Clearing of trees and other vegetation must be minimal

14. All waste must be disposed of in environmentally sound ways and at dumpsites approved by the relevant Parks and Markets Authority.

15. All sewage disposal facilities are required to be adequate and fully functional and the end of construction

16. Penalties are to be instituted for breach of guidelines mandated by JSIF

## **III. Operation and Maintenance**

13. **Sanitary Facilities:**

(i) Environmental awareness and maintenance training to users will be provided on all sanitation projects.

(ii) Latrine pits, absorption tanks or septic tanks must be cleaned regularly, according to JSIF's Operation and Maintenance Manual for infrastructure project. Where technologies such as biodigesters or

composting toilets are being used, specific training must take place to ensure ongoing functioning of these systems.

**14. Solid Waste Management:**

(i) Solid waste will be collected and disposed of in an appropriate manner and on a regular basis, according to the JSIF's Operation and Maintenance Manual for infrastructure projects.

(ii) Wastes must be stored in a covered garbage storage unit, designed in accordance to current NEPA guidelines and protected from the access by animals.

(iii) When appropriate landfill is not provided by the local government or the sponsor community, the JSIF will develop a waste management manual provide the sponsor community with (which will become part of the Operation and Maintenance Manual). This manual will include self-sustained waste management plans that includes alternative solutions for adequate disposal of organic wastes and garbage, and potential uses for recycled materials, waste collection campaigns and other environmental awareness activities to be developed with the students and the community Burning or, covering with earth are common practice for waste disposal in rural areas. The appropriate alternative will be provided in the JSIF Operation & Maintenance Manual..

**15. Buildings and other physical structures:**

(i) Maintenance training must be done with users to ensure care of the structure and avoidance of physical danger due to deterioration or lack of maintenance, particularly in the case of schools, community centres, water supplies and small bridges.

**3.0 Specific Guidelines by Project Sub-type**

All Project Sub-types assume the General Guidelines in addition to the type-specific guidelines listed below and the procedure required during each stage of the Project Cycle as outlined in Section 4.0.

**1. Roads**

***Design Phase***

1. Roads must be designed and constructed so that they do not impede the free flow of intervening water ways:

(i) At design phase, the grade of road must be established above the level of the existing drains

(ii) In case the existing road crosses a waterway, the design for rehabilitation must include culverts to allow the free flow of water. Size of culverts must be designed to accommodate a 30-year storm event.

2. Capped and uncapped roads must be designed and constructed so that water does not stand over long periods either on the road (in surface depressions) or at the sides or base.

(i) In case the size of the existing drains are not sufficient to ensure free water flow of a 30 year storm event, their enlargement must be included in the rehabilitation design;

(ii) If existing drains are blocked by vegetation or silt, clearing must be included in the rehabilitation project.

3. Bridges design must include re-vegetation of shoulders using native vegetation to reduce erosion.
4. The shoulder declivity must be designed according to the soil characteristics.

### ***Construction Phase***

5. Construction works must comply with the JSIF's General Environmental Guidelines and implemented using JSIF's Environmental Handbook for Construction Supervision and monitoring and must ensure the following:

- (i) Defined grades must be correctly set in place
  - (ii) No depressions must be left in the surface of the road
  - (iii) Drains must be unblocked and correctly sized, as in the project design.
6. Erosion control measures must be implemented accordingly to project design:
- (i) Exposed road shoulders must be vegetated early with native species, appropriate to the site to reduce the impact of raindrop erosion
  - (ii) Erosion (silt/sediment) barriers must be in place and functional throughout construction.
7. There must be a satisfactory system of regular collection and disposal of waste and garbage; during construction works the contractor must ensure that:
- (i) Materials are stored in such a way that will not be carried by rains and/or run-off waters into the drains
  - (ii) Garbage and construction wastes are collected and disposed in appropriate sites in a way that ensure that they will not be carried into the drains or discharged into wetlands or in sensitive vegetation communities;
  - (iii) Measures are implemented to avoid spills of lubricants, fuels and other chemicals, and in the event of an accidental spill, clean up is done immediately
  - (iv) After construction works are concluded the contractor must clear the area from all equipment, machines and wastes (liquids or solid)
  - (v) Whenever the sponsoring community does not provide an adequate site for waste disposal, the contractor shall follow the guidelines JSIF' will develop for waste disposal

### ***Operation and Maintenance***

8. Operations and Maintenance should follow JSIF's Operational and Maintenance Manual for Infrastructure Projects. Particular attention needs to be paid to:
- i. Erosion control
  - ii. Drainage
  - iii. Clearing and mitigating against land-slippage (within the capabilities of the community e.g. minor retaining walls, major works are the responsibility of the relevant authority.

## **2. Infirmaries, Health Centres and Similar Facilities**

### ***Project Design***

1. Ministry of Health Standards for Design of Type 1 and 2 Health Centres must be applied to all JSIF Health Centre projects
2. Optimum sanitation must be maintained at all times. Cleanliness of utensils and equipment is paramount:
  - (i) Water supply facilities must include running water. When public water supply is not available on site, the project must consider, whenever technical and economically feasible, drilling a well or other alternative to provide potable water to the centre, including storage of rain water and roof drain water.
  - (ii) When public water supply is not available and no other alternative is technically and economically feasible, the JSIF must consider not financing the project.
  - (iii) Medical wastes must be disposed through approved Ministry of Health facilities or techniques.

### ***Construction Phase***

3. Construction works must comply with the JSIF's General Environmental Guidelines and implemented using JSIF's Environmental Handbook for Construction Supervision and Monitoring.

### ***Operation and Maintenance***

4. Operations and Maintenance should follow JSIF's Operational and Maintenance Manual for Infrastructure Projects. Particular attention needs to be paid to:
  - i. Maintenance of ventilation i.e. functioning secure windows
  - ii. Pest control – particularly in bathrooms and kitchen/dining areas
  - iii. Landscaping – ensuring safe, aesthetically pleasing surroundings
  - iv. Disaster preparedness – for hurricanes, flooding and fire
  - v. Waste disposal – safe disposal of medical and other wastes

## **3. Sanitary Facilities (latrines)**

### ***Site Selection and Project Design***

1. Pit latrines should be avoided due to (i) odour and insect (flies and mosquitoes) problems; (ii) risks of contamination by pathogens (virus, protozoa and helminths) transmitted by excreta; (iii) risk of small children falling into pits; (iv) where the water table is high
2. Pit latrines with adequately designed septic tanks and absorption pits are recommended when there is (i) inadequate water supply to support water closets (ii) where soil absorption rates ensure proper and safe diffusion of waste water (ii) where there is no potential for contamination of ground water supplies.

3. Other alternative sanitation technologies, such as ventilated improved latrines (VIP latrines), should be considered appropriate only when flushing toilets are not technically and economically feasible.
4. The sanitary facility must be installed in a site that (i) has a low water table (ii) is located downstream any water body source: (iii) is located at least 100 meters from any water body.

#### ***Construction Phase***

5. Construction works must comply with the JSIF's General Environmental Guidelines and JSIF's Environmental Handbook for Construction Supervision and monitoring.

#### ***Operation and Maintenance***

6. Operation & maintenance must comply with the General guidelines presented as well as with JSIF's Manual for Operation and Maintenance of Infrastructure Projects.

### **4. Sanitary Facilities (community showers)**

#### ***Site selection and project design***

1. Before the sanitary facility is designed it must be ensured that the site where it is to be installed is located downstream any water body source.
2. Community showers must be located at least 15 meters from existing buildings and houses.
3. The community shower must be installed inside a well-ventilated and well-drained super structure.
4. The area surrounding the superstructure must be adequately landscaped, secure and well drained.
5. The size and number of showers must comply with JSIF's design guidelines

#### ***Construction Phase***

6. Construction works must comply with the JSIF's General Environmental Guidelines and JSIF's Environmental Handbook for Construction supervision and Monitoring.

#### ***Operation and Maintenance***

7. Operations and Maintenance should follow JSIF's Operational and Maintenance Manual for Infrastructure Projects. Particular attention needs to be paid to:
  - a. Maintenance of plumbing and water supply
  - b. Cleanliness of facility
  - c. Maintenance of security measures

### **5. Drainage**

### ***Project Design***

1. Project design must follow the general guidelines as well as the specified procedures outlines for appraisal of projects in Section 4.0.

### ***Construction Phase***

2. Construction works must comply with the JSIF's General Environmental Guidelines and JSIF's Environmental Handbook for Construction Supervision and Monitoring.

3. Vegetation and silt materials recovered from dredging must be securely, disposed, in order to avoid being brought back to canals and drains, by runoff and rains.

4. During dredging, unauthorised persons must be prevented from approaching working areas by the installation of protecting devices, in order to avoid or minimise risks of accidents involving the community.

## **6. Water Projects**

1. It must be verified that requirements for protecting the water source from contamination are adopted.

2. The delivery of safe potable water must be ensured: materials used in the pipeline must ensure that no leaks will threaten the delivery of safe potable water.

### ***a. Site selection and protect design***

3. Crater source must be located upstream any possible source of crater pollution and protected from contamination by a superstructure.

4. Project Application must require physical and bacteriological analysis of the water from the water source, which is intended to be used.

5. In case the water is not adequate for human consumption, the JSIF must consider not financing the project.

### ***b. Construction phase***

Excavation works must be made whenever possible during the dry season, to avoid erosion and siltation of drainage canals or other water bodies in the area.

7. During construction works, unauthorised persons must be prevented from approaching working areas by the installation of protecting devices, in order to avoid or minimize risks of accidents involving the community.

### ***c. Operation and Maintenance***

9. All infra and superstructure must be permanently maintained in adequate operating conditions.

9. Water source and water pipes must be continuously monitored to ensure that no contamination has occurred.

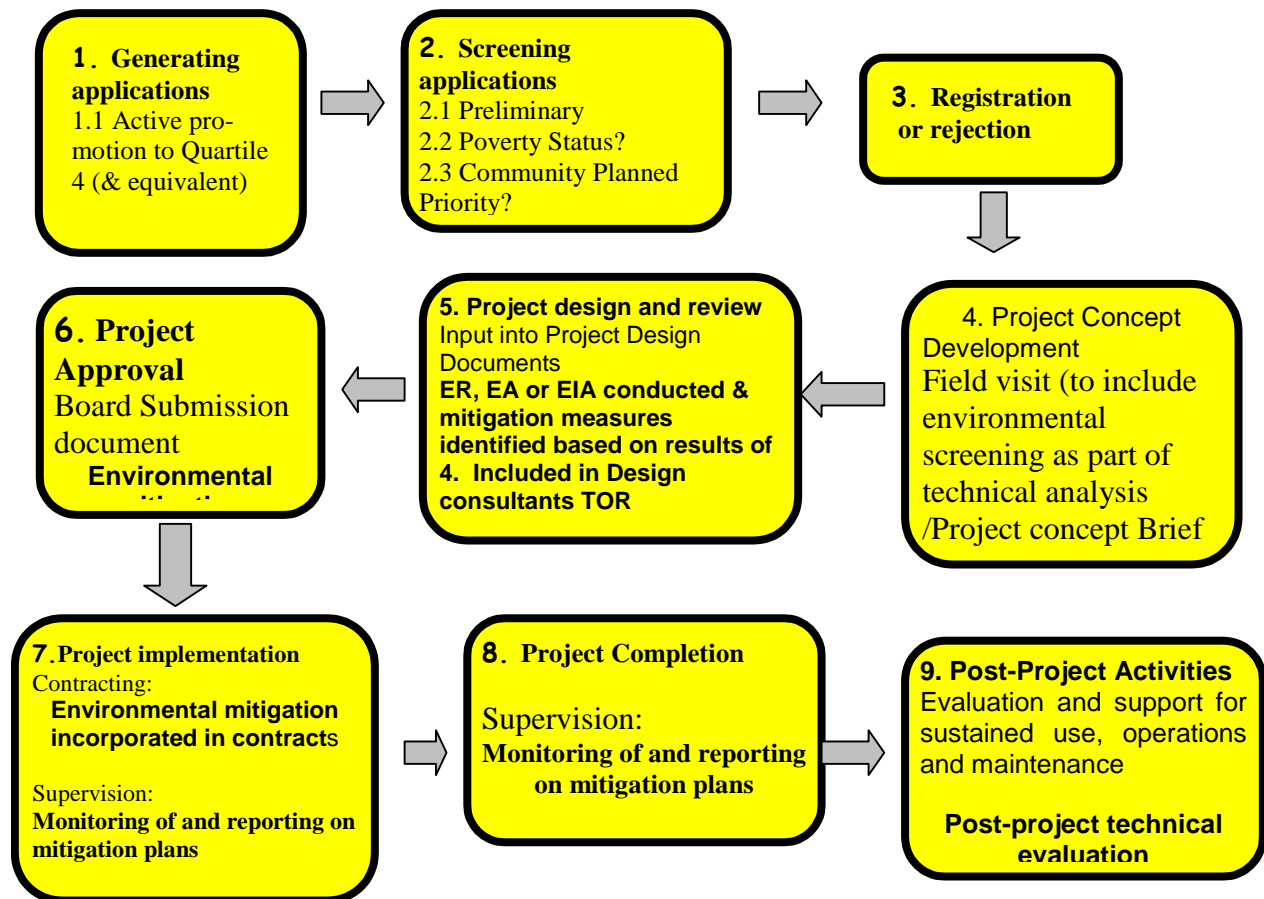
**7. Agro-processing Facilities**

1. Waste products must not be deposited in watercourses, wetlands or in sensitive vegetation communities.
2. Waste Crater and processing effluent must be treated to reduce contaminants and not be discharged directly to water bodies, wetlands, or in sensitive vegetation communities.

#### 4.0 Environmental monitoring and the JSIF Project Cycle

Addressing environmental issues will form an integral part of the technical analysis of every JSIF infrastructure project throughout the project cycle. The following is a breakdown of the environmental review inputs in the project cycle, and the relevant environmental appraisal procedures.

**Figure 1: Diagram of Environmental Inputs in the JSIF Community Project Cycle**



### ***Project Concept Development***

During the project concept development field visit, project officers are to determine the type of environmental appraisal necessary for each project. This determination is to be done using the generalized screening environmental checklist (Annex 1) as part of the technical evaluation of the project. The checklist indicates which one of four possible environmental approaches is to be taken for each project. These possible approaches are:

- No further environmental appraisal.
- An Environmental Review (ER).
- An Environmental Assessment (EA).
- An Environmental Impact Assessment (EIA).

The chosen approach for each project will then be undertaken during the appraisal of the project. The decision on an approach at the screening level will be guided by:

- The proximity to and potential impact on a natural habitat (particularly that of animals of importance) a Protected Area or water course
- Determination of the height of the water table for potential effect on all types of construction and on design and operation of sewage systems.
- Potential for increased run-off, soil erosion, stream siltation and excessive dust at various stages of the project
- General analysis of the terrain including slope-angle, rock and soil type and slope stability, vegetation cover
- General analysis of localized climatic conditions
- Available methods of solid and liquid waste
- Vulnerability of the site to natural disasters

### ***Project Design***

Each of the possible environmental appraisal procedures is described below.

#### An Environmental Review (ER)

This is a basic environmental assessment, to be conducted using a generic review form applicable to all types of projects requiring an ER, this can be done during the project concept development field visit. The completed form will indicate the possible negative environmental impacts of the project, and will prescribe the necessary mitigation measures to be employed. Field officers are to develop the appropriate mitigation measures with the help of the generalized list of mitigation measures provided on returning to the office. All completed ER forms with their proposed mitigation measures are to be reviewed and approved by the Environmental Advisor and placed on the project file. An ER is not meant to be a lengthy or time-consuming process, and is to be integrated into social and technical appraisal procedures.

#### An Environmental Assessment (EA)

This is a more detailed environmental review, and takes the format of a semi-structured report. The EA is project type-specific, and is to be conducted using the EA form. The completed report gives a very brief overview of the project and describes the physical, biological and socio-economic environments related to the project. The EA form itemizes the activities associated with the project, their possible impacts and their appropriate mitigation measures. The information needed to formulate the necessary mitigation measure is to be obtained from the corresponding action-impact-mitigation form. All completed EA forms with their proposed mitigation measures are to be reviewed and approved by the Environmental Advisor. A field visit is required for an EA, and the completion of an EA form requires special time allocation.

Information outputs from the EA are to be provided to the Design Consultant for reference, as an appendix to the Terms of Reference.

### An Environmental Impact Assessment (EIA)

This is a detailed and comprehensive process that usually requires the efforts of a multi-disciplinary team for an explicit analysis. As such, the conducting of an EIA will require the contracting of consultants under a specific Terms of Reference (Annex X – TOR outline). The output of an EIA is to be a document that specifies all the possible environmental implications of the project, and provides detailed mitigation measures. The mitigation measure recommended are to form part of the scope of work of the Design consultants Terms of Reference and a copy of the EIA report will be provided to the Design consultant for reference.

### ***Approval***

Approval of a project by the Board of Directors should only take place when the environmental appraisal process is complete. The members of the Board should have available to them all information and options required for them to approve a project.

### ***Contracting***

In order to maintain the integrity of the environmental considerations given prior to contracting, the proposed mitigation measures should be provided by the technical officer and included within clauses of the contracting documents of the supervisors and contractors. Also to be included within the contracting document are penalties for non-compliance to mitigation measures by contractors and/or supervising consultants. As the mitigation measures for each project will vary, the wording within contracts will be specific to each project, and are to be developed by the Environmental Advisor with the aid of the legal advisor.

### ***Supervision***

During the implementation stage of the project JSIF officers are to consider the environmental mitigation measures prescribed during appraisal and contracting and monitor the supervisor's adherence ensuring implementation of these measures. Project specific checklists (provided in the JSIF Environmental Handbook for Supervision and Monitoring of Construction) that outline the mitigation measures are to be used by the officers to monitor and ensure that the prescribed mitigation measures are being enforced.

### ***Evaluation***

In order to assess the effectiveness of the overall environmental approach of the project cycle, post project evaluation also needs to be conducted. Projects that have undergone ER and EA can be selected at random, and evaluated by a site inspection using a checklist of the environmental objectives of the project. A site visit and evaluation are required for all projects that have undergone an EIA.

## Annexes

N.B. These Checklists are to be integrated into the general technical evaluation checklists used by Officers and form part of the Field Officers Hand-book.

**Annex I: Generalized Screening Environmental Checklist**

Project Type	Recommended Environmental Appraisal (tick)
	None E R E A E I A
<b><i>Roads</i></b>	
New Rural Roads	
Rural Road Rehabilitation	
<b><i>Drinking Water/Water Supply</i></b>	
Less than 100 persons	
More than 100 persons	
<b><i>Schools</i></b>	
New	
Rehabilitation	
<b><i>Health Centres</i></b>	
New	
Rehabilitation	
<b><i>Community Centre/Homes for children &amp; aged</i></b>	
New	
Rehabilitation	
<b><i>Latrines/Sanitary Conveniences</i></b>	
Less than 100 people	
More than 100 people	
<b><i>Agro-processing/income generation</i></b>	
New	
Rehabilitation	

- None - No further environmental action necessary  
ER - An Environmental Review required  
EA - An Environmental Assessment required  
EIA - An Environmental Impact Assessment required

Environmental Consideration	Response
	Yes No
Is the location	
• Prone to natural hazards?	
• Close to river/coastal waters?	
• A wetland, forest reserve or National Park?	
• Of Archaeological or historical importance?	

An EA is required once there is a YES response to any question above.

**Annex II: Environmental Review (ER) Checklist**

<b>Type of Expected Impact</b>	<b>Description of Possible Impact</b>	<b>Proposed Mitigation Measure</b>
<i>Would this project directly result in the following?</i>	Y/N	
<i>PHYSICAL ENVIRONMENT</i>		
Increased soil erosion		
Increased sediment load into receiving waters		
Likely contamination of surface or subsurface waters		
Excessive dust or noise during construction		
<i>BIOLOGICAL ENVIRONMENT</i>		
Removal or disturbance of natural vegetation		
Disruption or disturbance of any animals		
<i>SOCIAL ENVIRONMENT</i>		
Degradation or disturbance of an historical or cultural site		
<i>OTHER</i>		

**Annex III: Common Environmental Impacts and their  
Appropriate Mitigation Measures**

<b>IMPACT</b>	<b>MITIGATION MEASURES</b>
<b>PHYSICAL ENVIRONMENT</b>	
<b><i>Soils</i></b>	
<ul style="list-style-type: none"> <li>Erosion of soil downslope from road.</li> <li>Landslides, landslips or degradation</li> </ul>	Protection of soil surfaces by <ul style="list-style-type: none"> <li>Revegetation of area</li> <li>Use of plastic fencing for stabilisation</li> <li>Construction only during the dry season</li> </ul>
<ul style="list-style-type: none"> <li>Waterlogging of soil</li> </ul>	<ul style="list-style-type: none"> <li>Providing adequate drainage – proper sized drains/culverts</li> </ul>
<b><i>Water</i></b>	
<ul style="list-style-type: none"> <li>Increased sediment/runoff into streams, rivers, ocean</li> </ul>	<ul style="list-style-type: none"> <li>Providing adequate drainage away from major water bodies</li> <li>Proper disposal of hazardous materials</li> <li>Store construction materials away from water resources</li> </ul>
<ul style="list-style-type: none"> <li>Contamination of water resources (faecal contamination)</li> </ul>	<ul style="list-style-type: none"> <li>Apply a minimal distance between water source &amp; livestock/human settlements.</li> <li>Ensure appropriate wastewater treatment</li> <li>Ensure proper maintenance of latrines.</li> <li>Develop and implement monitoring of sanitary facilities and wastewater treatment systems.</li> <li>Construct in area with low water table</li> </ul>
<ul style="list-style-type: none"> <li>Clogging of canals by weeds</li> </ul>	<ul style="list-style-type: none"> <li>Control of agro-chemical use</li> <li>Proper design of canals</li> <li>Develop water monitoring programme</li> </ul>
<b><i>Air Quality</i></b>	
<ul style="list-style-type: none"> <li>Dust during construction</li> </ul>	<ul style="list-style-type: none"> <li>Dust control using wetting of construction areas with water</li> </ul>
<ul style="list-style-type: none"> <li>Acoustic disturbance</li> </ul>	<ul style="list-style-type: none"> <li>Restrict construction to certain hours</li> <li>Locate permanent machinery away from residences and business places</li> </ul>
<ul style="list-style-type: none"> <li>Odor problems</li> </ul>	<ul style="list-style-type: none"> <li>Ensure appropriate disposal of waste products and effluent</li> </ul>

**Appendix III (cont'd): Common Environmental Impacts and their  
Appropriate Mitigation Measures**

<b>IMPACT</b>	<b>MITIGATION MEASURES</b>
<i>BIOLOGICAL ENVIRONMENT</i>	
<b><i>Natural Habitats</i></b>	
<ul style="list-style-type: none"> <li>Disturbance of natural habitats/environmentally sensitive areas</li> </ul>	<ul style="list-style-type: none"> <li>Consideration of alternative sites</li> </ul>
<b><i>Flora &amp; Fauna</i></b>	
<ul style="list-style-type: none"> <li>Loss or degradation of vegetation or animal life</li> </ul>	<ul style="list-style-type: none"> <li>Consider alternate site</li> <li>Replant trees and appropriate vegetation</li> <li>Mark and protect important trees</li> </ul>
<i>OTHER</i>	
<ul style="list-style-type: none"> <li>Improper disposal of construction waste – health risk, eyesore</li> </ul>	<ul style="list-style-type: none"> <li>Determine an approved site for disposal</li> <li>Provide garbage receptacles</li> </ul>
<ul style="list-style-type: none"> <li>Sourcing of quarry material for construction</li> <li>Interruption to services e.g electricity/water supply, road access</li> </ul>	<ul style="list-style-type: none"> <li>Ensure supplier has mining license</li> <li>Ensure adequate notification to the community of the interruption with indication on timeline on resumption of service</li> </ul>

**Annex IV  
Environmental Assessment Form**

**1.0 General Description of Project**

1.1 Objective  
(What is the project objective?)

1.2 Development description  
(Briefly describe development – type, location, construction involved)

**2.0 Description of Environment**

2.1 Physical Environment

<b>Water</b> (Describe any nearby water bodies and sources. Type, water appearance/quality etc.)	
<b>Air</b> (Describe the apparent prevailing winds, condition of the air – e.g. dusty)	
<b>Soil</b> (Describe the slope, type of soil, permeability, signs of erosion etc.)	

2.2 Biological Environment

Flora/Fauna (Describe any apparent vegetation, look for any important plant and animal species)	
Habitats & Communities (Near any protected habitats, sensitive ecological areas – wetlands, forests)	

**2.3 Socio-economic Environment**

Historical Aspect (Describe any impacts on monuments, archaeological ruins etc.)	
Aesthetic Aspect (Describe any alteration to vistas, natural landscape)	
Public Health Aspect (Describe any possible health risks)	

**3.0 Building/Construction/Infrastructure Projects  
Possible Negative Environmental Impacts**

<b><i>Activity</i></b>	<b><i>Possible Impacts</i></b>	<b><i>Mitigation Measures</i></b>
Site Preparation		
Excavation & Filling		
Sourcing of Construction Material		
Construction Works		
Disposal of Construction Waste		
Provision of Electricity, Water & Sanitary Conveniences		

**4.0 Road Projects**  
**Possible Negative Environmental Impacts**

<b><i>Activity</i></b>	<b><i>Possible Impacts</i></b>	<b><i>Mitigation Measures</i></b>
Site Preparation		
Excavation & Filling		
Sourcing of Construction Material		
Machinery Work		
Disposal of Construction Waste		
Paving		
Maintaining Roads		

**5.0 Sanitation Projects**  
**Possible Negative Environmental Impacts**

<b><i>Activity</i></b>	<b><i>Possible Impacts</i></b>	<b><i>Mitigation Measures</i></b>
Site Preparation		
Excavation & Filling		
Sourcing of Construction Material		
Machinery Works		
Disposal of Construction Waste		
Design & Location of Sewage System		
Discharge of Effluent		
Maintenance of Sewage System		

**6.0 Water Delivery Projects**  
**Possible Negative Environmental Impacts**

<b><i>Activity</i></b>	<b><i>Possible Impacts</i></b>	<b><i>Mitigation Measure</i></b>
Site Preparation		
Excavation & Filling		
Sourcing of Construction Materials		
Disposal of Construction Waste		
Chlorinating/Cleaning of water		
Maintaining System/Pipes		

**7.0 Agro-Processing/Income Generation Projects**  
**Possible Negative Environmental Impacts**

<b><i>Activity</i></b>	<b><i>Possible Impacts</i></b>	<b><i>Mitigation Measure</i></b>
Site Preparation		
Sourcing of Construction Material		
Disposal of Construction Material		
Machinery Works		
Use of Chemicals		
Discharge of process residue and liquid waste		

**Annex V**  
**Activity–Impact–Mitigation Table**  
**Construction/Infrastructure Projects**

<b>ACTIVITY</b>	<b>NEGATIVE IMPACT</b>	<b>MITIGATION</b>
Site Preparation/Vegetation Clearance	Loss of trees & habitat destruction, soil erosion, siltation, organic waste disposal, hazards and noise due to blasting	Mark & protect trees, minimize soil erosion, controlled blasting. Preservation of habitat as far as possible through project design.
Excavation & Filling	Spoil, dust, accidents	Stockpile & reuse waste, suppress dust by wetting, use caution tape or barriers around excavations. Use of approved sites for excavation waste and approved quarries
Sourcing of Earth Materials	Illegal mine &/quarry operation	Provide evidence of supplier's mining license
Storage & Exposure of Particulate Materials (fines)	Washout, sedimentation, drain blockage, dusting	Store materials away from drainage features, cover fines with tarpaulin or surround with berms
Site Works	Noise, fugitive dust, hazards & accidents	Restrict activities to normal working hours, suppress dust by wetting, erect hoarding around excavated areas
Garbage & Waste/Spoil Generation	Improper disposal, faecal contamination, health risk, eyesore	Provide garbage receptacles, dispose waste at approved site, avoid burning, compost organic waste, waste management plan
Solid Waste	Improper disposal, public health risk, eyesore	Regular collection & disposal at approved sites. Adequate measures for storage, transport and disposal
Sewage Disposal	Improper disposal, faecal contamination, water & soil pollution, health risk, eyesore	Ensure provision, maintenance & use of sanitary facilities
Induced Vehicular Traffic	Accidents	Use traffic signage
Chance finding on site	Destruction of archaeologically valuable artifacts	Stop work temporarily and contact the National Heritage Trust for an evaluation
Other		

**Annex VI**  
**Activity – Impact – Mitigation Table**  
**Road Projects**

<b>ACTIVITY</b>	<b>NEGATIVE IMPACT</b>	<b>MITIGATION</b>
Road Surface Preparation	Spoil, washout, dust, soil erosion, siltation, hazards and noise due to blasting	Stockpile & reuse waste, suppress dust by wetting, traffic warning signage, use flagmen, controlled blasting.
Excavation & Filling	Spoil, dust, accidents	Stockpile & reuse waste, suppress dust by wetting, use caution tape or barriers around excavations
Sourcing of Earth Materials	Illegal mine &/quarry operation	Provide evidence of supplier's mining license
Storage & Exposure of Particulate Materials (fines)	Washout, sedimentation, drain blockage, dusting	Store materials away from drainage features, cover fines with tarpaulin or surround with berms
Site Works	Noise, fugitive dust, hazards & accidents	Restrict activities to normal working hours, suppress dust by wetting, erect traffic warning signage, use flag men
Garbage & Waste/Spoil Generation	Improper disposal, faecal contamination, health risk, eyesore	Provide garbage receptacles, dispose waste at approved site, avoid burning, compost organic waste, waste management plan
Road Drainage	Flooding of adjacent land, soil erosion	Consult community about local drainage and flooding patterns, design drainage so as to dissipate properly
Blockage of Culverts & Drains	Road flooding and surface erosion	Community awareness programme, proper maintenance of drains & culverts.
Induced Vehicular Traffic	Accidents	Use traffic signage
Other		

N.B. As JSIF only works on existing roads there should be minimum clearing of trees, habitat loss or damage to cultural property as there would be no clearing of land or excavating for new roads.

**Annex VII**

**Activity – Impact – Mitigation Table  
Sanitation Projects**

<b>ACTIVITY</b>	<b>NEGATIVE IMPACT</b>	<b>MITIGATION</b>
Site Preparation/ Vegetation Clearance	Loss of trees & habitat, soil erosion, siltation, organic waste disposal	Mark & protect trees, minimize soil erosion
Excavation & Filling	Spoil, dust, accidents	Stockpile & reuse waste, suppress dust by wetting, use caution tape or barriers around excavations
Sourcing of Earth Materials	Illegal mine &/quarry operation	Provide evidence of supplier's mining license
Storage & Exposure of Particulate Materials (fines)	Washout, sedimentation, drain blockage, dusting	Store materials away from drainage features, cover fines with tarpaulin or surround with berms
Site Works	Noise, fugitive dust, hazards & accidents	Restrict activities to normal working hours, suppress dust by wetting, erect hoarding around excavated areas
Garbage & Waste/Spoil Generation	Improper disposal, faecal contamination, health risk, eyesore	Provide garbage receptacles, dispose waste at approved site, avoid burning, compost organic waste, waste management plan
Improperly situated or designed sewage system	Sewage pollution, water contamination	Construct in area with low water table, design appropriate disposal method
Inappropriate discharge of sewage effluents	Faecal contamination, water & soil contamination, water borne diseases, public health risk	Use septic tanks (where appropriate)
Poorly maintained facilities	Mosquito/fly pests	Ensure provision, maintenance & use of sanitary facilities
Induced Vehicular Traffic	Accidents	Use traffic signage
Other		

**Annex VIII**  
**Activity – Impact – Mitigation Table**  
**Water Delivery Projects**

<b>ACTIVITY</b>	<b>NEGATIVE IMPACT</b>	<b>MITIGATION</b>
Site Preparation/ Vegetation Clearance	Loss of trees & habitat, soil erosion, siltation, organic waste disposal	Mark & protect trees, minimize soil erosion
Excavation & Filling	Spoil, dust, accidents	Stockpile & reuse waste, suppress dust by wetting, use caution tape or barriers around excavations
Sourcing of Earth Materials	Illegal mine &/quarry operation	Provide evidence of supplier's mining license
Storage & Exposure of Particulate Materials (fines)	Washout, sedimentation, drain blockage, dusting	Store materials away from drainage features, cover fines with tarpaulin or surround with berms
Site Works	Noise, fugitive dust, hazards & accidents	Restrict activities to normal working hours, suppress dust by wetting, erect hoarding around excavated areas
Garbage & Waste/Spoil Generation	Improper disposal, faecal contamination, health risk, eyesore	Provide garbage receptacles, dispose waste at approved site, avoid burning, compost organic waste, waste management plan
Improper Chlorination	Supply of poorly treated water, poor public health	Regular dispensing of chlorine
Improper disposal of wastewater	Water & soil contamination, water borne diseases, public health risk	Design an adequate wastewater disposal system/plan
Other		

**Annex IX**  
**Activity – Impact – Mitigation Table**  
**Agro-Processing Projects**

<b>ACTIVITY</b>	<b>NEGATIVE IMPACT</b>	<b>MITIGATION</b>
Site Preparation/ Vegetation Clearance	Loss of trees & habitat, soil erosion, siltation, organic waste disposal	Mark & protect trees, minimize soil erosion
Excavation & Filling	Spoil, dust, accidents	Stockpile & reuse waste, suppress dust by wetting, use caution tape or barriers around excavations
Sourcing of Earth Materials	Illegal mine &/quarry operation	Provide evidence of supplier's mining license
Storage & Exposure of Particulate Materials (fines)	Washout, sedimentation, drain blockage, dusting	Store materials away from drainage features, cover fines with tarpaulin or surround with berms
Site Works	Noise, fugitive dust, hazards & accidents	Restrict activities to normal working hours, suppress dust by wetting, erect hoarding around excavated areas
Garbage & Waste/Spoil Generation	Improper disposal, faecal contamination, health risk, eyesore	Provide garbage receptacles, dispose waste at approved site, avoid burning, compost organic waste, waste management plan
Residue & liquid waste discharge	Soil & water contamination	Design & implement plant waste management plan, worker training in use & monitoring of facilities
Conversion of forest for agricultural use	Deforestation, watershed damage	Compensatory afforestation
Use of agrochemicals on crops	Water pollution	Ensure sound use of agrochemicals through consultations with RADA, farmer training
Other		

## **Annex X**

### **Format for Environmental Impact Assessment Consultant Terms of Reference**

#### **General Introduction**

The Jamaica Social Investment Fund (JSIF) was established in December 1996 as a component of the Government of Jamaica's strategy to reduce and eradicate poverty. Recognizing the limited capacity of existing government institutions to implement small-scale projects at the community level, Cabinet in December 1995 approved the establishment of the JSIF as a key component of the Government's National Poverty Eradication Programme (NPEP). The JSIF is an autonomous government company designed to provide investments in community based projects island wide. The JSIF operates as a demand-driven financial intermediary which follows the principles of community participation and partnership with the private sector, non-governmental organizations (NGOs), community based organizations (CBOs), and donor agencies, in seeking to channel benefits to the poorest communities across the country.

The JSIF, which is designed as a four-year project initially, will promote, appraise, finance and supervise sub-projects in the following areas:

*Social Infrastructure* - includes the rehabilitation, expansion, construction & equipping of structures such as schools, health centres, homes for the elderly and disabled, infirmaries and community centers; it also includes the construction and rehabilitation of public sanitary conveniences, drains, canals and community-based water systems.

*Economic Infrastructure* - includes the rehabilitation and up grading of parochial, feeder and urban access roads and the construction and rehabilitation of community-based agro-processing facilities.

*Social Service* - includes assistance to programmes offering services in career guidance and job placement, counselling (including conflict resolution & drug abuse), parenting and family life education, and skills training to the productive sectors and the disabled.

*Organizational Strengthening* - includes technical assistance and training to governmental and non-governmental institutions in participatory project identification, and to sub-project sponsors and executing agencies to help grass-roots groups to design and formulate, implement and manage small-scale community-based projects.

The execution of sub-projects approved for JSIF funding are monitored by staff of JSIF's Implementation Department, and supervised by external on-site Technical Supervisors/Consultants contracted by the JSIF.

#### **Background**

<Insert information pertaining to the history of each particular project – description of project/purpose. Include a description of the environment and the potential environmental impacts of the project.>

#### **Scope of Work**

<Insert a description of the undertaking being considered for the consultant(s). Include brief descriptions of the range and types of alternatives to be considered for the project. Include a description of any relevant regulatory statutes/approvals that are applicable. Include an outline of the work time line expected.>

**Outputs**

<Insert the particular output requirements of the consultation.

Should include – a work plan/schedule of work; a document containing a detailed description of the project environment, possible environmental impacts of the project, alternatives to project, mitigation measures, environmental management plan, estimated costs of mitigation and any other recommendations>

**Payment Schedule**

<Insert value of payments and timeline of payments>

**Response to Proposal**

<Insert date by when Consultant(s) should respond to the TORs above>



## **Additional Annex 13: Social Annex** **JAMAICA: National Community Development Project**

### **General Social Issues in Jamaica**

Jamaica faces several challenging social problems, among them are: high unemployment, limited access to basic services, crime, violence, and socio-political divisiveness, many of which are interrelated. While the overall poverty rate in Jamaica declined from 44.6% in 1991 to 18.7% in 2000, the proportion of the poor in the Kingston Metropolitan Area more than doubled (from 4% to 10%) during the years 1991-1998. These figures indicate an increasing urbanization of poverty. A large share of the recent political and social upheavals which Jamaica has suffered over the past decades has been attributed to unacceptable conditions in the inner-city areas where urban poverty is prevalent. Moreover, Jamaica suffers from high levels of violent crime. In 2001, over 1,100 homicides were reported, resulting in one of the highest per capita murder rates in the hemisphere. Violence, especially in poor urban neighborhoods, is so extensive that it is impossible to ignore the issue in the context of increasing levels of poverty in the country. The murder rate has escalated over the last two decades, exacerbated by uneven distribution of wealth, domestic violence, rising unemployment (particularly among the youth), political tribalism, and drugs. While the key social issues in the urban areas are violence and unemployment, the key social issue in the rural areas is poverty. The rural poverty rate is 24%, or more than double the urban rate. The high rate is partly attributed to poor infrastructure, inaccessibility, and lack of basic services. Among the rural poor are the Jamaican Maroons who face many of the same problems as their rural counterparts.

### **Maroons of Jamaica**

#### **Background**

The Jamaican Maroons are descendants of forebears from the same or neighboring regions of Africa that escaped from slavery during the Colonial Era and obtained their freedom prior to the abolition of slavery. Today, though Maroons live throughout the island, there are some concentrations in several remote areas where they first settled. These semi-autonomous communities follow traditional social customs, elect their "colonels" or community leaders, and deal with certain disputes by themselves, however they are governed by national legal and political institutions. Jamaican Maroons usually identify themselves as Jamaicans or Jamaicans with a Maroon heritage, and while many warmly embrace their sub cultural heritage, many are also fully integrated into mainstream Jamaican society, in some instances holding senior positions in the national government.

Though Maroons are not considered to be more disadvantaged in the development process than other low-income rural populations in Jamaica, the inaccessibility of these communities puts them at a disadvantage. The government is aware of this, and efforts are underway to make these communities more accessible. As opportunities open, Maroon communities have been evolving from a primarily subsistence-farming community to rely on revenue from tourism activities and other jobs (as teachers, nurses, bureaucrats, etc.).

#### **Existing Communities:**

There are four main Maroon communities in Jamaica, namely Accompong (St. James), Scotts Hall (St. Mary), Charles Town (Portland) and Moore Town (Portland), and several other settlements that are predominantly Maroon (e.g. Comfort Castle, Seaman's Valley). These are all rural mountain communities, and fall within Quartiles 3 and 4 on the PIOJ Poverty Map. Conditions here are similar to those found in other poor rural communities across Jamaica, including heavy reliance on agriculture, poor access roads, unreliable domestic water supply, and few opportunities for employment. They do,

however, have an advantage over similar non-Maroon communities in that they are able to benefit from heritage tourism opportunities, which are actively being pursued through the Tourism Product Development Company (TPDCo) and the Institute of Jamaica.

### **JSIF Experience**

JSIF has received sub-project requests from nearly all the Maroon communities, and has approved and implemented projects in Comfort Castle, Ginger House and Moore Town. Other requests are currently in the pipeline (screening and appraisal). Maroon communities have accessed JSIF through the Social Development Commission, TPDCo and through word of mouth from other communities. Maroon communities have been proactive and taken the initiative to contact JSIF regarding subprojects. Recently a delegation from the community went to JSIF to examine the possibility of constructing a road to help facilitate increased tourism in the villages. And though this is not an official subproject, JSIF is working with them to develop the necessary clearances to obtain the road. As the Maroons have demonstrated their ability to be proactive and participative in JSIF and other programs, the need for a special outreach program for the Maroons has not been envisaged. However, as part of the Bank's monitoring of the beneficiary profile of JSIF sub-projects, attention will be paid that there is appropriate access by any low-income target group, including the Maroons.

