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Report No: 42192- JM

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$15 MILLION

TO

JAMAICA

FOR AN

EARLY CHILDHOOD DEVELOPMENT PROJECT

April 8, 2008

Human Development Sector
Caribbean Country Management Unit
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective March 18, 2008)

Currency Unit = Jamaican dollars
JMD 71.14 = US\$1

FISCAL YEAR
April 1 – March 31

ABBREVIATIONS AND ACRONYMS

CDT	Child Development Therapist
CFAA	Country Financial Accountability Assessment
CHASE	Culture, Health, Arts, Sports and Education Fund
CPAR	Country Procurement Assessment Review
EBSP	Enhancement of Basic Schools Project
EC	Early Childhood
ECC	Early Childhood Commission
ECD	Early Childhood Development
ECE	Early Childhood Education
ECECD	EC education, care and development
ECI's	Early Childhood Institutions
EDI	Early Development Instrument
FY	Fiscal Year
GDP	Gross Domestic Product
GoJ	Government of Jamaica
HEART/NTA	National Training Agency (statutory agency of MoE)
HR	Human Resources
IDF	Institutional Development Fund
IFR	Interim, unaudited financial report
JLP	Jamaican Labour Party
MLSS	Ministry of Labour and Social Security
MoE	Ministry of Education
MoEY	Ministry of Education and Youth (now MoE)
MoFPS	Ministry of Finance and the Public Service
MoH	Ministry of Health
MTF	Medium Term Socio-Economic Policy Framework
NCC	National Contracts Commission
NCTVET	National Council on Technical and Vocational Education and Training
NSP	National Strategic Plan
NPV	Net Present Value
PATH	Program for Advancement Through Health and Education
PEFA	Public Expenditure Financial Accountability
PNP	People's National Party
ROSE II	Reform of Secondary Education II
SIL	Specific Investment Loan
SLC	Survey of Living Conditions
SWAp	Sector-Wide Approach
UNICEF	United Nations Children's Fund

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Sector Leader	Chingboon Lee
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JAMAICA
Jamaica Early Childhood Development Project

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JAMAICA

JAMAICA EARLY CHILDHOOD DEVELOPMENT PROJECT

PROJECT APPRAISAL DOCUMENT

LATIN AMERICA AND CARIBBEAN

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Date: April 8, 2008 Country Director: Yvonne M. Tsikata Sector Manager/Director: Eduardo Velez Bustillo Project ID: P095673 Lending Instrument: Specific Investment Loan		Team Leader: Christoph Kurowski Sectors: Pre-primary education (70%); Health (30%) Themes: Education for all (P); Other social protection and risk management (S) Environmental screening category: Not Required				
Project Financing Data						
☒ Loan ☐ Credit ☐ Grant ☐ Guarantee ☐ Other: For Loans/Credits/Others: Total Bank financing (US\$ m.): 15.00 Proposed terms: The loan would be a U.S. Dollar commitment-linked variable spread loan, with a 30 years repayment term including a 5 year grace period, and level repayments, with interest rate conversion options						
Financing Plan (US\$m)						
Source	Local	Foreign	Total			
Borrower	493.87	0.00	493.87			
International Bank for Reconstruction and Development	14.7	0.3	15.00			
Total:	508.57	0.3	508.87			
Borrower: Ministry of Finance and the Public Service Kingston, Jamaica Responsible Agency: Early Childhood Commission Kingston, Jamaica						
Estimated disbursements (Bank FY/US\$m)						
FY	2009	2010	2011	2012	2013	2014
Annual	2.85	3.15	3.1	3.05	2.85	0.00
Cumulative	2.85	6.00	9.1	12.15	15.00	15.00
Project implementation period: Start April 1, 2008 End: March 31, 2013 Expected effectiveness date: August 8, 2008 Expected closing date: September 30, 2013						

Does the project depart from the CAS in content or other significant respects? Ref. PAD A.3	☐ Yes ☒ No
Does the project require any exceptions from Bank policies? Ref. PAD D.7	☐ Yes ☒ No
Have these been approved by Bank management?	☐ Yes ☐ No
Is approval for any policy exception sought from the Board?	☐ Yes ☒ No
Does the project include any critical risks rated “substantial” or “high”? Ref. PAD C.5	☐ Yes ☒ No
Does the project meet the Regional criteria for readiness for implementation? Ref. PAD D.7	☒ Yes ☐ No
Project development objective Ref. PAD B.2, Technical Annex 3 Following the objectives of the National Strategic Plan, the Project Development Objective is to: (i) improve the monitoring of children’s development, the screening of household-level risks affecting such development, and early intervention systems of the Borrower to promote such development; (ii) enhance the quality of early childhood schools and care facilities¹; and (iii) strengthen early childhood organizations and institutions.	
Project description [one-sentence summary of each component] Ref. PAD B.3.a, Technical Annex 4 <u>Component 1: Co-Financing the implementation of the NSP under SWAp modalities.(US\$13.1 million)</u> Component 1 co-finances the implementation of the NSP’s seven action areas: 1. Effective parenting education and support for early childhood development; 2. Effective preventive health care for 0-6 year olds; 3. Early and effective screening, diagnosis and early intervention for at-risk children and households; 4. Safe, learner-centered, well-maintained early childhood facilities; 5. Effective curriculum delivery by trained early childhood practitioners; 6. The sector and sector agencies are governed by frameworks that promote achieving results in a consultative environment, and all sector institutions are achieving targets; and 7. Timely, clear, current, appropriate, evidence-based information to support early childhood development. <u>Component 2: Technical Assistance under Standard Financing Arrangements. (US\$1.86 million)</u> Component 2 will finance selected consultant services critical to achieve the NSP and Project Development Objective.	
Which safeguard policies are triggered, if any? Ref. PAD D.6, Technical Annex 10 No safeguard policies are triggered. Risks that specific social groups do not adequately benefit from NSP activities will be addressed when sub-strategies and service delivery models will be developed.	
Significant, non-standard conditions, if any, for: Ref. PAD C.7 Board presentation: None	

¹ Early childhood schools and care facilities are usually referred to as “ECI” or Early Childhood Institutions in Jamaica. In the rest of the PAD, we use the terminology ECI to refer to these schools and care facilities. ECIs include day care centers, infant schools (which are government run), basic schools (which are community-based) and private preschools.

Loan/credit effectiveness:

- The Project's Operational Manual is adopted by the ECC.
- The subsidiary agreement between the Government of Jamaica and the ECC is signed.

First disbursement under Component 1 (SWAp):

- Prior to a first disbursement under Component 1, weaknesses in the financial management of the eligible budget line Grants to Community Schools will be rectified.

Prior to a first disbursement under Component 1, ECC and MoH will establish budget lines exclusively dedicated to the financing of disbursement-linked targets in 2009-2010. To allow the Bank to review compliance with this disbursement condition, the GoJ will submit excerpts of the budget proposal 2009-2010.

I. STRATEGIC CONTEXT AND RATIONALE

A. Country and sector issues

1. **Jamaica is a small, lower-middle income country with positive trends in economic growth and poverty reduction.** In 2006, Jamaica's population totaled 2.7 million. After a period of prolonged stagnation (1990-2000), real annual GDP growth rates accelerated in 2001, reaching 2.5 percent in 2006-2007². This recent trend has been led by tourism, strongly growing as a result of foreign and domestic investment, as well as mining and agriculture. Since 1991, poverty levels have declined steadily, from 44.6 percent to 18.7 percent in 2005. The decline in the percentage of Jamaicans with consumption levels below the national poverty line is due in large part to increases in remittances and a sharp reduction in general inflation³.

2. **Accelerated and sustained growth and poverty reduction will require major investment in human capital**⁴. Jamaica's economic and social development are held back by a set of reinforcing human development shortcomings and their consequences. Due in part to poor school readiness among Jamaican children, learning outcomes in the education sector are poor, leading to early school leaving and low skills development. A less skilled labor force impacts on the economy's regional and global competitiveness⁵, as well as contributes to high rates of youth unemployment (more than three times that of adults⁶), which in turn are associated with excessive levels of crime and violence among young men. A cycle of poverty-causing low human development outcomes is then perpetuated as children are born into households with parents that have few resources, low levels of education and limited skills with which to promote their children's health and prepare them for school and life.

3. **Though the GoJ made progress in increasing its revenues and improving the management of debt, fiscal space to invest in human capital remains highly constrained and expenditures skewed towards higher levels of education.** Though it did not achieve its targets, the GoJ made progress in increasing its tax revenues and limiting new debt. Still, in fiscal year 2006-2007, debt servicing consumed 58.6 percent of public expenditure. High debt repayments negatively affect the funds available for investment in human capital⁷. In the same year, the GoJ spent only 19 percent of its budget on social services including education and health⁸. In spite of the proven cost-effectiveness of ECD interventions to break the cycle of reinforcing human development shortcomings, investment in ECD represented only a small fraction of this amount. According to the Economic and Social Survey 2006, of the 12 percent that the GoJ allocated to education, merely 4.1 percent was made available for investment in ECE (compared to 30.4 percent for primary, 29.0 percent for secondary and 19.2 percent for tertiary education)⁹. The National Task Force on Education Reform recommended that the GoJ doubles its investment in ECD in the short-term.

² Ministry of Finance and Planning, Jamaica Budget, 2007.

³ World Bank, Jamaica Poverty Assessment, 2006.

⁴ World Bank, The Road to Sustained Growth: Jamaica Economic Memorandum, 2003.

⁵ World Bank, Jamaica Poverty Assessment, 2006.

⁶ Unemployment among youth (15-24) account for 42 percent of total unemployment rates (Jamaica Poverty Assessment 2006).

⁷ Fiscal Expenditure on Services for Children in Jamaica, 2003-2004 and 2005-2006. Michael Witter. Paper prepared for the Government of Jamaica and UNICEF, and cited in the Public Expenditure Review.

⁸ Beckford, C. Public Expenditure Review of the Early Childhood Sector, 2007.

⁹ Beckford, C. Public Expenditure Review of the Early Childhood Sector, 2007.

4. **Despite limited funding, both the previous and the newly elected governments have recognized the importance of early childhood development.** The previous government adopted a comprehensive reform approach to improve ECD outcomes. Achievements to date include high levels of immunization, low levels of malnutrition and almost universal pre-school coverage. Furthermore, the government took legislative action to revamp the organization and coordination of the ECD sector. In 2003, it established the Early Childhood Commission (ECC) within the then Ministry of Education and Youth (MoEY) to oversee and coordinate the various sectors involved in ECD. To improve the quality of early childhood institutions (ECI's), the ECC was charged with the responsibility for inspection and registration of ECI's. The new administration that assumed office in September 2007 pledged to reinforce the development of human capital with a particular emphasis on ECD.

5. **Major shortcomings remain in the provision of parenting education and support and health and education services for young children.** The coverage of parenting education programs is low, and the quality highly variable. There currently exists no consensus on good parenting practices, nor a national parenting policy. In addition, at-risk children have limited access to adequate support services, due mainly to insufficient capacity of the system for screening and early intervention. Nutritional programs also need to be transformed and scaled up to address the emerging overnutrition epidemic among children. For ECI's serving the 0 to 3 year old, enrollment is low, no recognized national service model exists and formal supervision of day care centers is weak¹⁰. The overall quality of ECI's, numbering more than 2,000 in 2006, is uneven and often poor. Quality issues vary from inadequate infrastructure to low staff per student ratios. Efforts to improve the quality of educational services provided in ECI's are hampered by the dearth of trained caregivers.

6. **In addition to addressing shortcomings in service provision, strengthening the ECD system will require improved coordination of planning, financing and evidence-based decision-making among ministries and other public agencies.** The ECC, as the government's body to coordinate ECD programs and activities, requires further organizational strengthening. In addition, planning for and monitoring investment in ECD are hindered by a lack of visibility into budgets and expenditures of each entity involved. Finally, ECD has been found to lack monitoring and evaluation of services and interventions¹¹ as well as comprehensive data collection¹², which hinders efforts such as identifying and addressing the needs of children, especially vulnerable populations and improving ECD outcomes.

7. **Encouraged by the previous and current government to increase budgetary allocations, the ECC developed a results-focused National Strategic Plan (NSP) to improve ECD system performance between 2008 and 2012.** Corresponding to its mandate of coordinating and developing national programs, the ECC has led an inclusive multi-sector process to validate and further define national objectives for early childhood development. The resulting NSP focuses on improving the quality and access to ECD services with particular attention to the strengthening of sector organizations and institutions during the first two-years of

¹⁰ Focal Point, Development of a New Organizational Structure for the Early Childhood Commission, 2007.

¹¹ 2000 review by KPMG, as cited in Strategic Review of the National Early Childhood Programme, KPMG, 2004.

¹² The Status of Jamaican Children, 2006.

its implementation. It defines a total of 45 implementation milestones with nine to be achieved each fiscal year. In addition to the NSP, the ECC developed a basic monitoring and evaluation system that will allow, notwithstanding the need for further strengthening, evidence-based policy decisions in the short-term. The Government endorsed the NSP, including the proposed changes to the governance arrangements for ECD, and committed to its financing and implementation.

B. Rationale for Bank involvement

8. **The GoJ has requested the technical and financial support of the World Bank (hereafter referred to as the Bank) for the implementation of the NSP.** Over the past 18 months, the GoJ received the Bank's technical and financial support, including a PHRD grant, for the development of the NSP, several sub-strategies and the ECD monitoring and evaluation system. The GoJ's request for continued assistance is motivated mainly by three reasons. First, the GoJ wishes to draw on the Bank's global experience in implementing large scale ECD programs, for example in Chile and Mexico, including its expertise in the reform of organizational and institutional arrangements to improve sector efficiency. Second, Jamaican and Bank ECD experts have been collaborating for a long time in establishing the scientific evidence for the impact of ECD interventions. This collaboration has placed both Jamaica and the Bank at the forefront in the field. Finally, the loan will help to finance the investment needed to improve ECD outcomes.

C. Higher level objectives to which the project contributes

9. **The proposed Project is a core element of the Bank's Country Assistance Strategy for Jamaica and a natural complement to other projects in the human development as well as other Bank sectors.** The Bank's Country Assistance Strategy places ECD at the heart of achieving pillar II: improving human development and opportunity. The Project will make a major contribution to improve educational outcomes in the short-term and build a skilled, competitive workforce and reducing crime and violence in the long-term, thereby also supporting pillars I, accelerating inclusive economic growth, and III, crime prevention and reduction. It will create synergies with several ongoing Bank-supported operations in Jamaica, in particular: (i) the Jamaica Inner City Basic Services for the Poor project, which strengthens parenting education programs in poor urban areas; (ii) the PATH project, which fosters demand for ECD services through conditional cash transfers; and (iii) the ROSE II project, which improves the quality of secondary schools.

10. **The Project aligns well with the government's development strategy for the period 2004-2007 – the Medium Term Socio-Economic Policy Framework (MTF) – whose policy goals for education and health include expected outcomes for children age 0-5.** In pursuit of the goal to improve access to and quality of education, the government aims specifically to improve the quality of preprimary education, as measured by children achieving full mastery in grade 1. Similarly, in striving toward the goal to reduce and control morbidity and mortality, the government focuses specifically on the reduction of morbidity and mortality rates of 0-5 year-olds.

11. **The Project also addresses the newly elected government's plan to reform the ECD sector.** The new administration has publicly articulated its support to ECD to improve the quality of ECI's through a standardized early childhood curriculum, trained teachers and support for schools to meet standards. It has further articulated a pledge to improve the sector's ability to identify and meet children's needs through health screening, school feeding and better parenting techniques, awareness and preparation.

II. PROJECT DESCRIPTION

A. Lending instrument

12. **The Bank will co-finance the implementation of the NSP with a Specific Investment Loan that will use both Sector-Wide Approach (SWAp) and standard financing modalities.**

Sector-Wide Approach

13. **Loan funds will reimburse expenditures under budget lines exclusively financing public expenditure on ECD.** For accounting purposes, these budget lines, hereafter referred to as eligible budget lines, will be transferred from budget category 1 (recurrent cost) to budget category 3 (capital B). Given the current budget structure, the SWAp will initially entail only two eligible budget lines: First, Grants to Community Schools (US\$14.5 million in fiscal year 2007-2008) and the Grant to the ECC (US\$1.2 million in fiscal year 2007-2008)¹³. At mid-term, when additional budget lines exclusively financing ECD will have been established, GoJ and the Bank will decide whether to classify them as eligible for reimbursement with loan funds and amend the Loan Agreement accordingly.

14. **Disbursements will take place every six months (June and December).** Disbursements in December will reimburse expenditures under eligible budget lines to a maximum of US\$1 million. Disbursements in June will also reimburse expenditures under eligible budget lines; however, the amount will be determined by the number of implementation milestones of the NSP, hereafter called disbursement-linked targets, achieved in the preceding fiscal year. The NSP defines nine disbursement-linked targets for each fiscal year. Achieving a disbursement-linked target will be honored by a disbursement of US\$180,000. The attainment of disbursement-linked targets will be evaluated by the ECC in collaboration with participating entities and will be subject to the Bank's review. The Bank may approve the rescheduling of disbursement-linked targets should they be missed or achieved ahead of schedule.

15. **To ensure adequate resource availability to achieve disbursement-linked targets and as such incremental spending on ECD, disbursements every June will be subject to meeting two conditions.** First, disbursement-linked targets to be achieved during the same fiscal year must have been adequately budgeted. To this end, starting in 2009/10, the ECC and participating line ministries will establish budget lines exclusively dedicated to the financing of disbursement-linked targets in fiscal years in which they will receive related funding. Second, the execution rate under eligible and budget lines for disbursement-linked targets must have been at least 70 percent during the previous fiscal year.

¹³ For a definition of these budget lines, see annexes 4 and 7.

16. **Prior to disbursements in June, the Bank will review the attainment and appropriate financing of disbursement-linked targets.** Every June, the Bank will assess the attainment of disbursement-linked indicators, allocations to budget lines for disbursement-linked indicators in the ongoing fiscal year, and budget execution rates under eligible budget lines for disbursement-linked targets in the previous fiscal year. For this review, the GoJ will submit before the end of May (i) evidence that disbursement-linked targets have been met, (ii) statements of expenditures by objects for eligible budget lines for disbursement-linked targets of the previous fiscal year, and (iii), excerpts from the Estimates of Expenditures for the ongoing fiscal year. Prior to the disbursement of loan funds, the Bank will communicate in writing the findings of its review to the Borrower.

17. **The proposed SWAp modalities are expected to have four significant advantages over standard financing arrangements.** First, the proposed arrangements would mimic an incentive framework similar to performance-based budgeting, which the GoJ seeks to broadly introduce as part of its public sector reform. The Ministry of Finance and the Public Service (MoFPS) will face a relatively strong incentive to provide necessary budgets, ensure the timely release of funds and hold ECD organizations accountable for achieving disbursement-linked targets. Second, by linking disbursements to the reform of policies and financing, the loan will leverage change throughout the ECD system. Loan funds constitute approximately 20% of the cost of the NSP above and beyond current public expenditures on ECD and, as such, they provide a reasonable incentive not only to budget and implement disbursement-linked targets, but reform the ECD system. For example, the Project will provide an incentive to consolidate and better target fragmented streams of subsidies to not-for profit ECD service providers (for more examples see Table 1). Third, in comparison to standard implementation arrangements, the proposed modalities are likely to result in a steadier, more predictable flow of funds. Reimbursing a mix of non-incremental and incremental expenditures will smooth disbursement levels independent of the increasing need for incremental funding over the implementation period as new staff is added and additional systems implemented. Finally, the proposed modalities have the potential to improve the coordination of donor financing by setting up a results-based, sector-wide financing mechanism that can be easily adopted by other external funding agencies.

Table 1: Disbursement-linked targets

NSP	May 2009	May 2010	May 2011	May 2012	May 2013
1. Effective early childhood parenting education and support	Sub-strategy for parenting 0-3 approved	Sub-strategy for parenting 4-6 approved	Standards and accreditation system for EC parenting education and support programs approved	Annual review publication for 2010-2011 includes mapping of EC parenting education and support programs	30 percent of EC parenting education and support programs accredited
2. Effective preventive health care for children 0-6 years old	Model child health passport developed and approved	Service delivery model for 4-6 years olds for nutrition support approved 20 percent of health centers use child health passport Accreditation system for health centers with well-child clinics approved	Service delivery model for 0-3 years olds for nutrition approved	15 percent of health centers offering well-child clinics accredited 60 percent of health centers use child health passport	30 percent of health centers offering well-child clinics are accredited
3. Effective screening diagnosis and early intervention (SDEI) for at-risk children and households	Curriculum & delivery model for child development therapy (CDT) developed	Screening and documentation system for high risk households approved	Training institutions enroll at least 25 CDT students 30 percent of PATH community workers trained in screening households	50 percent of PATH households are screened for child development risks 20 percent of health centers offering well-child clinics identify high risk households	Regional health authorities have at least one full time CDT per parish (14)
4. Safe, Learner-centered and well-maintained EC facilities	ECC staffed with at least 35 trained inspectors 35 percent of ECI's have received a complete initial inspection 75 percent of ECI's have submitted complete applications for registration	75 percent of ECI's have received a complete initial inspection	Detailed info on ECI's meeting the 12 standards is published	85 percent of ECI's have received a complete inspection 15 percent of ECI's are registered	85 percent of ECI's have received a complete inspection 25 percent of ECI's are registered

<i>NSP</i>	<i>May 2009</i>	<i>May 2010</i>	<i>May 2011</i>	<i>May 2012</i>	<i>May 2013</i>
<i>5. Effective curriculum delivery by trained EC practitioners</i>	HR strategy developed and approved by ECC Level III (vocational) competency standards developed		Licensing system for EC practitioners approved Level III (vocational) curriculum approved	25 percent of early childhood practitioners receiving salary subsidies are licensed	25 percent of ECI's for age 3+ have at least 1 level III (academic) or level IV (academic) trained teacher 50 percent of early childhood practitioners receiving salary subsidies are licensed 50 percent of early childhood practitioners receiving salary subsidies are at Level II or above
<i>6. Frameworks that promote achieving results in a consultative environment</i>	Spatial analysis of Early Childhood Education (ECE) services conducted	MoFPS reports on ECD expenditures Financing and accountability arrangements for subsidies to ECI's are revised and approved.	Revised financial and accountability arrangements for subsidies to ECI's implemented and transferred to ECC	ECD policy approved by cabinet	National Strategic Plan for ECD 2013-2017 approved by ECC Board.
<i>7. Timely, clear and current appropriate info to support evidence-based decision making</i>		Measures of parenting and child development status incorporated into SLC	Survey of child development at age 4 implemented and field work completed		

Standard Financing Arrangements

18. The GoJ and the Bank agreed to finance only consultant services that are critical to achieving the objectives of the NSP according to standard arrangements.

B. Program objective and Phases

19. N/A

C. Project development objective and key indicators

20. **Following the objectives of the National Strategic Plan, the Project Development Objective is to: (i) improve the monitoring of children's development, the screening of household-level risks affecting such development, and early intervention systems of the Borrower to promote such development; (ii) enhance the quality of early childhood schools and care facilities¹⁴; and (iii) strengthen early childhood organizations and institutions.**

21. **Key performance indicators for the Project are the following:**

- Percentage of children age birth to 3 years monitored and screened for risks using the child health passport;
- Percentage of health centers with well-child clinics that are accredited;
- Percentage of households benefiting from the GoJ's conditional cash transfer program (PATH) that are screened for child development risks;
- Percentage of parents/guardians of children 0-6 years old that have received information on parenting (excluding information received from family members and friends);
- Percentage of children enrolled in ECI's that attend a center that is registered;
- Percentage of early childhood practitioners receiving salary subsidies that are licensed; and
- Implementation of a nationally representative survey of child development age 4.

D. Project components

22. **The Project consists of two components.** Component 1 will co-finance the implementation of the NSP using SWAp modalities; Component 2 will pay for technical assistance (selected consultant services) under standard financing arrangements.

¹⁴ Early childhood schools and care facilities are usually referred to as "ECI" or Early Childhood Institutions in Jamaica. In the rest of the PAD, we use the terminology ECI to refer to these schools and care facilities. ECIs include day care centers, infant schools (which are government run), basic schools (which are community-based), and private preschools.

Component 1: Co-Financing the implementation of the NSP under SWAp modalities (US\$13.1 million)

23. Component 1 co-finances the implementation of the NSP's seven action areas:

- Effective parenting education and support for early childhood development;
- Effective preventive health care for 0-6 year olds;
- Early and effective screening, diagnosis and early intervention for at-risk children and households;
- Safe, learner-centered, well-maintained early childhood facilities;
- Effective curriculum delivery by trained early childhood practitioners;
- The sector and sector agencies are governed by frameworks that promote achieving results in a consultative environment, and all sector institutions are achieving targets; and
- Timely, clear, current, appropriate, evidence-based information to support early childhood development.

24. Parenting education and support: This action area foresees the strengthening of the ECC's parenting Sub-Committee, the development and implementation of a national ECD parenting education and support sub-strategy, and a public awareness campaign. It includes the creation of an accreditation system for early childhood parenting education and support programs and a grant facility to support service providers in meeting accreditation standards.

25. Preventive health care: This action area includes the reorganization of well-child clinics, including the mainstreaming of well-child services at the primary care level, expansion of the staff, the introduction of an accreditation system for health centers offering well-child services, and the strengthening of the referral system. Furthermore, the action area will support the transformation and scaling up of nutritional programs to sustain achievements in reducing undernutrition and, at the same time, address the emerging epidemic of overnutrition. To enable parents and health practitioners to monitor child development comprehensively, the action area also proposes the introduction of a child health passport, to be used in all health centers.

26. Screening, diagnosis, and early intervention: This action area includes the development of a national policy for screening, referral and early intervention. It also provides for the development of a screening system for household-level risks and its application to all households enrolled in the GoJ's income support program. In addition, it entails the strengthening of the early intervention system through a new cadre of health professionals, entitled child development therapists, who will address vision, hearing, and speech impairments as well as behavioral development challenges.

27. Safe, learner-centered facilities: This action area foresees the strengthening of the inspectorate for ECI's at the ECC. Furthermore, it includes the strengthening of the support system for ECI's, including the recruitment of development officers to technically support ECI's, the training of ECI caregivers in safety standards, and financial support to ECI's to implement development plans and meet service standards. In support of this action area, the Component will

finance salaries of inspectors and development officers as well as operational costs by reimbursing expenditures under the eligible budget line Grant to the ECC.

28. **Trained practitioners:** This action area proposes the implementation of a comprehensive ECD human resource strategy entailing the reform of training curricula, the increase in training capacities, the upgrading of skills of ECD practitioners and the development of continuing education and licensing systems. In support of this action area, the Component will finance (i) salaries of ECD practitioners by reimbursing expenditures under the eligible budget line Grants to Community Schools and (ii) training of ECD practitioners by reimbursing expenditures under the eligible budget lines Grant to the ECC.

29. **Governance:** This action area includes the reorganization of the ECC, including the expansion of its staff base. Furthermore, it foresees the development of a national ECD policy, as well as proposals for local governance arrangements, ECI management models, and the reengineering of the national budget to allow for the comprehensive monitoring of ECD expenditures. In support of this action area, the Component will finance salaries of ECC staff and operational costs by reimbursing expenditures under the eligible budget line Grant to the ECC.

30. **Evidence-based decision-making:** This action area foresees the strengthening of the national ECD management and information system and national ECD statistics. These systems will include the application of an internationally developed, locally adapted instrument to monitor the early child status and enable the ECC to report for the first time on the performance of the ECD system, including the HR situation and the child development status at age 4. In support of this action area, the Component will finance salaries of ECC staff and operational costs by reimbursing expenditures under the eligible budget line Grant to the ECC.

Component 2: Technical Assistance under Standard Financing Arrangements (US\$1.86 million)

31. **Component 2 will finance selected consultant services critical to achieve the Project Development Objective.** The component will support the development of a national policy on screening, referral and early intervention, including the design of a screening system for risks at the household level, and the development of a public education strategy about risks for children. It will finance development of sub-strategies for parenting of children aged of 0-3 and 4-6 years, including the mapping of existing parenting education and support programs, the development of an accreditation system for parenting programs, and awareness and advocacy strategies for parenting support programs. It will finance the development of service delivery models for nutritional programs targeted at different age groups and a strategy for the reorganization and strengthening of well-child clinics. The component will also support the redesign of the GoJ's grant facility supporting ECI's, including the analysis of needs and gaps in ECI service provision and the development of training modules for ECI staff in the areas of ECI health and safety. It will finance the development of a comprehensive ECD human resource strategy, including a revision of current compensation policies. It will pay for background studies to strengthen the legal framework governing ECD, to develop a national ECD policy, and to elaborate proposals for local governance and ECI management models. It will support the development of the

monitoring and evaluation system, including the design of the ECD instrument for measuring the development status at age 4. Finally, it will finance the evaluation of the NSP 2008-2012 at mid-term and towards the end of the implementation period as well as the development of the NSP 2013-2017.

E. Lessons learned and reflected in the project design

32. **Ensuring effective coordination among actors:** ECD represents a multi-sector enterprise requiring close coordination among different ministries and other government agencies. The GoJ put in place three critical mechanisms to ensure the effective cooperation across agencies in the planning, financing, implementation and monitoring of activities. It created a single, coordinating body, developed a multi-sector strategy and set up a unique management and information system. The Project will primarily adopt these implementation arrangements; furthermore, the proposed SWAp modalities will create an incentive framework that focuses attention on results, enhances accountability among government organizations and provides a platform for improved coordination of donor financing.

33. **Taking advantage of opportunities to invest public resources more effectively:** Current reforms provide opportunities to revise the organizational and institutional arrangements governing ECD. In particular, the transformation of the Ministry of Education into a “policy ministry” will imply that responsibilities will be shifted from the MoE to the ECC, such as the management of streams of funding to support ECI’s. These changes provide the opportunity to review and reform current policies and practices. For example, during project preparation, a study was commissioned to propose a funding mechanism which would consolidate these streams and render them more effective, transparent and equitable.

34. **Empowering parents:** To preserve and improve upon the gains made by increasing access and quality of ECD services, it is essential to provide information and support to parents. This parental education is crucial for educating people in their role not only as parents, but also as those responsible for choosing the services for their children, and having the voice to demand more and better services of providers.

F. Alternatives considered and reasons for rejection

35. **Using standard financing arrangements for Component 1:** The Project Team considered using standard financing arrangements rather than SWAp modalities for Component 1. This approach would have operated strictly through the ECC and allowed for the ring fencing of Bank investments. However, given expected advantages of SWAp modalities (see paragraph 17) it was agreed that a SWAp is a better approach to achieve the project objectives.

36. **Using an Adaptable Program Loan (APL):** Given the sub-objective of strengthening the capacity for ECD governance, a phased approach was considered whereby phase I focused on providing technical assistance to the ECC, and phase II focused on the implementation of the NSP. Since investments in ECD are urgently needed and some critical activities are largely independent of the ECC’s implementation capacity, it was decided that a phased approach was not needed and hence a Specific Investment Loan (SIL) was chosen as the preferred instrument.

III. IMPLEMENTATION

A. Partnership arrangements (if applicable)

N/A

B. Institutional and implementation arrangements

37. **The ECC will be responsible for overall Project implementation.** As the Project's Implementing Entity, the ECC, a statutory body within the MoE, will enter into a Subsidiary Agreement with Jamaica that will detail the obligations of both parties in the execution of the Loan including, *inter alia*, articles governing the utilization of the funds, withdrawal and disbursement mechanisms, and project execution. During Project implementation, the ECC will ensure that legal requirements are met, including the timely audit of the Project, facilitate Project supervision, including the monitoring of Project indicators, and respond to project-related, external inquiries.

38. **Project implementation arrangements will build on the institutional arrangement of the NSP.** The NSP will serve as the overarching action framework for activities to improve ECD system performance carried out by a wide-range of ECD organizations (hereafter referred to as participating entities). The implementation of the NSP will be coordinated by the ECC, which will enter into annual Memoranda of Understanding (MoU) with each of the participating entities. The MoU's shall detail the roles, responsibilities and obligations of each of the signatories, including timetables for achieving disbursement-linked targets, requisite budget allocations and reporting requirements vis-à-vis the ECC. The ECC's Chairman will lead discussions with the MoFPS about increases of the resource envelope for ECD each year in November. Its Directorate for Cross-Sectoral Coordination will coordinate the budgeting of ECD activities across participating entities and prepare an ECD system-wide budget proposal and, together with the Directorate of Finance, & Information Technology, monitor resource availability, resource use, progress in the implementation of activities as well as progress towards the NSP objectives.

39. **The ECC will carry out Project-specific implementation activities with support from the participating entities.** As regards to Component 1, the ECC will enable the Bank to review proposals for the system-wide budgets prior to the beginning of the fiscal year, will monitor (with support of participating entities) expenditures under eligible budget lines established for the monitoring of budgets and expenditures on disbursement-linked targets, will review and report to the Bank every six months progress towards disbursement-linked targets and other Project indicators, and will prepare and submit disbursement requests. As regards to component 2, the ECC will prepare and carry out annual operation and procurement plans and submit disbursement requests. Project-specific obligations of participating entities vis-à-vis the ECC will be established in the Project's Operational Manual and the MoU's governing the relationship between the ECC and participating entities within the context of the NSP. For both components, the ECC will submit quarterly interim, unaudited financial reports (IFR's).

40. **The flow of funds will differ for the two project components.** Under Component 1, loan resources will reimburse expenditures under eligible budget lines flowing through the Consolidated Fund at the MoFPS to the MoE and to the ECC. Disbursements will take place twice a year, the first against actual expenditures (to a maximum of US\$1 million) and the second amount dependent on achieving disbursement-linked targets. Under Component 2, activities will be reimbursed through funds flowing from a designated account.

41. **The Project will use the report-based disbursement mechanism for both components.** The ECC will be responsible for sending the following reports to the Bank: IFR's, a request for reimbursement of budget lines financed under Component 1 and a request for reimbursement into the designated account for expenditures under Component 2.

42. **Retroactive financing.** The Project will reimburse eligible expenditures incurred on or after April 1, 2008. The total amount of retroactive financing will be limited to US\$3.00 million for eligible expenditures under Component 1 (US\$2.62 million) and component 2 (US\$0.38 million). Under Component 1, retroactive financing will cover budget lines related to Grants to Community Schools (Sub-Object 27, salaries) and the Grant to the Early Childhood Commission from April to September 2008. For Component 2, it would cover consultant services procured according to Bank guidelines.

C. Monitoring and evaluation of outcomes/results

43. **The NSP has a component dedicated to improving the national system for monitoring early childhood outcomes, including the introduction of impact indicators.** Two measures of child development are planned. The first planned measure is a questionnaire module to measure child development that will be administered through the Survey of Living Conditions. The second planned measure is a regular assessment of child development at age 4, which will be designed and implemented through the early childhood institutions under the leadership of the ECC. The assessment of child development at age 4 is meant to be a tool for teachers to evaluate their pupils and adjust their teaching, and as such it will be offered in all ECI's serving 4-year olds. However, it will also enable the ECC to collect representative data on child development at age 4, since enrollment in ECI's at age 4 is about 95 percent. The instrument will be developed by the ECC, based on an internationally developed instrument (EDI) that will be adapted to the Jamaican context. The introduction of these two measures will make Jamaica a pioneer in terms of measurement of ECD outcomes, especially since the measurements are planned to occur on a regular and nationally representative basis and within the context of a National Strategic Plan for early childhood. Both these measures will monitor outcomes at a level higher than the Project Development Objective.

44. **The two planned child development measures will be complemented by a primary grade 1 test which is currently being piloted** and will replace the current grade 1 "readiness assessment." It is important to note that the original grade 1 test was designed to inform teachers about the performance of individual students and cannot be considered a standardized instrument for across-time or across-school comparisons. The revised grade 1 test may allow for this type of comparisons.

45. **Project monitoring will focus on outputs and intermediate outcomes directly linked to the Project Development Objective.** The Project's log-frame includes disbursement-linked targets which are mostly discrete outputs that need to be produced by a certain date. In addition, it comprises intermediate outcome indicators that will be monitored over time against a target path. Baselines are available for all of Project indicators.

46. **Regarding the monitoring of child development, screening of household-level risks and early intervention, monitoring of outputs and intermediate outcomes will be carried out primarily by the Ministry of Health.** The Ministry of Health has data capture systems in place for the routine collection of data on immunization and children's nutritional status. Attendance at health centers is high at about 90 percent, and the focus of the NSP is to improve the quality of services through accreditation of well-child services. This accreditation process will evaluate staffing levels and qualifications, compliance with norms and regulations (which set quality objectives), and introduction and usage of improved screening and monitoring tools.

47. **With regard to enhancing the quality of early childhood schools and care facilities, monitoring of outputs and intermediate outcomes will focus on compliance with quality standards.** As Jamaica has near-universal enrollment in preschool for 4-6 year olds, the enrollment indicator for this age-group would be of limited usefulness. The focus of the National Strategic Plan for this age group is enhancing the quality of services through registration of Early Childhood Institutions. The registration includes an evaluation of staffing levels and qualifications, and compliance with norms and regulations that set quality objectives. Input level monitoring will be done for support staff (Inspectors and Development Officers) and financial support. The inspectorate system, through its regular visits to schools, will be a ready source of directly observed data on school compliance with norms and regulations. The monitoring system will include geo-referencing of ECI's and other early childhood services, and publication of compliance of ECI's to norms and regulation on the ECC website. In addition, the Project will monitor out-of-pocket expenditures paid by parents, to ensure equitable charging of the burden of quality enhancement.

48. **With respect to strengthening ECD organizations and institutions, the ECC will play a critical role.** Monitoring activities will focus on budget preparation and coordination, expenditure levels and improvements in the data capture and sharing systems.

D. Sustainability

49. **The NSP reflects a societal and political consensus in Jamaica surrounding ECD that has been shaping policy over the last five years.** The first result of recent societal and political initiatives to improve Early Childhood Development was the Early Childhood Commission Act of 2003, establishing the ECC with the mandate to coordinate ECD action across sector organizations. In 2005, the Early Childhood Act endowed a prescribed authority with far-reaching powers to ensure minimum levels of quality in ECI's, including the responsibility for their registration. In 2005, the GoJ designated the ECC as the prescribed authority under the EC Act. More recently, several years of discussions with partners and stakeholders culminated in the crafting of the first National Strategic Plan for ECD reflecting a multi-sector consensus spanning sector agencies as well as political parties. In addition, the ECC

set up a management and information system that will allow the monitoring of the implementation as well as the results of the NSP. Simultaneously, the role and capacity of the ECC to inform and implement policy has been strengthened. Given the multi-sector nature of ECD, a single coordinating body imbued with the authority to act is particularly important. Finally, the MoFPS has confirmed that additional fiscal space will be made available for the ECD Project in coming years, signaling the singular importance attributed to ECD.

50. The NSP foresees investment in ECD with a significant potential for sustained, cost-effective impact at the beneficiary level. Longitudinal research on ECD has shown long-term impact in areas such as cognitive and academic achievement, school attainment and reduced criminal involvement¹⁵. Studies have also shown the benefit-cost ratio to be positive and significant¹⁶. The fact that Jamaica struggles nationally with low skill levels and high crime rates and that ECD has been demonstrably effective and cost-effective in addressing those issues is likely to contribute to sustained national commitment to the Project, the NSP and ECD.

51. The Project contributes to institutional and financial sustainability by building capacity and rationalizing mechanisms for funding ECI's. In its first two years, the Project will focus on strengthening organizations and institutions. Furthermore, it will enhance service provision by enabling ECI's to meet the standards established by the ECC, which bears directly on their ability to continue operating. Most importantly, the Project will simplify and render more transparent, efficient and effective the financial arrangements for ECI's, which will aid financial planning and free up additional resources for the sector.

¹⁵ "The Economic Benefits of High-Quality Early Childhood Programs: What Makes the Difference?" Galinsky, 2006.

"Long Term Effect of Early Intervention: Turkish Low-Income Mothers and Children." Kagitcibasi et al, 2001.

¹⁶ Reynolds and Temple in A Vision for Universal Preschool Education, Cambridge University Press, 2007. "Brazil: Early Childhood Development – A Focus on the Impact of Pre-School." World Bank, 2001.

E. Critical risks and possible controversial aspects

Risk factors	Description of risk	Rating of risk^a	Mitigation measures / factors	Rating of residual risk^a
Governance	The recent change in government could result in less ownership of the Project. The election of the Jamaica Labour Party (JLP) could represent a change in the course of public policy in Jamaica, and a reordering of priorities resulting in a reduction of resources allocated to the sector.	M	Thus far, the new government seems to be as committed to investing in early childhood development as the previous government. The Prime Minister has underlined the importance of investing early in children (most notably in his inaugural address in September of 2007), and the new Minister of Education will be establishing a Parenting Commission to complement the efforts of the Early Childhood Commission.	L
Macroeconomic Framework	Fiscal constraints arising from exogenous factors may present a risk to the achievement of proposed increases in spending on ECD. While GoJ and opposition leaders have confirmed their commitment to increase public spending on ECD, poor macroeconomic management and performance may not permit them to do so.	H	- Since 2004, the GoJ has been implementing an ambitious medium-term program of fiscal consolidation to reduce public debt which helped to increase and sustain growth at a rate of slightly above 3 percent. - The IMF and Bank will sustain a dialogue on fiscal management with the GoJ. Under the Project, public expenditures on ECD will be closely monitored, and the lending instrument will provide an incentive to allocate resources required to achieve sector performance targets. - Under adverse macroeconomic conditions, the coordination and monitoring mechanisms put in place would permit prioritizing expenditures on ECD.	M
Technical/design	Attaining the standards for registration as laid out in the NSP could result in additional costs to the ECI's, which could translate into increased fees for families and as such impact on utilization.	M	- The GoJ will not only consolidate funding streams but also increase resources available to finance the development plans of the ECI's. - Compliance will be closely monitored, with gradual enforcement of the standards, beginning with safety and health requirements. Additional costs for enhancing the quality of service delivery not financed by GoJ will therefore be absorbed by the ECI's over time, and thus should not result in abrupt increases of fees that could impact on coverage.	M
Implementation	The implementation capacity of the Early	M	A new organizational structure and HR plan for the ECC has been	M

Risk factors	Description of risk	Rating of risk^a	Mitigation measures / factors	Rating of residual risk^a
capacity and sustainability	Childhood Commission is low, as it is a nascent organization with little experience managing large projects. Multi-sector coordination is inherently difficult and requires skillful negotiations and leadership.		approved by cabinet. - The Project focuses in its first two-years on strengthening the capacity of the ECC. - Incentives are built in to increase inter-organizational accountability. - Implementation of the Project will involve close supervision on behalf of the Bank team.	
Safeguards	Some diverse cultural groups may be less well served by a scaling up of existing modalities of service delivery. Distinct belief systems and health practices among Rastafarian (and in some cases Maroon) communities have resulted in a lack of compliance with vaccinations, thereby impeding their access to ECI's and the ECD system more generally.	M	In the development of sub-strategies of the NSP and service delivery models, specific efforts will be made to include mechanisms that ensure access of Rastafarian and Maroon communities.	L
Financial management	Financial Management assessment demonstrated weaknesses in accounting practices including the maintenance of the appropriation accounts, procedures for internal audits and financial reporting in the ECC in participating entities.	S	- FM risks have been mitigated through the implementation of the agreed upon action plans with GoI (see Annex 7). - Budget lines specific to disbursement-linked targets will be established in the budgets of implementing entities, thus, allowing the monitoring of budgets and expenditures on ECD independent of overall improvement of the FM systems of line ministries. - Strengthening FM in line ministries is expected to be supported under an IDF grant.	M
Overall Risk (including Reputation Risks):				
^a Rating of risks on a four-point scale—High, Substantial, Moderate, and Low—according to the probability of occurrence and magnitude of adverse impact				

F. Loan conditions and covenants

52. Conditions for Negotiation:

- The NSP is approved by cabinet.
- The following positions in the ECC are established in the budget 2008-2009: (i) Director of Finance and Information Technology; (ii) Procurement Specialist; (iii) HR manager; (iv) Director of Cross-Sectoral Coordination; and (v) IT System Engineer.
- The Financial Management Action Plan for the ECC is completed, including that the accounting software is updated and an external auditor hired, and a draft Project Operational Manual is submitted for the Bank's approval, including an agreed upon format of the IFR (see ECC action plan in Appendix 1 of Annex 7).
- A first procurement plan for Component 2 is approved by the Bank.

53. Condition for effectiveness:

- The Project Operational Manual is adopted by the ECC.
- The Subsidiary Agreement between the Government of Jamaica and the ECC is signed.

54. Conditions for the Disbursement of Loan Funds:

- Prior to a first disbursement under Component 1, weaknesses in the financial management of the eligible budget line Grants to Community Schools will be rectified. The Early Childhood Unit (ECU) in the MoE manages the grant program supporting Community Schools. These grants constitute one of two eligible budget lines under the SWAp modalities. The financial assessment carried out as part of Project preparation demonstrated weaknesses in the management of these funds and proposed an action plan to rectify. The implementation of the action plan will be a condition for a first disbursement under the SWAp component rather than of negotiation. The implementation of the recommended actions require approximately six more months. As a condition of negotiation, their implementation would delay a first disbursement of loan resources until fiscal year 2009-2010. Thus, and given the central role of the Project for the implementation of the NSP, important changes to the ECD system would be delayed by a year. The implementation of the action plan will be reviewed during a supervision mission prior to September 2008 and findings documented in the corresponding aide-memoire.
- Prior to a first disbursement under Component 1, ECC and MoH will establish budget lines exclusively dedicated to the financing of disbursement-linked targets in 2009-2010. To allow the Bank to review compliance with this disbursement condition, the GoJ will submit excerpts of the budget proposal 2009-2010.

55. Dated Covenants:

- Starting in 2008, the ECC and implementing entities enter every April into Memoranda of Understanding that define activities to be carried out as well as reporting obligations during the subsequent fiscal year.
- The ECC will arrange a mid-term review of the NSP not later than March 2010, including a review of the disbursement-linked targets against which disbursements will be made between May 2011 and May 2013, with a view to making adjustments if deemed necessary which would be subject to the approval at the appropriate level of an amendment to the Loan Agreement.

IV. APPRAISAL SUMMARY

A. Economic and financial analyses

56. The objectives of the economic and financial assessment were: (i) to estimate the internal rate of return of the investments under the NSP; (ii) to assess the current distribution of access to early childhood institutions according to socio-economic characteristics and (iii) to assess the impact of the investments in the National Strategic Plan on recurrent costs after 2013.

57. The assessment finds that the private internal rate of return to the NSP investment plan varies between 9.0 percent, 8.5 percent and 7.5 percent under the high, middle and low scenario (respectively) for changes in educational attainment of beneficiaries. A change in the depreciation rate after 2013 from 15 percent to 10 percent only increases the private internal rate of return by approximately 0.1 percent in each of the three scenarios.

58. The Societal internal rate of return of the investments is bound to be much higher than the estimated private returns. A recent study by Schweinhart (2004) concludes that each US\$ invested in the Perry Preschool Program yielded US\$17 in benefits, of which only 24 percent were private benefits. Taking the more conservative estimate of 50 percent private / 50 percent public benefits for the Jamaica investment leads to an estimated public internal return on investment of 18, 17 and 15 percent respectively in the high, middle and low scenarios of changes in educational achievement.

59. The available data indicate that the distribution of access to ECIs for 4-6 year olds is quite equitable, as enrollment rates have increased sharply for the lowest income quintiles between 1996 and 2004. Enrollment rates were above 93 percent in all of the income quintiles in 2006. Given that enrollment quantity targets have been met, the NSP's emphasis on quality is timely and adequate.

60. The implementation of the National Strategic Plan will increase expenditures on ECD. The increase over the "base scenario" costs (i.e. maintaining current levels of expenditure) increases from 3.6 percent in Year 0, to 28.2 percent in Year 5. After completion of the NSP in 2013, the increase in recurrent costs is projected to amount to 27.9 percent of the costs of the base scenario.

B. Technical

61. **The Project is designed to support the National Strategic Plan, which aligns well with the international literature on effective ECD policies, programs and interventions¹⁷.** The literature emphasizes that interventions aimed at younger and disadvantaged children result in greater and longer-term impact. Accordingly, the Project supports the development of interventions and monitoring for children starting at age zero, as well as screening and intervention for children at risk. Effective early intervention targets child health, nutrition, cognitive, social and emotional development, which the Project aims to improve by

¹⁷ "Strategies to Avoid the Loss of Developmental Potential in more than 200 million children in the developing world," Engle et al, 2006.

strengthening service delivery systems, including the development of new service delivery models, as well as coordination across the sectors. To deliver interventions effectively, research suggests that ECD staff be provided with systematic in-service training and supervision, a key element of the Project. The literature also shows that parents are critical partners in supporting children's development, and the Project supports the development of a parent education sub-strategy and effective programs and services for parents. Finally, the Project component focusing on strengthening inter-sector coordination recognizes not only that ECD involves multiple sectors but that a lack of coordination can have the effect of reducing investment in and attention to ECD.

62. The National Strategic Plan has been developed to address the specific needs of ECD in the Jamaican context. The NSP is the result of a consultation process spanning several years and reflects the findings of more than 50 studies on ECD in Jamaica including impact evaluations.

C. Fiduciary

63. Weaknesses in financial management capacity will be addressed in the short and mid-term. The proposed financing arrangements will entail using country systems as much as possible. The 2006 CFAA and CPAR as well as the 2007 PEFA assessment concluded that the legal and institutional framework for public financial management is sound; however, it is outpacing the underlying accountability and business processes. During Project identification, a preliminary assessment of the financial management capacity of relevant line ministries was carried out. The assessment demonstrated substantial weaknesses in the maintenance of appropriation accounts and the need to strengthen financial reporting and internal auditing processes. The challenges were discussed at the highest political level, and it was agreed that action plans would be carried out to improve the maintenance of appropriation accounts and the strengthening of financial reporting and internal auditing processes in units and agencies managing loan funds, namely the ECC prior to loan negotiations, and the ECU prior to a first disbursement under Component 1.

D. Social

64. Risks that specific social groups do not adequately benefit from NSP activities will be addressed when sub-strategies of the NSP and service delivery models will be developed. As part of project preparation, a comprehensive social assessment was carried out, and recommends that the NSP: (i) places special emphasis on equipping teachers with the skills to identify and address the educational needs of children with disabilities (especially the hearing impaired and those with cognitive impairments), and improve the accessibility of buildings and available transportation for disabled children; (ii) increases parents' participation in decision-making and provides parent education programs that take an asset-based approach; and (iii) expands the presence of the ECC in the communities and provides support to early childhood practitioners in understanding and implementing standards. Regarding the Maroon and Rastafarian communities, although Bank safeguard mechanisms are not triggered (since they are not considered 'ethnic groups'), the assessment recommends that a culturally sensitive approach to the delivery of health and education services, such as nutritional offerings and curricular

materials, be introduced as an incentive to attract and retain Rastafarian and Maroon children into the system. While these recommendations have no immediate consequence for the design of the NSP, they will be considered when sub-strategies, such as the parent education and support sub-strategy as well as service delivery models such as the service delivery model for the 0 to 3 years age group will be developed.

E. Environment

65. **The Project will not finance the construction or expansion of ECD infrastructure.** The financing of investment in ECD infrastructure falls outside the scope of the SWAp arrangement. Furthermore, the sector, dominated by a large number of private institutions usually run by communities and churches, receives funding for infrastructure improvements through mechanisms outside the GoJ's consolidated fund, thus, outside the scope of the SWAp.

66. **The Project will not finance health services that produce health care waste.** While the Project will finance preventive child health visits and strengthen the national immunization system, it will not finance vaccination services for which high levels of coverage have already been achieved.

67. **The financing and accountability rules for the Grants to Community Schools may change during project implementation and permit for minor refurbishments of existing infrastructure.** Such small-scale activities would be limited to minor interior building remodeling and are not expected to generate negative environmental impacts requiring attention under OP/BP 4.01. Nonetheless, as a good practice measure, basic construction rules for contractors detailing provisions to minimize dust, noise and other nuisances, safeguard worker health and safety, and require adequate disposal of any construction materials will be outlined in the Project's Operational Manual, and will be incorporated into all bidding documents.

F. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment</u> (OP/BP 4.01)	☐	☒
<u>Natural Habitats</u> (OP/BP 4.04)	☐	☒
<u>Pest Management</u> (OP 4.09)	☐	☒
<u>Physical Cultural Resources</u> (OP/BP 4.11)	☐	☒
<u>Involuntary Resettlement</u> (OP/BP 4.12)	☐	☒
<u>Indigenous Peoples</u> (OP/BP 4.10)	☐	☒
<u>Forests</u> (OP/BP 4.36)	☐	☒
<u>Safety of Dams</u> (OP/BP 4.37)	☐	☒
<u>Projects in Disputed Areas</u> (OP/BP 7.60)*	☐	☒
<u>Projects on International Waterways</u> (OP/BP 7.50)	☐	☒

G. Policy Exceptions and Readiness

68. **The proposed Project will not require any policy exceptions.**

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Annex 1: Country and Sector or Program Background

JAMAICA: Jamaica Early Childhood Development Project

A. Country Background

69. **Jamaica is a small, lower-middle income country with economic and human development indicators below most countries in the Caribbean region.** In 2005, the country's population totaled 2.7 million. According to the human development index, a combined measure of life expectancy, educational attainments, standard of living and Gross Domestic Product per capita, Jamaica ranks globally 101st, behind all other Caribbean countries (e.g. Dominican Republic 79th) except for Haiti (146th)¹⁸.

70. **Jamaica has witnessed positive trends in economic growth and poverty reduction.** After a period of prolonged stagnation (1990-2000), real annual GDP growth rates accelerated in 2001, reaching 2.3 percent in 2003 and 2.5 percent in 2006-2007¹⁹. The recent trend has been led by the tourism sector, strongly growing as a result of foreign and domestic investment, as well as agriculture and mining. Inflation also continues to be curtailed, falling from 13.4 percent in fiscal year 2003-2004 to 6.6 percent in 2006-2007²⁰. Further conditions that have fostered economic growth include predictable exchange rates, declining interest rates, and relatively stable industrial relations between the GoJ and trade unions under the recently signed Memorandum of Understanding²¹. Since 1991, poverty levels have declined steadily, from 44.6 percent to 18.7 percent in 2005. The decline in the percentage of Jamaican's with consumption levels below the national poverty line is due in large part to increases in remittances, a sharp reduction in general inflation, and a decline in the relative price of food²².

71. **Accelerated and sustained growth and poverty reduction will require major investment in human capital²³.** Jamaica's economic and social development are held back by a set of reinforcing human development shortcomings and their consequences. Due in part to poor school readiness among Jamaican children, learning outcomes in the education sector are poor, leading to early school leaving and low skills development. This, coupled with emigration, has manifested itself in a labor force that has become less skilled, shown by a significant decrease in the average education level of adolescents between 1995 and 2000 with a potential impact on the economy's regional and global competitiveness²⁴. A cycle of poverty-causing low human development outcomes is then perpetuated as children are born into households with parents that have few resources, low levels of education and limited skills with which to promote their children's health and prepare them for school and life.

72. **Both a by-product and a contributor to this cycle, crime and violence have been a major impediment to accelerated economic growth.** Low levels of educational and skills

¹⁸ UNDP. Human Development Index. 2007/8.

¹⁹ PIOJ.

²⁰ World Bank. Country Assistance Strategy Progress Report. 2007.

²¹ Beckford, C. Public Expenditure Review of the Early Childhood Sector, 2007.

²² Jamaica Poverty Assessment 2006.

²³ World Bank. The Road to Sustained Growth: Jamaica Economic Memorandum, 2003.

²⁴ World Bank. Jamaica Poverty Assessment 2006.

attainment among young Jamaicans contribute to high rates of youth unemployment (more than three times that of adults²⁵), which in turn are associated with excessive levels of crime and violence among young men. A March 2006 survey of the public reported that 72 percent of respondents stated that solutions to crime and violence were the country's most urgent needs²⁶. In a study attempting to capture the direct and indirect costs of crime in Jamaica, most importantly, the deterring effect on foreign investment, Francis et al (2003) estimated the total cost in 2001 at US\$12.4 billion, or 3.7 percent of GDP. Conversely, the Bank (2006) showed the positive impact of lowering crime on GDP growth: reducing Jamaica's murder rate to the levels of Costa Rica, a neighboring country with relatively low crime rates, could boost growth by 5.4 percent annually²⁷.

73. Though the GoJ has made significant efforts to increase its revenues and improve debt management, the fiscal space for investment in human capital remains highly constrained. Recognizing the importance of reducing debt, the GoJ set ambitious targets to increase revenues through improved tax administration while containing expenditures. Though some progress was made, the GoJ missed its targets mainly because non-interest expenditures grew due to increases in salaries and pensions payments. Thus, in 2006-2007, debt payments continued to consume the largest share of public expenditures. While the total budgeted was J\$358.2 billion, with J\$211.6 billion allocated to recurrent expenditures and J\$146.5 billion to capital expenditures, public debt management consumed J\$210.0 billion or 58.6 percent. The slow growth of Jamaica's fiscal revenues and high debt repayments negatively affect the funding available for investment in human capital²⁸. In the same fiscal year, the GoJ spent only 19 percent of its budget on social services including health and education.

B. Sector Background

74. Previous governments recognized the importance of human development for economic growth and adopted a comprehensive approach with specific emphasis on ECD. To date, achievements include high levels of immunization (>90%), low levels of malnutrition and almost universal pre-school coverage. In recent years, the GoJ took legislative action to revamp the organization and coordination of the ECD system. In 2003, it established the ECC with the prime responsibility to oversee and coordinate all aspects of early childhood development. In 2005, the Early Childhood Act endowed a prescribed authority with far-reaching powers to ensure minimum levels of quality in ECI's, including the responsibility for their registration. In 2006, the GoJ designated the ECC as the Prescribed Authority under the EC Act. Meanwhile, the ECC has developed standards (see Box 1) and developed the capacity to inspect and register ECI's.

²⁵ Unemployment among youth (15-24) account for 42 percent of total unemployment rates (Jamaica Poverty Assessment 2006).

²⁶ Jamaica Gleaner, "Solution to crime Jamaica's most pressing need – survey," March 13, 2006.

²⁷ "Crime, Violence, and Development: Trends, Costs, and Policy Options in the Caribbean." 2007.

²⁸ Fiscal Expenditure on Services for Children in Jamaica, 2003-2004 and 2005-2006. Michael Witter. Paper prepared for the Government of Jamaica and UNICEF, and cited in the Public Expenditure Review.

Box 1. Operational Standards for Early Childhood Institutions

To be registered as legally operating entities by the ECC, ECI's must comply with the requirements set forth in the Early Childhood Act (2005) and the Early Childhood Regulations (2005). The ECC has translated these requirements into a set of standards for the operation of ECI's. The standards articulate exemplary attributes in twelve categories:

1. Staffing
2. Developmental and Educational Programmes
3. Interactions and Relationships with Children
4. Physical Environment
5. Indoor and Outdoor Equipment, Furnishing and Supplies
6. Health
7. Nutrition
8. Safety
9. Child Rights, Protection and Equality
10. Interactions with Parents and Community Members
11. Administration
12. Finance

For each standard, the ECC specifies performance criteria by which the standard will be assessed. These include both performance criteria that are required for registration and voluntary criteria intended to provide guidance to improve the quality of service to a higher level than is required.

75. **Despite these achievements and developments, major challenges remain.** These challenges pertain to: (i) parenting education and support; (ii) the screening and support for at-risk children; (iii) preventive health care; (iv) the quality of ECI's; (v) the coordination of programs and other governance arrangements; and (vi) the funding of ECD.

76. **First, the coverage of parenting education programs is low with a myriad of unregulated small-scale initiatives and programs offering quality varying from poor to excellent.** Making matters more difficult, there is no consensus about good parenting practices, only limited information of current practices available and no parenting policy in place.

77. **Second, coverage and quality of preventive care, which are critical to fostering the health and development of young children, are inadequate.** The capacity of well-child clinics needs to be strengthened. A comprehensive monitoring system for child development has to be developed and implemented. Nutritional programs need to be expanded to address the growing overnutrition epidemic.

78. **Third, at-risk children have limited access to adequate support services, due mainly to two barriers.** First, the sector's capacity to identify at-risk children and households is limited. Screening systems are weak and agencies work with different definitions of risk. Second, the capacity of well-child clinics to respond to the needs of at-risk children varies greatly with few clinics meeting very high standards, in stark contrast to poorly-equipped facilities found in remote areas.

79. **Fourth, despite high coverage, the quality of ECI's is uneven, and often poor.** The sector is dominated by a large number of private institutions, usually run by communities or churches. More than 2,000 ECI's provided early childhood education and care to 150,735 children in Jamaica in 2005-2006²⁹. ECI's include day care centers, basic schools, infant schools, infant departments of primary and all-age schools and kindergarten departments of privately owned preparatory schools, with recognized basic schools comprising the largest number, at 1,871 in 2005-2006. Primarily financed by fees and donations, ECI's operate with a wide range of resource envelopes and thus standards of quality. Quality issues vary from inadequate infrastructure to low staff per student ratios. Efforts to improve the quality of educational services provided in ECI's are hampered by the dearth of trained caregivers in the country. As of 2005, only 172 ECI teachers were college trained, translating into a ratio of approximately one college trained teacher for every 650 students³⁰. Furthermore, there is no recognized national service model for ECI's serving the 0 to 3 year old, and the formal structure for supervision of day care centers appears weak³¹.

80. **Fifth, ECD requires improved coordination, governance arrangements and evidence-based decision-making to ensure that it serves children and parents effectively.** ECD represents a cross-sector enterprise requiring different ministries and other government agencies to closely cooperate in planning, financing and implementation. The ECC, as the government's body to provide oversight and coordination requires further strengthening. Planning for and monitoring investment in ECD are hindered by a lack of visibility into budgets and expenditures of each entity involved. Only the MoE specifies budget lines for ECD, however, under broad budget lines it supports ECI's with a myriad of uncoordinated and overlapping funding streams. Finally, ECD has been found to lack monitoring and evaluation of services and interventions³² as well as comprehensive data collection³³, which hinders efforts such as identifying and addressing the needs of children, especially vulnerable populations, and planning for HR needs.

81. **Sixth, while the ECC is increasingly responsible for coordination of the ECD sectors, the enabling environment is undergoing changes, with the potential to impact sector governance.** As per recommendations made by a Task Force on education conducted in 2004, the Ministry of Education has assembled a team of consultants to produce a Transformation Plan, to be implemented over the next two to three years. The transformation expects to leave in place a policy ministry at the central level with executive responsibilities decentralized to statutory bodies and the regional level. Though final decisions regarding the deconcentration of responsibilities and corresponding timetables are pending, the ECC is likely to serve in the short-term and medium term as the organizational home for most of the GoJ's executive responsibilities for the ECD system.

82. **Finally, despite its proven cost-effectiveness to break the web of reinforcing human development shortcomings troubling Jamaica, the GoJ spends only a small fraction of its social expenditures on ECD.** While the current budget structure does not allow estimating

²⁹ Public Expenditure Review of the Early Childhood Sector, 2007.

³⁰ Davis, Rae. "Task Force on Education Reform: Early Childhood Development". Kingston, Jamaica.

³¹ Development of a New Organizational Structure for the Early Childhood Commission 2007.

³² 2000 review by KPMG, as cited in Strategic Review of the National Early Childhood Programme, KPMG, 2004.

³³ The Status of Jamaican Children, 2006.

public expenditure on ECD in health, the fraction of the educational budget allocated to ECD is very low. Out of the 12 percent that the GoJ allocated to education in fiscal year 2006-2007, it spent merely 4.1 percent on ECD. In contrast, 30.4 percent went to primary education, 29.0 percent to secondary education and 19.2 percent to tertiary education³⁴. This spending pattern stands in stark contrast to the high cost-effectiveness of investment in ECD. Longitudinal research on three programs in the United States has shown that participants in high-quality ECD programs have higher cognitive and academic achievement, higher educational attainment and lower levels of risky behavior and criminal involvement³⁵. The benefit-cost ratio of these programs (measured in terms of the total benefit to the participants and the public per dollar invested) ranges roughly from 4:1 to 10:1³⁶. Similar evidence has emerged in developing and middle income countries³⁷. A study on the impact of pre-school in Brazil, for example, found a 2:1 benefit-cost ratio for children attending one year of pre-school³⁸.

83. The ECC has developed a results-focused National Strategic Plan to be implemented between 2008 and 2012 to address the above challenges. Corresponding to its mandate of coordinating and developing national programs, the ECC has led an inclusive sector-wide process to validate and further define the national objectives for early childhood development. The resulting NSP focuses on improving the quality and access to ECD services under five thematic objectives including: (i) effective parenting education and support; (ii) effective preventive health care; (iii) early and effective screening, diagnosis and early intervention; (iv) safe, learner-centered, well maintained early childhood facilities; and (v) effective curriculum delivery by trained early childhood practitioners. During the first two years of its implementation, it gives particular attention to the strengthening of ECD organizations and institutions and a monitoring and evaluation system under two specific thematic objectives including: (i) governance frameworks that promote achieving results in a consultative environment, and all sector institutions achieving targets; (ii) timely, clear, current, appropriate, evidenced-based information to support early childhood development.

84. The recently elected government has established early childhood development as a key plank in its education reform agenda and endorsed the NSP³⁹. The new government has promised to improve the quality of ECI's by providing financial support, and ensuring that they are equipped with trained teachers. Since assuming office, the new administration ensured continuity by confirming the Board of the ECC with few changes, endorsed the NSP, including the proposed changes to the role and organizational structure of the ECD, and committed to its financing and implementation.

³⁴ Public Expenditure Review of the Early Childhood Sector, 2007.

³⁵ "The Economic Benefits of High-Quality Early Childhood Programs: What Makes the Difference?" on the High/Scope Perry Pre-School Project, Abecedarian Project and Chicago Child-Parent Centers, Galinsky, 2006.

³⁶ Reynolds and Temple in *A Vision for Universal Preschool Education*, Cambridge University Press, 2007.

³⁷ "Strategies to Avoid the Loss of Developmental Potential in more than 200 million children in the developing world," Engle et al, 2006.

³⁸ "Brazil: Early Childhood Development – A Focus on the Impact of Pre-School." World Bank, 2001.

³⁹ "A Better Way for a Better Jamaica: Jamaica Labour Party Manifesto 2007."

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies
JAMAICA: Jamaica Early Childhood Development Project

Project Name	Amount and Duration	IP and DO ratings (where applicable)/comments
World Bank: Social Safety Net Project (PATH)	US\$40 M, 2001-2008	DO: Satisfactory IP: Satisfactory
World Bank: Reform of Secondary Education II (ROSE II)	US\$13 M, 2002-2008	DO: Moderately Satisfactory IP: Moderately Satisfactory
World Bank: Inner City Basic Services for the Poor	US\$30 M, 2006-2011	DO: Satisfactory IP: Satisfactory
World Bank: HIV/AIDS Prevention and Control	US\$11 M, 2002-2008	DO: Satisfactory IP: Satisfactory
World Bank: Strengthening Social Protection (PATH II)	US\$40 M, 2008-2013	DO: N/A IP: N/A
World Bank: HIV/AIDS Prevention and Control II	US\$15 M, 2008-2013	DO: N/A IP: N/A
CDB: Enhancing Basic Schools Project	US\$13.4 M, 2002-2008	
IDB/OPEC: Primary Education Support	US\$33.0 M (loan = 29.0 M), 2000-2006	
IDB: Jamaica Social Safety Net Programme	US\$1.1 M (Grant), 2001-2006	
UNICEF: Early Childhood Care and Development Education and HIV/AIDS Project	US\$3.5 M (Grant), 2001-2007	
UNICEF: Policy, Advocacy and Special Care and Protection	US\$2.5 M (Grant), 2001-2006	
OAS: Reduction in the Incidence of Rural Poverty through Interactions in Multi-grade Schools	US\$0.048 M (Grant), 2005-2007	

85. The World Bank is the lead lender across the social sectors in Jamaica, with several complementary human development operations across education, health and social protection. Along with facilitating the PHRD grant from the Japanese, the World Bank has been supporting several programs related to ECD. Its Inner City Basic Services for the Poor Project is a community development intervention which has a mix of activities, including increased access to potable water and adequate sanitation options, access to microfinance for

enterprise development and securing tenure for households in the project areas. The project is expected to end in 2011 and should cover areas in Kingston and St. Andrew, St. Catherine, Clarendon and St. James. JSIF is the implementing agency. The Bank is also providing support of some US\$40 million to the PATH Program (complemented by a grant of US\$1.1 million provided by the IDB). This conditional cash transfer program is designed to ensure that, among other objectives, vulnerable households are given the requisite assistance by the state, subject to investing in the education and health of their children. The project is scheduled to end in 2008, with a follow-on operation under preparation. Significant support (US\$12.5 million) is also being given by the Bank to secondary education in Jamaica. The Reform of Secondary Education Project (ROSE II) came on stream in 2002 and is expected to close in 2008. It is intended to introduce a new strategy for the implementation of the grades 10-11 curriculum, continue implementation of the common curriculum in grades 7-9, provide institutional strengthening for the Ministry of Education and construct, furnish and equipment school places. To further support human development in Jamaica, the Bank has provided a US\$15 million loan to support selected activities in Jamaica's National HIV/AIDS Strategic Plan. The intervention is scheduled to end in 2008, with a follow-on operation under preparation.

86. The World Bank's HIV/AIDS project complements efforts being made by USAID and the Global Fund to Fight AIDS, Malaria and Tuberculosis to address the HIV/AIDS epidemic in Jamaica and within the region. USAID, through the Caribbean HIV/AIDS Regional (CHART) Training Centre, has committed grant funds (US\$1.0 million) to provide training in HIV/AIDS for health care providers in CARICOM member countries.

87. UNICEF is a central partner in the ECD sector, and was an active participant throughout project preparation. Continuing a tradition of supporting early childhood development, UNICEF has provided grant funds totaling approximately US\$6.0 million over the period 2001 to 2007 to finance activities in EC education, care and development (ECECD) as well as HIV/AIDS. These projects aim to: (i) train EC practitioners in this area, (ii) develop a certification and accreditation program in ECECD, (iii) improve transition to primary school through the implementation of appropriate methodologies and the establishment of appropriate learning environments, (iv) advocate on child rights around HIV issues, and (v) support public education on HIV/AIDS.

88. The Caribbean Development Bank has committed funds in the amount of US\$13.4 million to support the objective of enhancing the learning environment and raising the level of teacher performance. The Enhancement of Basic Schools Project (EBSP) is designed to: (i) provide institutional strengthening and construct/refurbish or expand twelve model basic schools, (ii) refurbish eleven resource centers, (iii) train and certify 960 EC practitioners, (iv) support the development of teaching and learning materials, and (v) provide public education via audio and visual media. EBSP is expected to end in 2008.

89. The Organization of American States is supporting an initiative which should impact on early childhood development. A US\$48,000 grant has been provided to equip teachers with skills to operate effectively in multi grade schools. It includes the training of Education Officers and supervisors in new methodologies.

Annex 3: Results Framework and Monitoring
JAMAICA: Jamaica Early Childhood Development Project

Results Framework and Arrangements for Results Monitoring

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
Higher level objective to which the project will contribute: Improve child development	Child development index at age 4	Benchmark and monitoring	-	-	First measurement	First measurement		Measurement	After survey – at least twice during the project	Nationally representative survey of child development at age 4, based on EDI	ECC/ National Assessment Agency ⁴⁰
	Child development index from the Survey of Living Conditions	Benchmark and monitoring	-	-	First measurement	-	-	Measurement	After survey – at least twice during the project	Child development and parenting modules	PIOJ/Statian
Project Development Objective	Project Outcome Indicators										
The Project endorses the objectives of the National Strategic Plan. Its Development Objective is to (i) improve the monitoring of children’s development, the screening of household-level risks	I. Percentage of children age birth to 3 years, monitored (vaccinations, BMI and growth) and screened for risks using the child health passport	Monitoring	0%	0%	20%	40%	50%	60%	Annual	MoH management information system, from the child health passport	MoH

⁴⁰ At the time of appraisal, the Ministry of Education is responsible for assessments. The MoE is undergoing transformation, and it is expected that the assessment function will be taken over from MoE by the National Assessment Agency.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
affecting such development, and early intervention systems of the Borrower to promote such development; (ii) enhance the quality of early childhood schools and care facilities; and, (iii) strengthen early childhood organizations and institutions.	II. Percentage of health centers offering well-child clinics that are accredited. ⁴¹	Disbursements linked target for May 2012 (15%) And May 2013 (30%)	N/A	N/A	N/A	0%	15%	30%	Annual	Accreditation database	MoH
	III. Percentage of PATH (GoJ's conditional cash transfer program) beneficiary households with children 0-6 years old that are screened for child development risks using the screening and documentation model for high risk households	Disbursements linked target for May 2012 (50%)	0%	0%	0%	15%	50%	70%	Annual	MOH records	MOH
	IV. Percentage of parents/guardians of children 0-6 years old have ever received any information on parenting, excluding information received from family members and friends	Monitoring	32% (2004)	35%	40%	45%	50%	55%	Annual	Baseline: Survey of Living Conditions 2004 Follow-up: Survey of Living Conditions 2009-2012	PIoJ/ Statin
	V. Percentage of children enrolled in ECI's that attend schools that are registered ⁴²	Monitoring	0%	1%	5%	10%	15%	25%	Annual in Annual Review Publication	Registration database at ECC	ECC

⁴¹ According to the accreditation system defined in 2010.

⁴² The Early Childhood Act (2005) and The Early Childhood Regulations (2005), describe the requirements that an Early Childhood Institution must meet in order to be registered by the ECC as a legally operating ECI. There are 12 categories of standards for the operation of ECIs: 1. Staffing; 2. Developmental and educational programs; 3. Interactions and relationships with children; 4. Physical environment; 5. Indoor and outdoor equipment, furnishing and supplies; 6. Health; 7. Nutrition; 8. Safety; 9. Child rights, protection and equality; 10. Interactions with parents and community members; 11. Administration; and 12. Finance.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection	
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments		
	VI. Percentage of early childhood practitioners that receive salary subsidies that are licensed.	Disbursements linked target for May 2012 (25%) and May 2013 (50%)	0	0	0	0	25%	50%	Annually in Annual Review Publication from 2012	Licensing system records/ database	MoE / National Teaching Council ⁴³	
Intermediate Outcomes												
Intermediate Outcome 1: “Access to Effective Early Childhood Parenting Education and Support”												
Cf. project outcome indicator IV												
1. Access to effective early childhood parenting education and support												
1.1 Sub-strategy for early childhood parenting education and support developed	Sub- strategy for early childhood parenting education and support for pre-natal-3 years approved by the ECC board	Disbursements linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time, copy of strategy document	Not applicable	ECC	
	Sub- strategy for early childhood parenting education and support for 4-6 years approved by the ECC board	Disbursements linked target for May 2010	No	No	Yes	Yes	Yes	Yes	One-time, copy of strategy document	Not applicable	ECC	
1.2 Early childhood parent support programs strengthened	Standards and accreditation system ⁴⁴ for early childhood parenting education and support programs approved by the board of the ECC	Disbursements linked target for May 2011	No	No	No	Yes	Yes	Yes	One-time	Proof of approval by the board of the ECC	ECC	

⁴³ The Ministry of Education is currently undergoing transformation. It is expected that the licensing role will be taken over from MoE by the National Teaching Council.

⁴⁴ The system consists of tools and procedures.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
	Annual review publication for past fiscal year includes mapping (i.e. identification, location and quality assessment) of early childhood parenting education and support programs	Disbursements linked target for May 2012	No	No	No	No	Yes	Yes	One-time in 2012, with update in 2013	The publication is expected September 2011 for FY10-11 and will be a disbursement-linked target in May 2012.	ECC.
	Percentage of early childhood parenting education and support programs accredited. ⁴⁵	Disbursements linked target for May 2013	0	0	0	0	0%	30%	One-time in 2012 Annual Review Publication	MIS module on early childhood programs	ECC
1.3 Effective public awareness campaign for early childhood parenting support	Early Childhood parenting education and support public awareness and advocacy campaign launched.	Monitoring	No	No	No	Yes	Yes	Yes	One time in 2011 Annual Review Publication	Not applicable	ECC
Intermediate Outcome 2: "Effective Preventive Health Care for Children 0-6 Years Old"											
2. Effective preventive health care for children 0-6 years old	<i>Cf. project outcome indicator I and II</i>										
2.1 Effective immunization system	National coverage for DTP3 (third dose of diphtheria-tetanus-pertussis vaccine)	Monitoring – maintain the 2006 levels	85% (2006)	≥85 %	≥85 %	≥85 %	≥85 %	≥85 %	Annual	MoH administrative data	MoH
2.2 Improved systems for monitoring health and development of children 0-6 year olds	Model child health passport developed and approved by the board of the ECC and the MoH	Disbursements linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time	Not applicable	ECC

⁴⁵ The denominator excludes parenting education programs offered by ECI's and health centers.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
2.3. Effective nutrition support for 0-6 year olds	Percentage of health centers offering well-child clinics that use the child health passport as a monitoring and risk screening device ⁴⁶	Disbursements linked target for May 2010 (20 %) and May 2012 (60%)	0	0	20% ⁴⁷	40% ⁴⁸	60% ⁴⁹	70% ⁵⁰	Annual from 2010	MoH management information system	MoH
	Percentage of children age 0-3 that have child health passports	Monitoring	0	0	15%	30%	40%	50%	Annual	Survey of Living Conditions	MoH
	Service delivery model for nutrition support for 4-6 year olds approved by the board of the ECC and MoH	Disbursements linked target for May 2010	No	No	Yes	Yes	Yes	Yes	One-time	Document reporting the service delivery model and official letters of approval from ECC and MoH	ECC and MoH
	Service delivery model for nutrition support for 0-3 year olds approved by the board of the ECC and MoH	Disbursements linked target for May 2011	No	No	No	Yes	Yes	Yes	One-time	Document reporting the service delivery model and official letters of approval from ECC and MoH	ECC and MoH
	Nutrition policy approved by the board of the ECC	Monitoring	No	No	No	Yes	Yes	Yes	One-time	Document reporting the nutrition policy and official letter of approval from ECC	ECC

⁴⁶ "Use" means that: (i) the health center fills in the child health passport for the relevant cohort of children; (ii) the information contained in the child health passport (above) is transmitted to the central level (at individual child level or in averages); and (iii) the information for the mentioned indicators is available per health center at the central MoH level. Monitoring includes vaccinations, BMI and growth (weight for age, height for age). Risk screening includes screening of vision and hearing, and developmental milestones.

⁴⁷ for the cohort born in FY 09-10

⁴⁸ for the cohorts born in FY 09-10 and FY 10-11

⁴⁹ for the cohorts born in FY 09-10, FY 10-11, and FY 11-12

⁵⁰ for the cohorts born in FY 09-10, FY 10-11, FY 11-12, and FY 12-13

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
2.4 Quality of well-child care improved	Service delivery model for well-child clinics approved by the ECC board and MoH	Monitoring	No	Yes	Yes	Yes	Yes	Yes	One-time	Document outlining the service delivery model and official letters of approval from ECC and MoH	MoH
	Percentage of health centers offering well-child clinics, that have early childhood play/learn and demonstration centers.	Monitoring	0	0	20%	40%	60%	60%	Annual	MOH information system	MoH
	Accreditation system (consisting of standards, tools and procedures) for health centers offering well-child clinics approved by MoH	Disburse merit-linked target for May 2010	No	No	Yes	Yes	Yes	Yes	One-time	Document outlining the accreditation system's standards tools and procedures, and official letter of approval from MoH	MoH
	<i>Cf. Project outcome indicator II.</i>										
Intermediate Outcome 3: "Effective Screening, Diagnosis and Early Intervention for At-Risk Children and Households"											
3. Effective screening, diagnosis and early intervention for at-risk children and households	<i>Cf. project outcome indicator II and III</i>										
3.1 National policy on screening, diagnosis and early intervention for at-risk children and households	National policy on screening, diagnosis and early intervention for at-risk children and households approved by cabinet	Monitoring	No	No	No	No	Yes	Yes	One-time	Document establishing the National Policy and confirmation of approval by cabinet	ECC

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
3.2 Effective screening system for high-risk households	Service delivery model (including tools) for screening, diagnosis, and early intervention for child development risks developed and approved by the ECC board and MoH	Monitoring	No	No	No	Yes	Yes	Yes	One-time	Document establishing the service delivery model	ECC and MoH
	Screening and documentation model for high risk households developed and approved by MoH, MLSS and the ECC board ⁵¹	Disbursements linked target for May 2010	No	No	Yes	No	Yes	Yes	One-time	Document that presents the screening & documentation system, and official letters of approval from MoH, MLSS and ECC board	MoH, MLSS, and ECC
	Percentage of PATH social workers trained in delivering the screening and documentation model for high risk households <i>Cf. project outcome indicator III</i>	Disbursements linked target for May 2011 (30%)	0%	0%	0%	30%	50%	70%	Annual	Training module in MIS	ECC
	Percentage of health centers offering well-child clinics that identify high risk households within their areas of service using the screening and documentation model for high risk households ⁵²	Disbursements linked target for May 2011	0	0	0	5%	20%	40%	Annual	MoH health reporting and information system	MoH

⁵¹ The model will need to include metrics for minimum levels of services to be provided by the health centers, which will be used to judge whether health centers satisfactorily apply the model.

⁵² To be counted for the numerator of this indicator, health centers will need to reach minimum levels of service as defined in the model. Cf. supra.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
3.3 Effective screening system for at-risk children	Percentage of health centers offering well-child clinics that use the child health passports as monitoring and risk screening devices (see above under 2.2)	See above under 2.2	See above	See above	See above	See above	See above	See above	See above	See above	See above
3.4 Effective early intervention system for children	Curriculum and delivery model for the child development therapy training program developed and approved by the ECC board and National Curriculum Agency	Disbursements linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time	Document that establishes the curriculum and delivery model, and proof of approval by the ECC board	ECC
	Number of students that enroll in the child development therapy program ⁵³ (yearly numbers)	Disbursements linked target for May 2011	No	No	No	≥25	≥25	≥25	One-time	Training module in MIS and/or report from training institution(s)	ECC
	Number of child development therapists certified (cumulative numbers)	Monitoring	0	0	0	0	≥20	≥40	Yearly from 2012	Training module in MIS and/or report from training institution(s)	ECC
	Number of parishes that have at least one full-time child development therapist on staff with the regional health authorities	Disbursements linked target for May 2013 Out of 14 parishes	0	0	0	0	7	14	Annual	MoH personnel records	MoH

⁵³ This is a 1.5 year training program. The enrollment of the first cohort of students would be in Fall 2010.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Frequency and Reports	Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013		Data Collection Instruments		
Intermediate Outcome 4: "Safe, Learner-oriented, Well-maintained Early Childhood Facilities" harmonize numbers and percentages												
4. Safe, learner-oriented, well-maintained early childhood institutions ⁵⁴	<i>Cf. Project outcome indicator V</i>										<i>Note on</i>	
4.1. Effective standards development, inspection and certification	Percentage of ECI's that are registered (i.e. that comply with all legal requirements) and whose registration has been gazetted ⁵⁵	Disbursements linked target for May 2012 (15%) and May 2013 (25%)	0	1%	5%	10%	15%	25%	Annual in Annual Review Publication	Follow-up: Inspection module in MIS		ECC
4.1.1 Registration process started	Percentage of early childhood institutions that have submitted a complete application for registration to the ECC	Disbursements linked target for May 2009 (75%)	0%	75%	85%	90%	90%	90%	Annual in Annual Review Publication	Registration module in MIS		ECC
4.1.2 Initial inspections carried out	Number of trained inspectors on staff	Disbursements linked target for May 2009	35	At least 35	At least 35	At least 35	At least 35	At least 35	Annual in Annual Review Publication	ECC HR records		ECC
	Percentage of early childhood institutions that have received at least one complete inspection ⁵⁶	Disbursements linked target for May 2009 (35%) and May 2010 (75%)	0%	35%	75%	≥90 %	≥90 %	≥90 %	Annual in Annual Review Publication	Inspection module in MIS		ECC

⁵⁴ For any indicator that uses the "Percentage of ECI's...", and unless otherwise mentioned, the denominator will be 2,747, which is the estimated number of ECI's in the country from the 2007 EBSP survey. The estimated number of ECI's can be adjusted in case a new census of ECI's is collected and allows updating the estimated number of schools.

⁵⁵ In case of uncertainty about the denominator, the following minimum numbers of schools to be registered will be taken into account for 2009-2013 respectively: 0, 27, 137, 275, 412 and 687 schools respectively.

⁵⁶ An inspection will only be counted if: (i) it is complete, i.e. the ECI was inspected with regard to all of the standards; and (ii) the full inspection report is submitted to the Legal and Regulatory Subcommittee of the ECC board. The percentages are cumulative over the 5 years of the project.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
4.1.3 Regular inspections carried out	Percentage of early childhood institutions that have received a complete inspection in the previous fiscal year <i>Measured in May for the previous JM fiscal year Same footnote as above.</i>	Disbursement-linked target for May 2012 (85%) and for May 2013 (85%)	0%	35% (FY 08-09)	50% (FY 09-10)	85% (FY 10-11)	85% (FY 11-12)	85% (FY 12-13)	Annual in Annual Review Publication	Inspection module in MIS	ECC
4.2 ECI's meet health and safety requirements	Percentage of early childhood institutions that satisfy health and safety requirements	Monitoring	0%	0%	25%	40%	45%	50%	Annual in Annual Review Publication	Baseline: Follow-up: Inspection module in MIS	ECC
4.3 ECI's are supported to meet regulatory and demand requirements: ECI staff trained on safety	Percentage of ECI's that have at least one early childhood practitioner trained in ECI safety ⁵⁷	Monitoring	0%	10%	25%	50%	75%	90%	Annual	Training records	ECC
4.4 Information on early childhood institutions flows to the public	Detailed information on ECI's meeting of each of the 12 standards is published and accessible to the public	Disbursement-linked target for May 2011	No	No	No	Yes	Yes	Yes	Continuous from 2011	Internet	ECC
4.5 Early childhood institutions costs to parents remain accessible	Out-of-pocket fee payments for ECI's for 4-6 year olds	No target value but to monitor	TBD ⁵⁸	N/A	N/A	N/A	N/A	N/A	Annual	Survey of Living Conditions	PIoJ/Statint

⁵⁷ This will be calculated as number of school from which at least one practitioner was trained up to date / 2,747. The indicator does not take into account the fact that teacher may leave the ECI. The estimated number of ECI's (2,747 as of 2007) can be adjusted in case a new census of ECI's is collected and updates the expected number of schools. The percentage is cumulative over the 5 years of the project.

⁵⁸ The baseline for 2007 will be computed using the 2007 Survey of Living Conditions, which included preschool for the first time as a "level of formal schooling". The data of the 2007 SLC are expected to be released mid-2008.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
4.6 High enrollment levels for preschool are sustained	Enrollment rate in school or ECI of children age 4 through 6, is sustained	Monitoring	95% ⁵⁹	Stable from baseline	Stable from baseline	Stable from baseline	Stable from baseline	Stable from baseline	Annual	Survey of Living Conditions	PIO/Statistician
Intermediate Outcome 5: "Effective Delivery of the Curriculum through trained early childhood practitioners and teachers"											
5. Delivery of the curriculum through trained early childhood practitioners and teachers	<i>Cf. Project outcome indicator VI</i>										
	Percentage of EC practitioners that are at Level I or have no EC qualifications	Monitoring	60% (2007)	-	-	50%	-	30%	Baseline, mid- and end of project	Baseline: 2007 HR data End data: Inspection module in MIS	ECC
5.1 ECI's receive technical support from development officers	Number of development officers recruited, trained and posted in the field	Monitoring	0	0	0	≥60	≥60	≥60	Annual in Annual Review Publication	Inspection module in MIS	ECC
5.2 Effective staffing strategy and corresponding system of financial support to ECI's	HR strategy for levels II, III and IV developed and approved by the ECC board	Disbursement-linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time	Publication document for HR strategy	ECC
	Salary scale for early childhood practitioners and teachers established by cabinet office	Monitoring	No	No	No	No	Yes	Yes	One-time	Document establishing the salary scale	ECC

⁵⁹ The estimated baseline number will be confirmed using the 2007 Survey of Living Conditions.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
5.3 Technical skills of vocational early childhood practitioners ⁶⁰ are upgraded	Licensing system for early childhood (vocational) practitioners developed and approved by MoE ⁶¹	Disbursements linked target for May 2011	No	No	No	Yes	Yes	Yes	One-time	Proof of approval by MoE	ECC
	See project outcome indicator VI above.										
	Percentage of EC practitioners receiving salary subsidies, that are at vocational Level II or above	Disbursements linked target for May 2013 (50%)	Estimated 15%	-	-	35%	-	50%	Beginning, mid and end of project in Annual Review Publication	Inspection module in MIS	ECC
	Number of resource centers that enroll students for Early Childhood training programs at vocational level II, and total number of students enrolled	Monitoring	1	1	1	3 cent ers enrolling ≥ 75 stud ents	5 cent ers enrolling ≥ 125 stud ents	7 cent ers enrolling ≥ 175 stud ents	Annual in Annual Review Publication	Training module in MIS	ECC
	Number of resource centers that enroll students for Early Childhood training programs at vocational level III, and total number of students enrolled	Monitoring	0	0	0	0	3 cent ers, ≥ 75 stud ents	5 cent ers, ≥ 125 stud ents	Annual in Annual Review Publication	Training module in MIS	ECC

⁶⁰ Early childhood practitioners are those staff that work in early childhood institutions and do not have a teacher qualification. These would be the persons at levels II and III. The reliance on practitioners without any qualifications and practitioners with only Level I qualifications would be phased out.

⁶¹ The Ministry of Education is currently undergoing transformation. It is expected that the licensing role will be taken over from MoE by the National Teaching Council.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection	
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments		
5.4 Competence standards framework improved	Number of students from the Resource Center programs that are certified at EC vocational level II	Monitoring	Estimated 20	20	20	25	75	125	Annual in Annual Review Publication	Training module in MIS	ECC	
	Number of students from the Resource Center programs that are certified at EC vocational level III	Monitoring	0	0	0	25	75		Annual in Annual Review Publication	Training module in MIS	ECC	
	Level III (vocational) competence standards developed and approved by NCTVET and ECC board	Disbursements linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time in Annual Review Publication	Document establishing the Level III competence standards and proof of approval by NCTVET and the ECC board	ECC	
5.5 Each ECI has at least one level IV trained teacher	Level III (vocational) curriculum developed and approved by HEART and the ECC board	Disbursements linked target for May 2011	No	No	Yes	Yes	Yes	Yes	One-time	Document establishing the Level III curriculum and official approval by HEART and the ECC board	ECC	
	Percentage of ECI that have at least one Level III (academic) or Level IV (academic) EC practitioner	Disbursements linked target for May 2013	Estimated 7%	8%	10%	15%	20%	25%	Annual in Annual Review Publication	Inspection module in MIS	ECC	
Intermediate outcome 6: “Institutional Strengthening of the Early Childhood Sector and Statistics System”												
6.1 Sector-wide coordination of corporate planning and budgeting process improved	MoFPS reports on expenditures on EC, based on national budget structure that allows monitoring of expenditures on EC	Disbursements linked target for May 2010	No	No	Yes	Yes	Yes	Yes	Annual in May for the previous fiscal year	Report from MOFP	ECC	

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
	ECC board establishes priorities for preparation of the corporate plans and budgets as it relates to the National Strategic Plan for early childhood	Monitoring	No	Yes	Yes	Yes	Yes	Yes	Annual	ECC Board document	ECC
6.2 Organizational structure for the ECC is strengthened	Key positions at the ECC are filled	Monitoring	No	No	Yes	Yes	Yes	Yes	One-time	Proof of cabinet approval	ECC
6.3 Financial, accountability and governance arrangements are strengthened	Spatial analysis of Early Childhood Education (ECE) services is completed	Disbursements linked target for May 2009	No	Yes	Yes	Yes	Yes	Yes	One-time	Report from the spatial analysis	ECC
	Financial and accountability arrangements for financial support to ECI's designed and approved by ECC board and MoE. Financial arrangements will include allocation arrangements that specifically target poor populations, based on the spatial analysis of ECE services.	Disbursements linked target for May 2010	No	No	Yes	Yes	Yes	Yes	One-time	Document outlining the allocation mechanism and official approvals from MoE and ECC board	
	Parish model for governance of and support to ECI's strengthened and approved by JECA, ECC board and MoE	Monitoring	No	No	No	Yes	Yes	Yes	One-time	Document establishing the model	ECC
	Model for ECI management developed and approved by the ECC board	Monitoring	No	No	No	Yes	Yes	Yes	One-time	Document establishing the model and proof of ECC board approval	ECC

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
	Financial and accountability arrangements for financial support to ECI's implemented to the satisfaction of the World Bank, including the transfer of responsibility to the ECC ⁶²	Disbursements linked target for May 2011	No	No	Yes	Yes	Yes	Yes	One-time observation at supervision mission	N/A	ECC
6.4. Legal and policy framework governing early childhood is strengthened	EC policy approved by cabinet	Disbursements linked target for May 2012	No	No	No	No	Yes	Yes	One-time	ECD policy	ECC
	National Strategic Plan for Early Childhood for 2008-2012 evaluated against disbursement-linked targets and monitoring indicators	Monitoring	No	No	No	No	No	Yes	One-time	Evaluation report of the National Strategic Plan	ECC
	National Strategic Plan for Early Childhood for 2013-2017 drafted, costed, finalized and approved by the ECC board	Disbursements linked target for May 2013	No	No	No	No	No	Yes	One-time	Draft National Strategic Plan for 2013-2017	ECC
6.5 ECC has an functional and timely MIS that incorporates key information for the early childhood sector	Software that captures all key elements of MIS at the ECC is developed and up to date (i.e. less than 3 months of backlog) ⁶³	Monitoring	No	Yes	Yes	Yes	Yes	Yes	Observation at supervision mission	N/A	ECC

⁶² This would only count if it is done according to the allocation mechanism whose design and approval is an indicator in May 2010.

⁶³ The modules are: Geographic information system for location of ECI's, registration, inspection, ECI, financial support to ECI, HR, training, projects and programs.

Objectives and Outcomes	Indicators	Use of Project Outcome Information	Baseline value 2008	Target Values					Data Collection and Reporting		Responsibility for Data Collection
				YR1 2009	YR2 2010	YR3 2011	YR4 2012	YR5 2013	Frequency and Reports	Data Collection Instruments	
6.6 ECC reviews and disseminates sector performance data based on NSP	ECC reports on Human Resource training status for the early childhood sector: this includes; institutions, students pursuing, graduates and posting of graduates for Levels II, III and IV (vocational)	Monitoring	No	Yes	No	Yes	No	Yes	Beginning, mid and end of project	Annual Review Document	ECC
	ECC Annual Review Publication reports comprehensively on performance of the early childhood sector	Monitoring	No	No	No	Yes (FY 09-10)	Yes (FY 10-11)	Yes (FY 11-12)	Annual from 2010. The first report is expected in Sept. 2011, for FY 10-11	N/A	N/A
6.7 National statistics system on early childhood is strengthened	Measures of parenting and child development status incorporated into the Survey of Living Conditions, or other representative survey	Disbursements-linked target for May 2010	No	No	Yes	Yes	No	Yes	Beginning, mid and end of project	SLC report	Plol/STAT IN
	Instrument for the assessment of child development status at age 4 based on EDI is approved by the ECC board	Monitoring	No	No	Yes	Yes	Yes	Yes	One-time	Official approval by the board	ECC
	Nationally representative survey of child development at age 4 is implemented, using the instrument developed in 2010, and field work is completed	Disbursements-linked target for May 2011	No	No	No	Yes	No	Yes	Every 2 years	Field report; Specific assessment report to be available at the latest 1 year after completion of field work.	ECC

Annex 4: Detailed Project Description

JAMAICA: Jamaica Early Childhood Development Project

90. **The Project will support the implementation of Jamaica's ECD National Strategic Plan (NSP) 2008-2012.** As such, the Project Development Objective endorses the objectives of the NSP, and the Project components correspond to the action areas of the NSP. This Annex describes in detail the:

- Project Development Objective;
- Project components; and
- Lending instrument.

Project Development Objective

91. **Following the objectives of the NSP 2008-2012, the Project Development Objective is to:** (i) improve the monitoring of children's development, the screening of household-level risks affecting such development, and early intervention systems of the Borrower to promote such development; (ii) enhance the quality of early childhood schools and care facilities⁶⁴; and, (iii) strengthen early childhood organizations and institutions.

Project Components

92. **The Project will support the implementation of the NSP through two components with different financing and implementation arrangements.** The first component will support the implementation of the seven action areas of the NSP, using Sector Wide Approach (SWAp) modalities. The second component will finance consultant services to be carried out by the ECC that are critical to achieve the objectives of the NSP, using standard financing and implementation arrangements.

Component 1: Co-financing the implementation of the NSP under SWAp modalities (US\$13.1 million)

93. **The NSP identifies five action areas that are critical to improve access and quality of ECD services over the next five years.** The identified areas are presented below, ordered following a lifecycle approach, beginning during pregnancy (parenting), through to entering preschool education:

- i) Effective parenting education and support for early childhood development;
- ii) Effective preventive health care for 0-6 year olds;
- iii) Early and effective screening, diagnosis and early intervention for at-risk children and households;
- iv) Safe, learner-centered, well-maintained early childhood facilities; and
- v) Effective curriculum delivery by trained early childhood practitioners.

⁶⁴ Early childhood schools and care facilities are usually referred to as "ECI" or Early Childhood Institutions in Jamaica. In the rest of the PAD, we use the terminology ECI to refer to these schools and care facilities. ECIs include day care centers, infant schools (which are government run), basic schools (which are community-based), and private preschools.

94. **In addition, the NSP identifies two action areas that are critical to strengthen ECD organizations and institutions.** The identified areas are:

- i) The sector and sector agencies are governed by frameworks that promote achieving results in a consultative environment, and all sector institutions are achieving targets; and
- ii) Timely, clear, current, appropriate, evidence-based information to support early childhood development.

95. **Component 1 will co-finance the development and implementation of strategies and systems, and the strengthening of staffing and institutions, in line with these seven action areas.** The paragraphs below describe the activities for the five action areas pertaining to services and the two action areas pertaining to institutional strengthening. Corresponding monitoring indicators, including disbursement-linked targets are summarized in Table 1.

96. **Parent education and support:** Enhancing parent education and support programs and interventions is pivotal to mitigate risks to child development and enhance the social accountability of ECD service providers. Enhancing such programs requires the strengthening of the ECC's parenting Sub-Committee and the development and implementation of a national sub-strategy. In addition, the NSP proposes public awareness campaigns, the mapping of existing parenting support programs, the development of a certification system and support programs to meet certification standards.

97. **Preventive health care:** Strengthening preventive health services is critical to reach out and address developmental challenges of young children, in particular of children aged 0 to 3 years. The NSP proposes to comprehensively monitor and ensure the physical, cognitive, social and emotional development of young children and to this end, preventive health services will be the prime vehicle for the introduction of a child health passport that allows health practitioners and parents to monitor child development comprehensively. The reorganization of well-child clinics, including the expansion of their staff base will allow them to better respond to the demand created for preventive child health services under the government's conditional cash transfer program for poor households. The NSP also foresees the reform and scaling up of the delivery model for nutrition services (differentiated according to the 0-3 and the 4-6 cohorts) not only to sustain achievements in reducing undernutrition, but also to address the emerging overnutrition epidemic among children. Finally, an accreditation system will promote the implementation of necessary improvements in health centers and complement the GoJ efforts to provide non-monetary incentives to render hospitals baby-friendly.

98. **Screening, diagnosis and early intervention:** Strengthening risk screening and early intervention systems will avoid lasting and costly damages to the development of children. Following on the ECC's successful Conference on Early Screening and Referral of June 2006, an action plan has been developed and incorporated into the NSP. Complementing the monitoring of child development through the health care system, it prescribes the development of a screening system for at-risk households, including the training of community workers in screening tools and a countrywide identification of at-risk households. Furthermore, the action

plan proposes strengthening of the early intervention system. The early intervention system's cornerstone will be a new cadre of health professionals, known as child development therapists based in well-child clinics that draw on a comprehensive referral system for diagnostic and therapeutic support, including for vision, hearing, speech impairments and behavioral development challenges.

99. **Safe, learner-centered facilities:** Improving the safety and learning environment of ECI's depends on monitoring and enforcing newly established standards and developing a system that supports ECI's to meet them. Enforcing the newly established minimum quality standards for ECI's requires establishing an inspectorate at the ECC, which entails the recruitment and training of inspectors and the development of an information system that allows for the timely communication of status reports between the ECC, ECD Resource Centers, the ECI's and the public. In addition, the NSP foresees the establishment of a comprehensive support system supporting ECI's in reaching minimum quality standards. At the core of this system will be a group of development officers operating under the auspices of the ECC that, among other responsibilities develop with the staff of ECI's facility specific improvement plans. The ECC would also provide training to ECI caregivers in the six safety standards that, if not met, will result in the shutting down of facilities. Finally, a financial support system will be developed, including the reform of GoJ's grant facility to enable ECI's to carry out their respective development plans. In support of the above NSP objectives, the Component will finance operational costs (e.g. salaries of inspectors and development officers) by reimbursing expenditures under the eligible budget line Grant to the ECC. The Component will also finance the implementation of the ECI's development plans to meet service standards by reimbursing expenditures under the eligible budget line Grants to Community Schools.

100. **Trained practitioners:** Improving the quality of ECI services requires the massive expansion of the country's ECD skill base and revisions to the ECD standard curriculum. The newly established quality standards for ECI's mandate lower staff per pupil ratios and an improved skill mix. As the country's existing ECD human resource base does not allow meeting these standards across ECI's, they will only be enforced in the mid-term. To resolve this bottleneck as early as possible, the NSP proposes pursuing a comprehensive ECD human resource strategy, including the review of training curricula, the increase in training capacities of all levels (II, III and IV), the upgrading of skills of ECD practitioners (level I and II) and the development of a continuing education and a licensing system. In addition, the NSP proposes the revision of the ECD standard curriculum and the development of a system that ensures its delivery according to minimum standards. In support of this action area, the Component will finance (i) salaries of ECD practitioners by reimbursing expenditures under the eligible budget line Grants to Community Schools and (ii) training for ECD practitioners by reimbursing expenditures under the eligible budget line Grant to the ECC.

101. **Governance:** The ECC will strengthen governance frameworks to foster results-focused, coherent action across sectors and levels. Corresponding to its mandate, the ECC will assume the prime responsibility for improving ECD governance. It will establish guidelines for the preparation of corporate plans and budgets and will then review performance and expenditure data. It will assess and propose measures to strengthen the legal framework governing ECD, develop a national ECD policy and proposals for local governance arrangements and ECI

management models. It will coordinate private sector activities and lead the development of private, non-for-profit organizations. It will gradually assume the responsibility for managing the GoJ's grant facility in support of ECI's, including its redesign. Finally, it will lead the evaluation of the NSP 2008-2012 at mid-term and towards the end of the implementation period as well as the development of a NSP for the period 2012-2017. To comply with these roles and functions, it will adopt a recently approved, new organizational structure including a significant strengthening of its staff base. It will be supported by other organizations; for example, the Ministry of Finance and the Public Service, which will facilitate the monitoring of ECD expenditures through the identification of ECD-specific budget lines. In support of this action area, the Component will finance salaries of ECC staff and operational costs by reimbursing expenditures under the eligible budget line Grant to the ECC.

102. **Evidence-based decision-making:** Sector agencies will collaborate to establish timely and appropriate information for evidence-based decision making. Led by the ECC, ECD organizations will collaborate to strengthen the recently set up, national ECD management and information system. The management and information system will include the application of an internationally developed, locally adapted instrument to monitor the early child development status starting in 2010. The Planning Institute of Jamaica will ensure the establishment of ECD statistics, including data flowing from the annual standard of living surveys. In support of this action area, the Component will finance salaries of ECC staff and operational costs by reimbursing expenditures under the eligible budget line Grant to the ECC.

Component 2: Technical Assistance (US\$1.86 million)

103. **The GoJ and the Bank agreed to create a technical assistance component under which the ECC procures and manages consultant services that are critical to achieving the objectives of the NSP, according to standard implementation arrangements and with technical support from the Bank.** In the implementation of the NSP, the ECC will assume the prime responsibility for the development of policies, strategies, service delivery models and governance arrangements including monitoring and evaluation. The ECC itself is a nascent organization that has embarked on a major reorganization and capacity building process. Despite its current capacity constraints, the ECC managed over the past 18 months to assess the sector's strengths and weaknesses, develop the NSP and several sub-strategies, and set up a national ECD monitoring and evaluation system. These achievements are also the result of the financial and technical assistance provided by the Bank under a PHRD grant. The ECC and the GoJ therefore seek the Bank's continued support in carrying out critical consultant services under standard implementation arrangements; specifically, support in the planning of activities, the development of terms of reference, the putting together of long lists of qualified consultants, and the review of work programs and deliverables.

104. **The technical assistance component will be financed with US\$1.9 million.** Consultant services to be carried out as part of the NSP totaling US\$1.9 million have been identified, contributing to all major objectives of the NSP:

105. **Improve monitoring, screening and early intervention:** Activities will support the development of a national policy on screening, referral and early intervention, including the

design of a screening system for risks at the household level, and the development of a public education strategy about risks for children. They will contribute to the development of sub-strategies for parenting of children aged of 0-3 and 4-6 years, including the mapping of existing parenting education and support programs, the development of an accreditation system for parenting programs, and awareness and advocacy strategies for parenting support programs.

106. **Enhance the quality of early childhood schools and care facilities:** Activities will support the development of service delivery models for nutritional programs targeted at different age groups and a strategy for the reorganization and strengthening of well-child clinics. They will assist the redesign of the GoJ's grant facility supporting ECI's, including the analysis of needs and gaps in ECI service provision as well as the development of training modules for ECI staff in the areas of ECI health and safety. They will contribute to the development of a comprehensive ECD human resource strategy, including a revision of current compensation policies.

107. **Strengthen EC organizations and institutions:** Activities will assist the strengthening of the legal framework governing ECD, the development of a national ECD policy, and the elaboration of proposals for local governance and ECI management models. They will support the development of the monitoring and evaluation system, including the design of the ECD instrument for measuring the development status at age 4. Finally, they will finance the evaluation of the NSP 2008-2012 at mid-term and towards the end of the implementation period as well as the development of the NSP 2013-2017.

Lending Instrument

108. **The Bank will co-finance the implementation of the National Strategic Plan with a Specific Investment Loan.** The financing and implementation arrangements will differ for Component 1 and 2 of the project. For Component 1, Sector-Wide Approach modalities will be adopted and, for Component 2, standard implementation arrangements.

SWAp modalities

109. **The NSP coordinates all activities carried out by multiple organizations to sustain achievements and to gradually improve the performance of Jamaica's ECD system between 2008 and 2012.** The GoJ established the ECC to improve the planning and coordination of ECD activities. Corresponding to its mandate, the ECC has set up a national ECD monitoring and evaluation system and led the development of a National Strategic Plan for the period 2008-2012. The NSP will guide all activities carried out by the various organizations to sustain achievements and to gradually improve the performance of Jamaica's ECD system over the next five years.

110. **The NSP defines a total of 45 disbursement-linked targets with nine to be achieved every fiscal year** (see table 1). Attainment of disbursement-linked targets is fully under the control of the GoJ. Though it will often require the collaboration among various actors (as outlined in detailed annual Memoranda of Understanding to be negotiated with the ECC), primary responsible government agencies have been identified. The ECC will be responsible for

achieving the majority of disbursement-linked targets (27), the Ministry of Health for achieving 9, the Ministry of Education for achieving 4, the Ministry of Finance and Public Service for achieving 1, the Planning Institute of Jamaica for achieving 1, the Ministry of Labor and Social Security for achieving 1, and the HEART Trust/NCTVET for achieving 2. Disbursement-linked targets, against which disbursements will be made between May 2011 and May 2013, may be revised during the NSP's mid-term review scheduled for spring 2010.

111. Given the evolution of the MoE into a policy ministry, responsibility for achieving specific milestones will be reviewed at mid-term. The MoE is in the process of divesting itself of functions of an executive nature, retaining only those areas relating to policy. As such, some planned activities which are currently under the purview of the MoE may shift to statutory bodies currently existing or to be created.

112. The implementation of the NSP, including sustaining current achievements will cost US\$495.75 million, out of which US\$83.76 million are incremental. The vast majority of the implementation costs (>90 percent) are recurrent. The costs of the NSP were estimated on the basis of total, public expenditures on ECD in fiscal year 2006-2007 and additionally required public financing to improve ECD performance according to the objectives set forth by the NSP. The review of public expenditures on ECD in 2006 proved difficult. Some budget programs, sub-programs and activities were exclusively linked to ECD; however, others mingled funds for ECD with other investment areas (e.g. primary health care). With some modeling, the total expenditure on ECD in 2006-2007 was estimated as US\$62.5 million, of which US\$12.8 million flowed through two major budget lines exclusively dedicated to ECD: First, Grants to Community Schools and the Grant to the ECC. Additionally required financing was estimated to total US\$83.76 million with annual incremental expenditures ranging from US\$9.31 million in fiscal year 2008-2009 to US\$25.99 million in fiscal year 2012-2013. Thus, the total cost of the NSP was estimated to be US\$495.75 million.

113. The loan will co-finance the implementation of the National Strategic Plan under SWAp modalities. Loan funds will reimburse expenditures under budget lines exclusively financing investment in ECD. For accounting purposes, these eligible budget lines will be transferred from budget 1 (recurrent) to budget 3 (capital B). Given the current budget structure, the SWAp will entail only two eligible budget lines: First, Grants to Community Schools (Sub-Object 27) and, second, the Grant to the ECC. The budget activity Grants to Community Schools, sub-object 27 pays for salaries of ECD practitioners. Reimbursements against expenditures under the Grant to the ECC are limited to salaries, travel expenses and subsistence, rental of property, machinery and equipment and public utility services to avoid the reimbursement of the same expenditures under Component 1 and 2. At the Project's mid-term, when additional budget lines exclusively financing ECD will have been established, the GoJ and the Bank will decide whether to classify them as eligible for reimbursement with loan funds and amend the Loan Agreement accordingly.

114. Disbursements will take place every six months, in December and June. The disbursement in December will be a reimbursement against actual expenditures, to a maximum of US\$1 million. Disbursements in June will also reimburse expenditures under eligible budget lines; however the amount will be determined by the number of disbursement-linked targets

achieved in the preceding fiscal year. The NSP defines nine disbursement-linked targets for each fiscal year. Achieving a disbursement-linked target will be honored by a disbursement of US\$180,000. The attainment of disbursement-linked targets will be evaluated by the ECC in collaboration with participating entities subject to the Bank's review. The Bank may approve the re-scheduling of disbursement-linked targets should they be missed or achieved ahead of schedule.

115. To ensure adequate resource availability to achieve disbursement-linked targets and as such incremental spending on ECD, disbursements every June will be subject to meeting two conditions. First, the GoJ must present evidence that disbursement-linked targets to be achieved during the same fiscal year have been adequately budgeted. To this end, starting in 2009-2010, participating line ministries will establish budget lines exclusively dedicated to the financing of disbursement-linked targets in fiscal years in which they will receive related funding. Second, the execution rate under these budget lines must have been at least 70 percent during the previous fiscal year.

116. Prior to disbursements in June, the Bank will review the attainment and appropriate financing of disbursement-linked targets. Every June, the Bank will assess the attainment of disbursement-linked indicators, allocations to budget lines for disbursement-linked indicators in the ongoing fiscal year, and budget execution rates under eligible budget lines for disbursement-linked targets in the previous fiscal year. For this review, the GoJ will submit before the end of May (i) evidence that disbursement-linked targets have been met, (ii) statements of expenditures for eligible budget lines for disbursement-linked indicators of the previous fiscal year, and (iii), excerpts from the Estimates of Expenditures for the ongoing fiscal year. Prior to the disbursement of funds, the Bank will communicate in writing the findings of its review to the Borrower.

Table 4.2: Disbursement Rules

Disbursement Rule	2008	2009		2010		2011		2012		2013
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Amount: Up to US\$1 million	x		x		x		x		x	
Amount: Dependent on achieving disbursement-linked targets each worth US\$180,000		x		x		x		x		x
Disbursement condition: Proof that disbursement-linked targets for the same fiscal year are adequately budgeted		x		x		x		x		
Disbursement condition: Execution rate under budget lines for disbursement-linked targets exceeds 70%				x		x		x		x

117. **The proposed SWAp modalities are expected to have four significant advantages over standard financing arrangements. First, key actors will face incentives to advance the implementation of the NSP.** With disbursements subject to the adequate financing and attainment of disbursement-linked targets, the Ministry of Finance and the Public Service (MoFPS) will face a strong incentive to provide necessary budgets, ensure the timely release of funds and to monitor the progress of responsible ECD organizations towards disbursement-linked targets. The incremental funding should enable and motivate ECD organizations to attain disbursement-linked targets in a timely manner. Furthermore, implementation arrangements would foresee cuts in consecutive budgets if sector organizations do not achieve disbursement-linked targets for which they have assumed responsibility under annual Memoranda of Understanding. As such, the proposed arrangements will mimic an incentive framework similar to performance-based budgeting, which the current administration seeks to pilot and promote as part of its public sector reform agenda. The proposed arrangements will be assessed at mid-term and towards the end of the NSP implementation period as to whether: (i) they are a cost-effective way to focus implementation efforts on results, (ii) they are sustainable, and (iii) can be replicated in other social sectors.

118. **Second, the relatively small loan amount will lever change that is expected to produce significant, system-wide efficiency gains.** Loan funds constitute approximately 20 percent of the incremental cost of the NSP (the costs above government expenditures on ECD in fiscal year 2006-2007) and, as such, they are important for creating the fiscal space necessary for priority investment in ECD and provide, under the disbursement arrangements described above, a fair incentive to budget and implement priority actions. Moreover, by linking disbursements to the reform of policies and financing, the loan, which is very small compared to the total costs of the NSP (approximately 3 percent) will leverage change throughout the ECD system that is expected to produce significant efficiency gains. For example, the reform of the grant facility for ECI's will significantly increase the impact of public subsidies on service quality.

119. **Third, the proposed modalities are likely to result in a steadier, more predictable flow of loan funds.** As disbursement-linked targets have been carefully selected, that is, their attainment is fully under the control of the GoJ and hence the risk of reduced disbursements due to the failure of achieving them limited, the SWAp modalities should result in a steadier, more predictable flow of loan funds. Furthermore, with loan effectiveness expected for October 2008, a first disbursement would take place in December 2008 against actual expenditures for the period April to November 2008. This arrangement will help to create the fiscal space for activities necessary in fiscal year 2009-2010 and ease liquidity constraints that sometimes hamper the execution of actions.

120. **Finally, the proposed arrangements will provide a platform for improved coordination of donor financing.** The GoJ put in place three critical mechanisms for the coordination of ECD activities across multiple sectors: It created a single, coordinating body, developed a multi-sector strategy and set up a unique monitoring and evaluation system. The proposed project implementation arrangements will support the GoJ's efforts to better coordinate ECD activities by setting up a results-based, sector-wide financing mechanism that can be easily adopted by other external funding agencies.

Component 2: Technical Assistance

121. **Component 2 will finance consultant services worth US\$1.9 million under standard implementation arrangements.** Loan funds will be deposited in a designated account to reimburse costs of consultant services carried out by the ECC and critical to achieve the objectives of the NSP. Procurement procedures will follow Bank and GoJ guidelines. Under these arrangements, the Bank will support the planning of activities, the development of terms of reference, the putting together of long lists of qualified consultants, and the review of work plans and deliverables. The proposed arrangements will help to strengthen the ECC's technical and implementation capacity.

Annex 5: Project Costs

JAMAICA: Jamaica Early Childhood Development Project

Project Cost by component and/or activity	Local US \$million	Foreign US \$million	Total US \$million
Component 1 (SWAp)			
ECD total	494.22	0.03	494.24
ECD current program continuation	412.00	0.00	412.00
NSP incremental	82.22	0.03	82.25
<i>Eligible budget line: Grants to community schools</i>	114.59	0.00	114.59
<i>Eligible budget line: Grant to ECC</i>	10.48	0.00	10.48
Component 2: Technical Assistance	1.35	0.16	1.51
Total baseline cost	495.57	0.18	495.75
Physical contingencies	0.00	0.00	0.00
Price contingencies	13.07	0.01	13.08
Total project costs	508.64	0.19	508.83
Interest during construction	0.00	0.00	0.00
Front-end fee	0.04	0.00	0.04
Total financing required	508.68	0.19	508.87
Total taxes in the incremental cost of the NSP+ component 2			18.73
Total incremental cost, net of taxes			65.03
% financing by the project, net of taxes			23.1%

¹Identifiable taxes and duties for incremental costs are US\$18.73 million, and the total incremental cost, net of taxes, is US\$65.03 million. Therefore, the share of project cost net of taxes is 23.1%.

Annex 6: Implementation Arrangements

JAMAICA: Jamaica Early Childhood Development Project

122. **The project will build upon the implementation arrangements of the NSP.** National procedures and processes will be used in particular under Component 1 of the Project including planning, coordination and monitoring and evaluation. Organizations and staff in charge of the NSP's implementation will be responsible for the implementation of the Project.

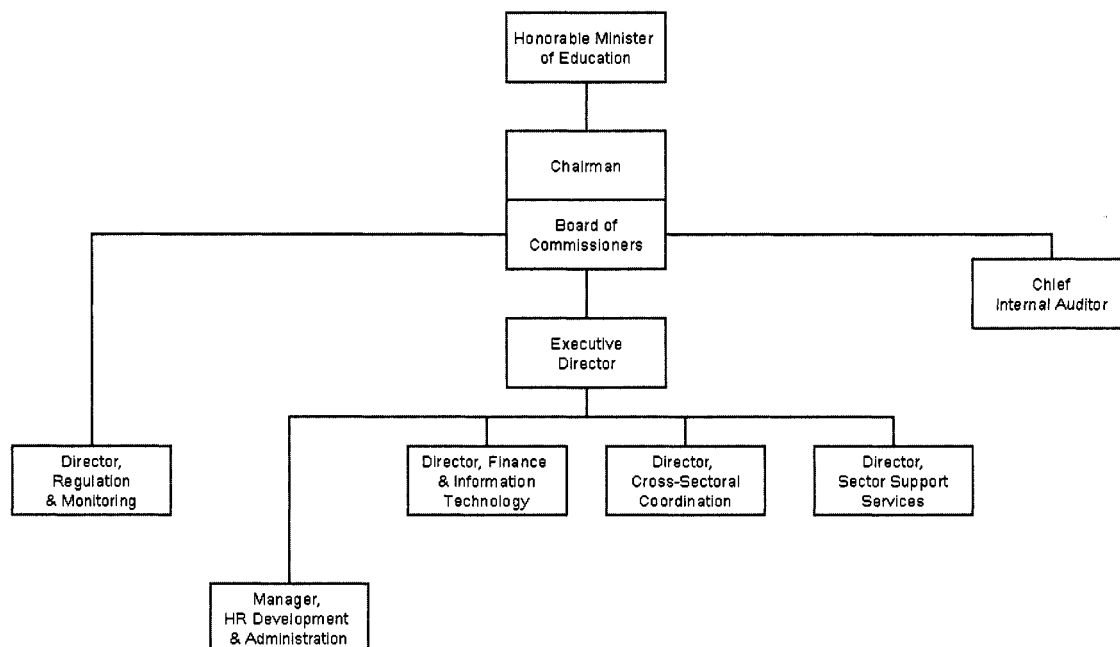
Implementation arrangements of the NSP

123. **The NSP will serve as the overarching action framework for activities carried out by a wide-range of sector agencies.** The NSP was developed under the leadership of the ECC to improve sector coordination and efficiency. It reflects a broad consensus about sector challenges and priorities. Its approval by the Cabinet of the GoJ is expected for March 2008. Achieving the plan's objectives depends on the successful implementation of activities by various sector-agencies. Participating entities include the Ministry of Education, the Ministry of Health, the Ministry of Labor and Social Security, the Ministry of Finance and the Public Service, the Human Employment and Resource Training (HEART) Trust and the Planning Institute of Jamaica (PIOJ). Given the ongoing transformation of the MoE towards a policy ministry, responsibilities of participating entities will be revisited at the mid-term review.

124. **The ECC plays the central role in implementing the NSP.** In line with its core mandate 'to govern the administration of early childhood care, education and development in Jamaica, and to make provision for connected matters', the ECC will lead the implementation of the NSP. The Commission was established in 2003 as a statutory body within the then MoEY in response to a widely acknowledged need for greater sector coordination. The ECC is governed by a Board with broad representation of public and private sector stakeholders. The Board is headed by and reports to the Minister of Education through its Chairman. The Chairman is appointed by the Governor-General on advice of the Prime Minister and after consultation with the Opposition Leader. Various sub-committees of the Board provide technical leadership and support as well as oversight of the Commission's executive branch (see figure 6.1). In the context of the NSP, the ECC will lead discussions with the MoFPS about annual increases in the resource envelope for ECD. Its Directorate for Cross-Sectoral Coordination will coordinate the sector wide budgeting process and will, together with the Directorate of Finance, & Information Technology, monitor resource availability, resource use, progress in the implementation of activities as well as progress towards the plan's objectives.

125. **To fulfill its role as coordinator of NSP implementation, the ECC will sign annual Memoranda of Understanding (MoU) with the participating entities.** The MoUs will detail the roles, responsibilities and obligations of each of the signatories, including timetables for achieving disbursement-linked targets, requisite budget allocations and reporting requirements vis-à-vis the ECC.

Figure 6.1.: New Organizational Structure of the ECC - Approved November 2007



126. As it gradually assumes the responsibility for ECD related functions of the MoE, the ECC's executive branch will play an increasingly important role in the execution of NSP activities. The education sector is undergoing a major transformation that entails the reorganization of the MoE. As the first step of the MoE reorganization process, the ECC was established in 2003. Three years later, a cabinet decision transferred the authority to regulate Early Childhood Institutions from the MoE's Early Childhood Unit to the ECC. Since then, the ECC developed and established registration criteria and an in-house inspectorate. In line with the task force's recommendation that all professionals at the early childhood level report to one body, it has been agreed that the responsibility for development support to ECI's will also be transferred from the MoE's Early Childhood Unit to the ECC.

Implementation arrangements for the Project

127. The ECC will be responsible for implementing the Project in close collaboration with participating entities (see table 6.2). As the Project's Implementing Entity, the ECC, a statutory body will enter into a Subsidiary Agreement with the Government of Jamaica that will detail the obligations of both parties in the execution of the Loan including, *inter alia*, articles governing the utilization of the funds, withdrawal and disbursement mechanisms, and project execution. The ECC will ensure that legal requirements are met, including the timely audit of the Project, facilitate Project supervision, including the monitoring of Project indicators, and respond to project-related, external inquiries. Specific to Component 1, the ECC will enable the Bank to review proposals for the system-wide budgets, monitor with support of participating entities expenditures under eligible budget lines, monitor expenditures under budget lines for disbursement-linked targets, and review every six months progress towards disbursement-linked

targets. Specific to component 2, the ECC will prepare and carry out annual procurement plans. Furthermore, it will prepare for the Project (components 1 and 2) and submit to the Bank interim, unaudited financial reports, disbursement requests, and Project Reports. Responsibilities of participating entities in the implementation of the Project will be established in the Memoranda of Understanding that the ECC and participating entities agree upon annually.

Table 6.2: Project-Specific Implementation Arrangements

	Planning	M&E	FM & Disbursement	Procurement	Cross Cutting
Component 1 (SWAp)	Prepare, submit and jointly review with the Bank system-wide budget proposal <i>ECC and participating entities</i>	Report attainment of disbursement-linked targets <i>ECC and participating entities</i>	Monitor expenditures under eligible budget lines and budget lines for disbursement-linked targets <i>ECC and participating entities</i>		
Component 2				Prepare and submit operational and procurement plan <i>ECC</i> Carry out procurement procedures <i>ECC</i>	
Component 1 and 2		Monitor Project indicators <i>ECC and participating entities</i>	Prepare and submit IFR's Prepare and submit disbursement requests Carry out external financial audit <i>ECC and participating entities</i>		Prepare and submit Project Reports <i>ECC and participating agencies</i>

Capacity challenges and solutions

128. **Prior to negotiation, the ECC will be strengthened to meet capacity requirements for the successful implementation of the NSP and the Project.** Since its establishment early on in the reorganization process of the MoEY, the ECC increasingly assumed ECD related functions. Therefore, in 2007, a review was carried out to propose an organizational structure and human resource plan that allows the ECC to comply with all its roles and functions. The proposal was approved by the Commission's board in October 2007 and will be approved by Cabinet prior to loan negotiation. The Permanent Secretary and the ECC's Chairman have initiated steps to put key recommendations into operation. ECC and Bank team agreed that some

of these steps will have to be taken before loan negotiation, most importantly, the budgeting of key positions including a Director of Finance and Information Technology, a procurement specialist, an HR manager, the Director of Cross-Sectoral Coordination and an information technology system engineer. In addition, the ECC will implement prior to loan negotiation an action plan to strengthen financial management processes including the development of an operational manual and an update of the accounting software.

129. Prior to a first disbursement under the Component 1, weaknesses in the financial management of the eligible budget line Grants to Community Schools managed by the ECU in the MoE will be rectified. The Early Childhood Unit (ECU) in the MoE manages the largest share of public expenditures on ECD, most importantly, a US\$14.5 million grant program supporting ECI's. The sub-object 27, salaries of this budget activity, constitutes the main expenditure against which loan funds will be disbursed under the SWAp modalities. The financial assessment carried out as part of Project preparation demonstrated weaknesses in the management of these funds. While the project will support the review, reform and transfer of the grant program to the ECC in the mid-term, an action plan to rectify shortcomings will have been implemented prior to a first disbursement under Component 1.

Table 6.2: Implementation Steps of the NSP and the Project during the Course of a Fiscal Year

Time	NSP Implementation		Project Implementation			
	Budget Planning and Execution	M&E	Planning	FM and Disbursement	PR	M&E
April	Participating entities launch implementation of activities identified in MoU with ECC					
April 30		Participating entities evaluate progress towards NSP objectives and report findings to the ECC				
April 30				Participating entities and ECC assess execution rates under budget lines for disbursement-linked targets in previous fiscal year		Participating entities and ECC assess attainment of disbursement-linked targets during the previous fiscal year
May 15		ECC consolidates reports of progress towards NSP objectives and attainment of disbursement-linked targets and makes information publicly available				
May 15				Participating entities report expenditures under eligible budget lines during the period October - March to the ECC		ECC informs Bank about attainment of disbursement-linked targets and execution rates under budget lines for disbursement-linked targets in the previous fiscal year
May 15 to May 31						ECC, participating entities and Bank jointly review attainment of

Time	NSP Implementation		Project Implementation			
	Budget Planning and Execution	M&E	Planning	FM and Disbursement	PR	M&E
						disbursement-linked targets during the previous fiscal year and execution rates under budget lines for disbursement-linked targets
May to June				Consultant firm carries out external financial project audit		
May 31				ECC submits to the Bank disbursement requests for Components 1 and 2		
May 31			ECC submits to the Bank Project Report including the IFR for the period January – March, information about the attainment of disbursement-linked targets as well as an update on Project indicators.			
July 15	ECC agrees on objectives and critical activities for the consecutive fiscal year and informs participating entities					
July 31				ECC submits to the Bank external audit report		
August 1	Participating entities start budgeting process					
August 31				ECC submits to the Bank the IFR for the period April - June and a disbursement request for Component 2		
September 1	MoFPS calls for budget					
September / October	Departments and agencies of participating					

Time	NSP Implementation		Project Implementation			
	Budget Planning and Execution	M&E	Planning	FM and Disbursement	PR	M&E
	entities conduct internal review and finalize draft operational plans (OP's) and budgets					
October 20	Departments and agencies submit draft OP's and budgets to parent ministry / participating entity					
October 31	Participating entities submit draft OP's and budgets to ECC					
October 31				Participating entities report expenditures under eligible budget lines in the period April - September to the ECC		Participating entities assess progress towards disbursement-linked targets during the period April - September and report findings to the ECC
November 1	Departments and agencies defend draft OP's and budgets at meeting with parent ministry / participating entity					
November 15	ECC prepares and reviews draft sector-wide budget proposal and provides feedback to implementing entities					
November 15			ECC submits draft system-wide budget proposal to Bank			
November 15						ECC informs Bank about progress towards disbursement-linked

Time	NSP Implementation		Project Implementation			
	Budget Planning and Execution	M&E	Planning	FM and Disbursement	PR	M&E
						targets in the period of April - September
November	Department and agencies revise draft OP's and budgets					
November 15 – 30				ECC and Bank jointly review draft sector-wide budget proposal		ECC, participating entities and Bank jointly review progress towards disbursement-linked targets during the period April – September
November 30	Departments and agencies submit revised OP's and budgets to parent ministry					
November 30				ECC submits to the Bank disbursement requests for Components 1 and 2		
November 30			ECC submits to the Bank Project Report including the IFR for the period July – March, information about progress towards disbursement-linked targets as well as an update on Project indicators			
December 15	Parent ministries submit consolidated OP's and budgets to MoF/PS					
January 31	ECC prepares final sector-wide budget proposal					
January 31					ECC prepares and submits to the Bank for its review drafts of the operational and procurement plans for the activities to be carried out under the Component 2 of the project in the	

Time	NSP Implementation		Project Implementation			
	Budget Planning and Execution	M&E	Planning	FM and Disbursement	PR	M&E
February 28				ECC submits to the Bank the IFR for the period October - December and a disbursement request for Component 2	subsequent fiscal year	
February 28 March 15	Parliament approves budget law				ECC prepares and submits to the Bank for its no objection the final operational and procurement plans for the activities to be carried out under the 2 nd component of the project in the subsequent fiscal year	
March 31	ECC enters into MoU's with participating entities that define activities to be carried out as well as reporting obligations during the subsequent fiscal year					

Annex 7: Financial Management and Disbursement Arrangements

JAMAICA: Jamaica Early Childhood Development Project

A. Executive Summary

130. **This annex summarizes the findings of the financial management capacity assessment for the Jamaica Early Childhood Development Project.** The objective of the assessment is to determine whether the Project's implementing entities, including the Ministry of Education (MoE), have acceptable financial management arrangements, including accounting systems, reporting, auditing and internal controls. As discussed in Annex 6, the Early Childhood Commission (ECC) will be responsible for implementation of the project, in close collaboration with participating entities, notably the MoE. The assessment was carried out in accordance with the OP/BP 10.02 and the Guidelines for Assessment of Financial Management Arrangements in Bank Financed Projects issued by the Financial Management sector board on October 15, 2003.

131. **The financial management capacity assessment for the Project draws upon the findings of two earlier assessments.** The World Bank carried out the Country Financial Accountability Assessment and Country Procurement Assessment Report (CFAA/CPAR) for Jamaica in 2006, and in 2007 the European Union led the Public Expenditure and Financial Accountability (PEFA). These two reports provide a complete overview of the public financial management strengths and areas for improvement in Jamaica.

132. **The assessments indicate that overall the public financial management system in Jamaica needs improvement to reach international standards.** Although the public financial management system has a strong legal foundation, outlined mainly in the Financial Administration and Audit (FAA) Act, its implementation is limited by tight fiscal space. The government has made significant strides in addressing the cash flow constraints identified in the CFAA/CPAR that could have affected the release of warrants to the ECD sector. The other main issues and recommendations highlighted in the assessments are presented in paragraph C below related to Country Issues.

133. **The issues identified in the financial management capacity assessment would primarily impact on the Project's SWAp component.** The main issues identified include, (i) the financial management processes governing the Grants to the Community Schools managed by the Ministry of Education and (ii) the annual audits of the Grants to Community Schools performed by the Auditor General. The adverse impact of these issues will be mitigated by the implementation of the action plan presented in Appendix 1 and other risk mitigation measures.

134. **The conclusion of the financial management assessment is that financial management arrangements for the Project need to be improved in order to satisfy the World Bank's minimum requirements under OP/BP10.02, after which they will be adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the Bank.** The main areas of improvement will be:

- For the ECC: the recruitment of a Director of Finance and Information Technology, the update of the accounting software, the development of a Project Operational Manual, including an agreed upon format of the IFR, and the recruitment of an external auditor;
- For the Early Childhood Unit (ECU) of the MoE: the development and implementation of an operational manual for the Grants to Community Schools;
- For the ECC and participating line ministries: the creation of budget lines related to the activities of the Project, notably its disbursement-linked targets, with an annual execution rate of more than 70 percent.

The action plan in Appendix 1 delineates the responsible parties and deadlines for necessary improvements.

B. Summary of Project Description

135. **The Project consists of two components:** The Project will (i) improve the monitoring of children's development, the screening of household-level risks affecting such development, and early intervention systems of the Borrower to promote such development; (ii) enhance the quality of early childhood schools and care facilities; and (iii) strengthen early childhood organizations and institutions. The Project consists of two components. Component 1 will co-finance the implementation of the NSP. Component 2 will consist of technical assistance and will finance consultant services procured and managed by the ECC that are critical to achieve the objectives of the NSP. Each component will be carried out under different financing and implementation arrangements. Component 1 will be implemented using SWAp modalities, Component 2 using standard financing and implementation arrangements.

C. Country Issues

136. **The CFAA/CPAR and the PEFA mentioned above, as well as the Public Expenditure Review conducted in preparation for the Project, provide a good overview of the public financial management system in Jamaica and in the early childhood development system.** Key recommendations of these analytical works are (i) strengthening the link between policy, planning and budget allocation by moving toward a Medium Term Expenditures Framework and costing the Corporate Plans; (ii) improving the quality and timeliness of financial reporting; (iii) improving cash predictability by defining a transparent mechanism for warrant releases that maintain budget consistency with Government priorities; and (iv) strengthening the capacity of the Internal Audit Directorate and increasing the financial independence of the Auditor General's office. The country is implementing the CFAA and the PEFA recommendations with the support of the IDB and the European Union. In addition, the Bank is preparing an Institutional Development Fund (IDF) proposal in the area of budget execution and internal and external controls.

D. Risk Assessment and Mitigation Measures

137. **Appendix 2 shows a risk assessment and mitigation matrix.** The preliminary overall risk is assessed as Substantial given the issues at the country level and the complexity of the Project. The implementation of the mitigation measures is expected to reduce the overall risk

assessment to Moderate. In addition to section C above, sections F and G provide greater detail on the current and proposed actions to achieve these improvements.

E. Financial Management Arrangements

138. **Roles and Responsibilities:** The ECC and MoE will share the responsibility for financial management of the Project. The ECC will coordinate and consolidate financial and accounting information for budget lines selected for reimbursement by loan funds, as well as assume full responsibility for managing the Project's technical assistance component. The Principal Financial Officer of the MoE will be responsible for financial management arrangements with regard to Grants to Community Schools.

139. **Flow of Funds:** The flow of funds differs for each of the two project components, as Appendix 3 shows. Disbursements for the SWAp component will be made to the Consolidated Fund at the Ministry of Finance and The Public Service (MoFPS). The MoFPS will then disburse funds to the MoE and ECC (for reimbursement of eligible budget lines) and the other line ministries (for disbursement-linked targets). Eligible budget lines, that is, budget lines against which the Bank will reimburse expenditures are: Grants to Community Schools (Sub-Object 27) and the Grant to the Early Childhood Commission. The budget activity Grants to Community Schools, sub-object 27 pays for salaries to ECD practitioners. This sub-object constitutes more than 90 percent of expenditures under the budget activity. Reimbursements against expenditures under the Grant to the Early Childhood Commission are limited to salaries of ECC staff, travel expenses and subsistence, rental of property, and public utility services. Disbursements will take place in December and June. In December, disbursements will only be against expenditures under the eligible budget lines. In June, loan resources will be disbursed against expenditures under the eligible budget lines subject to achieving disbursement-linked targets. At the Project's mid-term, when additional budget lines exclusively financing ECD activities will have been established, the GoJ and the Bank will decide whether to classify them as eligible for reimbursement with loan funds. Under Component 2, technical assistance activities will be reimbursed through funds flowing from a designated account, denominated in US dollars. In accordance with the Government's regulations, all designated accounts in foreign currency are managed directly by the MoFPS. Funds are released by the MoFPS into a project account denominated in Jamaican dollars and managed by the implementing entity, i.e. for this Project the ECC.

140. **Disbursements under Component 1 in December:** Disbursements in December will be against actual expenditures (up to US\$1 million annually for five years). As mentioned above, the two eligible budget lines are the Grants to Community Schools (Sub-Object 27, Salaries) and the Grant to the Early Childhood Commission. Disbursement requests for December will be submitted not later than November 30th each year. They will consist of the Interim Unaudited Financial Report (IFR) for the quarter ended September 30th, supplemented by a budget execution report showing actual expenditures under the two budget lines for the previous fiscal year. The budget execution reports are Statements of Expenditures by objects generated from Peachtree for the ECC and from the FMIA for the MoE.

141. **Disbursements under Component 1 in June:** Disbursements in June will reimburse against expenditures, however, the amount will be dependent on achieving nine disbursement-linked targets in the previous fiscal year, as laid out in Annex 3, with each target worth US\$180,000. As indicated in paragraph 5 above, line ministries involved in the Project (MoE, MoH and MoLSS) will cost the targets and create a budget line exclusively related to the targets. Budget execution rates for these budget lines for the previous fiscal year should be at least 70 percent. Disbursement requests for June will be submitted not later than May 31st each year. They will consist of the Interim Unaudited Financial Report (IFR) for the quarter ended March 31st, supplemented by (i) a report summarizing evidence that disbursement-linked targets have been achieved, (ii) if need be, an action plan to reschedule⁶⁵ the targets, (iii) budget appropriation for the current fiscal year showing that disbursement-linked targets are appropriately budgeted and (iv) a budget execution report showing that budget execution rates under eligible and budget lines for disbursement-linked targets for the previous fiscal year exceed 70 percent. The budget execution reports will be the Statements of Expenditures by objects generated from the FMIA systems of the respective line ministries. Upon receipt and review of the above documentation, the Bank will inform the GoJ in a letter about its assessment of the GoJ's compliance with disbursement criteria.

142. **Disbursements for Component 2:** Under the Technical Assistance component, the Project will be implemented through a designated account, which will have a ceiling of US\$200,000. The first three-month period of expenditures will be advanced upon effectiveness. The Project will use the report-based disbursement mechanism each quarter. Not later than two months after the end of each quarter, the ECC will elaborate and transmit to the World Bank Interim Unaudited Financial Reports (IFR) that will serve as a basis for disbursements. The format and content of the IFR will be agreed by negotiations. IFRs will be supplemented by (i) Bank reconciliation statements of the designated account; (ii) cash flow forecast for the following period; and (iii) a list of payments against contracts that are subject to the Bank's prior review.

143. **Retroactive financing:** The Project will reimburse eligible expenditures incurred on or after April 1, 2008. The total amount of retroactive financing will be limited to US\$3.00 million for eligible expenditures under Component 1 (US\$2.62 million) and component 2 (US\$0.38 million). Under Component 1, retroactive financing will cover budget lines related to Grants to Community Schools (Sub-Object 27, Salaries) and the Grant to the Early Childhood Commission from April to September 2008. For Component 2, it will cover consultant services procured according to the Bank's guidelines.

⁶⁵It should be noted that if certain disbursement-linked targets are not achieved in time or if later targets are achieved prior to their scheduled completion, then their timetable for approval can be rescheduled, subject to Bank approval.

144. **Disbursement Schedule.** The table below sets out the expenditure components to be financed out of the loan proceeds.

Components	Amount of the loan allocated	% of expenditures to be financed
1. SWAp Component		
(a) Reimbursement of Budget Lines Grant to the Early Childhood Commission and Grants to Community Schools**	5.00	100%
(b) After Completion of Stage 1 disbursement-linked targets*	1.62	100%
(c) After Completion of Stage 2 disbursement-linked targets*	1.62	100%
(d) After Completion of Stage 3 disbursement-linked targets*	1.62	100%
(e) After Completion of Stage 4 disbursement-linked targets*	1.62	100%
(f) After Completion of Stage 5 disbursement-linked targets*	1.62	100%
2. Technical Assistance	1.8625	100%
3. Front end fees	0.0375	
TOTAL	15.00	

*See disbursement-linked targets in table 1 of Section II.

**The operational manual for the Grants to Community Schools is developed and approved by the MoE, and the Financial Management Action Plan has been completed

F. Improvements to the Financial Management Capacity of the MoE

145. **A review of financial management processes and systems related to the Grants to Community Schools generated the following findings and recommended actions, which will enable the Project to meet Bank requirements and permit disbursements:**

Budget Execution Process: The current system is heavily based on manual recordkeeping and writing of checks. No reports are available as to the profile of schools or teachers receiving the subsidies and grants. Processes will require significant strengthening. Main areas for action include: (i) the establishment of a database of practitioners and schools; (ii) the development and adoption of a manual that will revisit and, if necessary, improve all the processes from the accreditation of schools to the delivery of checks to teachers or schools; and (iii) the establishment of an internal audit review mechanism that aims to strengthen processes.

Internal Audit: The MoE has an internal audit unit. However, this unit has not carried out any review of the Grants to Community Schools. The Project will develop with the internal auditor an action plan to review the grants to ECI's.

Accounting, Reporting and Auditing: The appropriation accounts (recurrent account, capital A and B) for 2006/2007 were produced by the MoE and transmitted to the Auditor General. Upon approval of the loan, the MoE will transfer all budget lines selected for reimbursement by the loan from the recurrent account to a capital B account that will be audited annually by the Auditor General. Annual audit reports on this capital B account will be transmitted to the Bank within four months after the end of each fiscal year. Actual expenditures will be generated from the public accounting software FMIAS and will be transmitted together with the semi-annual disbursement requests. Summary of auditing requirements is provided in paragraph H below.

G. Improvements to the Financial Management Capacity of the ECC

146. The financial management systems of the ECC will need to be strengthened. Key improvements will include the strengthening of the staff base, the update of the accounting software, the recruitment of an internal auditor, and the contracting of an external auditor, as described below.

Staffing: A Director of Finance and Information Technology with terms of reference and qualifications acceptable to the Bank will be recruited. The Director of Finance and Information Technology will oversee the ECC's financial management department in general as well as the Project. Prior to the loan's negotiations, the position will be adequately budgeted in the ECC's 2008/2009 annual budget. His/her recruitment will be completed before effectiveness.

Accounting Software and Operational Manual: The existing accounting software, Peachtree, will have to be customized to capture appropriately all activities related to the Project and the chart of accounts updated accordingly. The ECC's operational manual will be updated accordingly.

Internal Audit: The ECC does not have an internal auditor. Internal controls will be carried out by the relevant staff and outlined in the operational manual. Once the responsibility for development support to ECI's is transferred from the ECU to the ECC, an internal auditor will be recruited. This recommendation will be reviewed during the implementation of the Project.

External Auditor: According to its legal status, the ECC must have its financial statements regularly audited by a private auditing firm appointed by the ECC's Board. The current auditors were appointed for a one-year renewable contract. A new auditor will be recruited for a three-year renewable contract prior to negotiation. The terms of reference and the selection process will be subject to prior review of the Bank. The auditors will express an opinion on the ECC's annual financial statements. These statements will disclose, by way of note or supporting schedule or statement, sufficient information on sources and uses of funds associated with the Project. The following table summarizes the auditing requirements for the Project:

<i>Audit report</i>	<i>Due Date</i>	<i>Prepared by</i>	<i>Transmitted by</i>
▪ ECC's Financial Statements	End of July	Private auditing firm to be selected	ECC
▪ ECC's Management letter	End of July		
▪ Capital B account related to grants to ECI's	End of July	Auditor General	MoE

H. Loan Conditions and Summary of Annual Audits Requirements

147. **The main loan conditions are the following:**

Negotiation conditions: (i) The position of the Director of Finance and Information Technology in the ECC will be adequately budgeted; (ii) a draft of the Project Operational Manual⁶⁶ developed, including an agreed upon format for the IFR, and the accounting software in the ECC updated.

Disbursement-linked targets in June: see paragraph 143 above.

Conditions for the disbursement of loan funds under Component 1: The ECU develops and adopts an operational manual for the grants to community schools. The ECC and the MoH establish budget lines exclusively dedicated to disbursement-linked targets in 2009-2010.

Legal covenants: (i) Standard financial management provisions; (ii) transmission within four months of the end of Jamaica's fiscal year, i.e. by the end of July each year, annual audit reports in the table in paragraph 16, (iii) transmission of the IFR together with the disbursement requests not later than two months after the end of each quarter.

I. Supervision Plan

148. **The Project will require intensive supervision supports given its challenges and the capacity of the implementing entities.** Bank FM staff will undertake two in-country supervision missions per year and review the IFR and other documents (notably the budget execution reports) attached to the withdrawal applications before payments. Annual audit reports of ECC and the capital B account of the Grants to ECI's will also be reviewed.

⁶⁶ Format and content of the IFR and other disbursement reports will be attached to the manual.

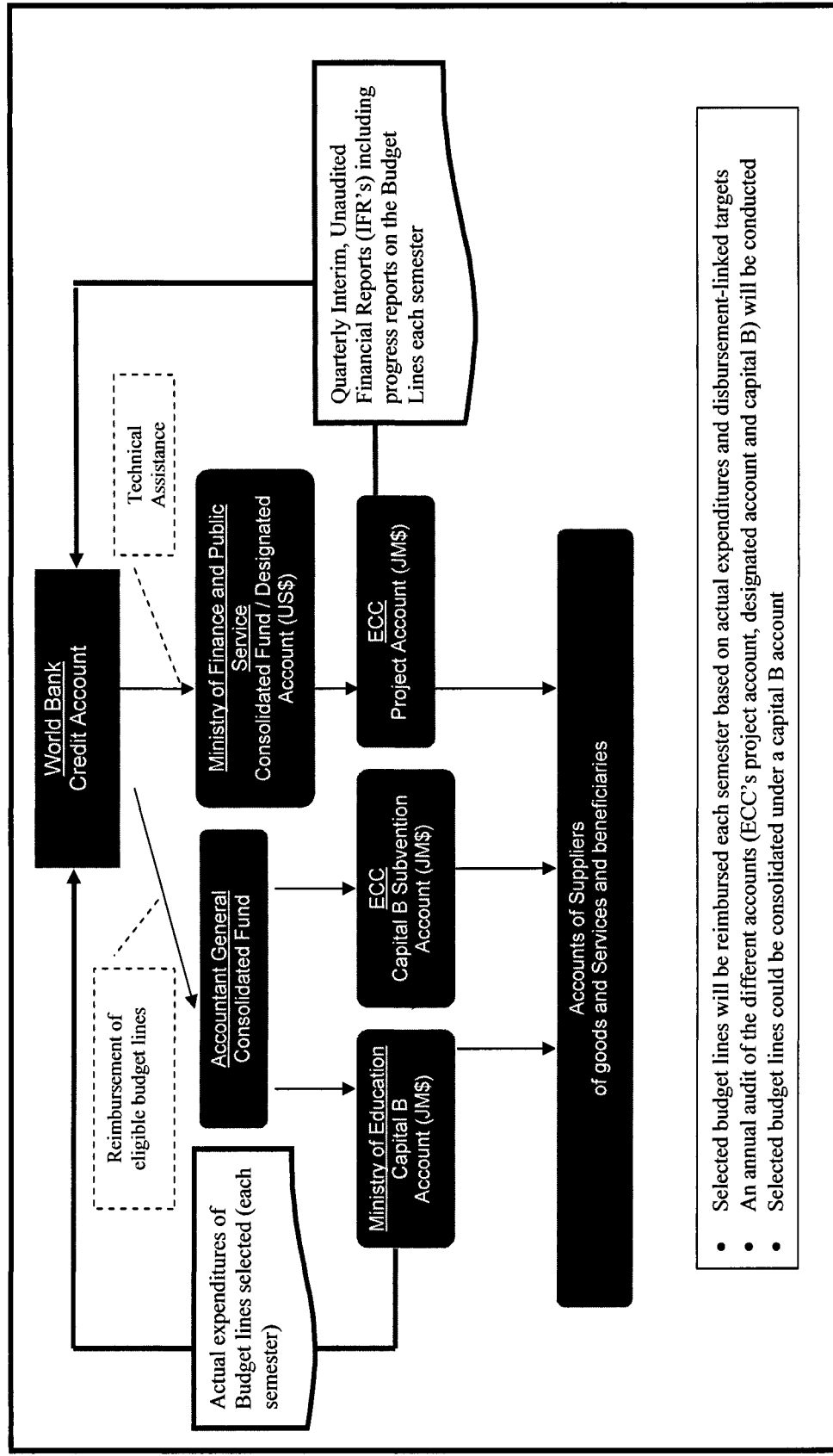
Appendix 1: Financial Management Action Plan

Action	Responsible	Completion date	Status
1. Director Finance and Information Technology ▪ Budgeting of the key position in the 2008/9 ▪ Recruitment of the Director Finance and Information Technology	ECC	▪ March 2008 ▪ September 2008	In progress
2. Elaboration of an operational manual for the project, including an agreed upon format for the IFR	ECC	March 2008	In progress
3. Update of the accounting software	ECC	March 2008	In progress
4. Creation by ECC and MOH of budget lines related to the activities of the Project, notably its disbursement-linked targets, with an annual execution rate of more than 70 percent	ECC, MoH	Fiscal year 2009-2010 (supplemental)	In progress
5. Recruitment of the external auditor	ECC	February 2008	Completed
6. Development and adoption by the MoE of an operational manual for the Grants to Community Schools	MoE	September 2008	In progress

Appendix 2. Risk Assessment and Mitigation Matrix

	Risk Assessment				Risk Mitigation Measures	Residual Risk
	H	S	M	L		
Inherent Risk						
Country Level.		X			The Bank will develop an IDF proposal to contribute to the implementation of the CFAA/CPAR action plan. This IDF grant will complement the actions undertaken by other donors. It will focus on the areas identified in text above.	M
Entity Level.		X			The ECC's organizational structure will be strengthened. The financial and accountability arrangements of subsidies to ECI's will be strengthened as a disbursement condition for the SWAp component.	M
Project Level.		X			Implementation of the action plan in Appendix 1 will mitigate the risks.	M
Overall Rating Inherent Risk		X				M
Control Risk						
Budget.		X			The SWAp component will co-finance eligible budget lines. Budget Execution Reports will include the transfers made by the MoFPS to the ministries.	M
Accounting.			X		Implementation of the action plan in Appendix 1 will help reduce the risks.	L
Internal Controls.		X			Implementation of the action plan in Appendix 1 will help reduce the risks.	M
Funds Flow.		X			Flow of funds arrangements will be agreed upon prior to loan's approval.	
Financial Reporting.		X			Format and contents of the reports (IFR and budget execution reports) will be agreed upon during negotiations.	
Auditing.		X			An auditor will be recruited for the ECC. Annual audit of the grants to ECI's will be conducted by the Auditor General.	
Overall Control Risk		X				M
Residual Risk Rating						M

Appendix 3: Flow of Funds for Early Childhood Development Project



Appendix 4: Disbursement Plan and Triggers for the first year (to be repeated until the end of the project)

Period	Deadline for submission of the reports	Payment deadline	Amount in US\$ million	Supporting documents required
- April 1, 2008 to September 30, 2008: Budget Execution Reports - First Advance of the Designated Account (occurs in first year only)	November 30, 2008	December 2008	- US\$1 million for the SWAp component - US\$0.2 million (First Advance of the Designated Account)	Evidence that disbursement conditions for component 1 are met: - Aide memoire stating that action plan to strengthen financial management in the ECU has been successfully completed - Excerpts of budget proposal 2009/10 demonstrating that participating entities have established budget lines for disbursement-linked targets Others: - Request for reimbursement - Statements of Expenditures by objects generated from Peachtree for the ECC and from the FMIAS for the MoE - Request for the first advance of the designated account (first year only)
October 1, 2008 to December 31, 2008: Expenditures disbursed through the designated account and the project account	February 28, 2009	March 2009	DA application	- IFR - Designated account bank statements - Bank reconciliation statement of the designated account; - Cash flow forecast for the following period; - List of contracts above prior review thresholds.
- April 1, 2008 to March 31, 2009: Budget Execution Report - January 1, 2009 to March 31, 2009: Expenditures disbursed through the designated account and the project account	May 31, 2009	June 2009	- US\$1.62 million for the SWAp component - DA application	- Request for reimbursement - Statements of Expenditures by objects generated from the FMIAS systems of the respective line ministries - Budget estimates for the following fiscal year showing that disbursement-linked targets are appropriately budgeted - Report summarizing the achievement of disbursement-linked target in the previous fiscal year - IFR + other documents above
April 1, 2009 to June 30, 2009: Expenditures disbursed through the designated account and the project account	August 31, 2009	September 2009	DA application	- IFR - Designated account bank statements - Bank reconciliation statement of the designated account; - Cash flow forecast for the following period; - List of contracts above prior review thresholds.

Appendix 5: Format of the IFR

EARLY CHILDHOOD DEVELOPMENT PROJECT			
STATEMENT OF SOURCES AND USES OF FUNDS			
QUARTER ENDING SEPTEMBER 2008			
(expressed in US Dollars)			
	Current Quarter	Cumulative to date	Forecast : next quarter
Sources of Funds			
GOJ			
Capital B (ECIs)			
Capital B Account (ECC)			
World Bank			
Payments under Part 1			
Retroactive reimbursement under Part 2			
Designated Account			
Total Sources of Funds			
Less : Uses of Funds			
Grants to community schools			
Grants to ECC			
Technical Assistance			
Monitoring, screening and early interventions			
Quality of early Childhood schools and care facilities			
EC Organizations and institutions			
Total Uses of Funds			
BALANCE			
Foreign Exchange Difference			
Opening Cash Balance			
GOJ			
Capital B (ECIs)			
Capital B Account (ECC)			
World Bank			
Payments under Part 1			
Retroactive reimbursement under Part 2			
Designated Account			
Total opening cash balance			
Net Cash available			
Closing Cash Balances			
GOJ			
Capital B (ECIs)			
Capital B Account (ECC)			
World Bank			
Payments under Part 1			
Retroactive reimbursement under Part 2			
Designated Account			
Total closing cash balances			

Annex 8: Procurement Arrangements
JAMAICA: Jamaica Early Childhood Development Project

A. General

149. Procurement for the proposed project will be carried out in accordance with the Bank's 'Guidelines: Procurement Under IBRD Loans and IDA Credits' dated May 2004, revised October 1, 2006; 'Guidelines: Selection and Employment of Consultants by Bank Borrowers' dated May 2004, revised October 1, 2006; and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements and timeframe are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

150. **Selection of Consultants:** Consultant services will include technical assistance services implemented by the ECC to support the implementation of the NSP. Short lists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

151. **Operating Costs:** Operating costs will include travel expenses and subsistence of the ECC staff and public utility services for the ECC. Items will be procured using the implementing agency's administrative procedures, which were reviewed and found acceptable to the Bank.

152. The procurement procedures and SBDs to be used for each procurement method, as well as model contracts will be presented in the Project Operational Manual to be prepared.

B. Assessment of the Agency's Capacity to Implement Procurement

153. The Project will support the implementation of the NSP through two components with different financing and implementation arrangements. The first component will support the implementation of the seven action areas of the NSP, using Sector Wide Approach (SWAp) modalities. The second component will finance consultant services to be carried out by the ECC that are critical to achieve the objectives of the NSP, using standard implementation arrangements.

154. The Early Childhood Commission (ECC) will serve as the Project Implementation Entity with the overall responsibility for project coordination and monitoring. For the purpose of project execution, the ECC will enter annually into Memoranda of Understanding with participating entities. Moreover, the ECC will coordinate the preparation of Interim Financial Reports and coordinate the external audit of the project.

155. With regard to Component 1 (SWAp modalities), the ECC will assume the responsibility to negotiate fiscal space and coordinate the sector-wide budget preparation. In addition, it will be

responsible for consolidating expenditure reports under eligible and disbursement-linked budget lines in the ECC and line ministries. It will also monitor and report the achievement of disbursement-linked targets. Loan funds will reimburse two budget lines (Grants to Community Schools (Sub-Object 27) and the Grant to the Early Childhood Commission). Sub-Object 27 of the budget activity Grants to Community Schools pays for salaries to ECD practitioners. Reimbursements against expenditures under the Grant to the Early Childhood Commission are limited to salaries of ECC staff, travel expenses and subsistence, and public utility services. As such, the large majority of items under component 1 are non-procurable. Procurement procedures of local agencies for public utilities have been found acceptable to the Bank. Currently, the ECC is only renting property, but no machinery and equipment, under a long-term lease agreement. Hence, unless there are changes to the items procured under Component 1, items are either non-procurable or local procedures have been found acceptable to the Bank.

156. With regard to the technical assistance component, the ECC will coordinate the preparation of operational and procurement plans and will carry out all procurement procedures, with technical inputs from participating entities. The Bank will provide support in the planning and implementation of these activities. The project will not seek the creation of a Project Implementation Unit (PIU), but instead will strengthen the capacity of the ECC. The GoJ and the Bank team agreed that key recommendations of the proposed organizational structure will be implemented prior to loan negotiation, *inter alia*, the budgeting of key positions in the ECC (Director of Finance and Information Technology, Procurement Specialist, HR manager, Director of Cross-Sectoral Coordination, MIS engineer).

157. An assessment of the capacity of the implementing agencies of the NSP to implement procurement actions for the project was carried out by the Bank in October 2007. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and the national procurement authorities. The mission focused on the capacity of the ECC and the Ministries of Education, Health, and Labor and Social Security, as well as the National Contracts Commission (NCC), in contracts management using both Bank and Government procedures. The main findings of the assessment are summarized in the following paragraphs.

158. The joint Country Financial Assessment (CFAA) and Country Procurement Assessment (CPAR) carried out by the World Bank and Inter-American Development Bank in 2006 identified a list of weaknesses of the Jamaican procurement system showing clearly that significant improvement is needed to render the system more transparent. The issues identified in the CFAA/CPAR pertaining to procurement statistics, supplier's registration, procurement performance and monitoring and capacity are still relevant. In particular, discrepancies between the national procurement system thresholds and the World Bank thresholds for projects in Jamaica are likely to have a negative impact on procurement processes.

159. National procurement system and thresholds

The MoFPS has overall responsibility for the public sector procurement system including direct responsibilities for informing sector procurement policy, monitoring the implementation of those policies particularly with regard to public expenditures, and facilitating a proper understanding

of the governing documentation service-wide. The Contractor General, in accordance with the Contractor General Act, monitors and investigates the award of contracts.

160. Procurement functional responsibilities are as follows:

- a) National Contracts Commission (NCC): responsible for: (a) promoting efficiency in the award process for government contracts; and (b) reviewing award recommendations by the procuring entities, for the procurement of Goods, Services and Works with estimated values equal to or exceeding J\$ 4.0 million.
- b) National Contracts Commission Sector Committee (NCCSC): responsible for reviewing the procuring entities' award recommendations for contracts.
- c) Procurement Committees: Each procuring entity is required to establish a procurement committee consisting of not less than four persons appropriate to the needs of the entity. The Committee will comprise a Chairman, Senior Financial management Personnel, Secretary, and Procurement Officer (non voting member).
- d) National Contract Point (Ministry of Finance and Public Service): acts as the focal point for information and clarification of public sector procurement.
- e) Accounting Officer: responsible for enforcing the procedures.

161. While having various checkpoints for procurement is a good thing, the down side is delays encountered during contract processing. Based on the cases reviewed, it appears that it would take from two weeks to five months for the national procurement boards to endorse a contract award after bid evaluation. This is a serious issue as it causes delays to project implementation.

162. Thresholds: The national procurement rules under different thresholds are as follows:

Threshold	Authorities
Less than J\$4,000,000	Agency or Ministry shall approve subject to procedures included herein.
From J\$4,000,000 but less than J\$15,000,000	Minister shall approve on the recommendation of the NCC.
J\$15,000,000 and above	Cabinet, on the recommendation of the NCC and minister.
<u>Note</u> : In cases where procurement is funded by an agency external to GOJ, e.g., the World Bank, approval of that agency may also be required.	

163. Specific thresholds are defined for the use of each particular method for procurement of Goods, Services and Works. Most of these thresholds are also bottlenecks to the fluidity of procurement management as they are sometimes higher than those set by the World Bank for Jamaica.

164. Corrective measures which have been agreed to improve procurement processes include, *inter alia*, the following:

- Hiring a Procurement Specialist with relevant experience in international donors procurement procedures, to be dedicated full time to the project. Terms of Reference of the proposed specialist were approved by the Bank.

- Submission to the Bank of a preliminary Procurement Plan to cover the first 18 months of the project, due for approval by negotiations.
- Training in procurement provided by the Bank to the ECC and other key stakeholders as soon as the project is approved. Further training to be provided during the first year of implementation as a capacity building activity.
- Preparation of an operations manual with a specific chapter on procurement, detailing all the procedures and channels of responsibilities and flow of documentation. The first finalized draft is due by negotiations.
- Establishment of a procurement filing system, to be subsequently submitted for Bank's no objection after effectiveness.

165. In addition to the above actions, procurement thresholds and methods have been set to mitigate the substantial procurement risk.

C. Procurement Plan

166. The Borrower, at appraisal, developed a procurement plan for the implementation of the Project to provide the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team on March 20 and is available at the ECC. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

167. In addition to the prior reviews that will be carried out from Washington, the Procurement Capacity Assessment recommends that supervision missions should be conducted every six months. Post review of procurement actions will be carried out once a year.

E. Details of the Procurement Arrangements Involving International Competition

168. **Goods and Non Consulting Services (including rental of property).** List of contract packages to be procured following ICB and direct contracting: NA

169. ICB contracts estimated to cost above US\$150,000 per contract and all direct contracting will be subject to prior review by the Bank.

170. **Consulting Services.**

(a) List of consulting assignments with short list of international firms: NA

(b) Consultancy services estimated to cost above US\$100,000 per contract and single source selection of consultants (firms) will be subject to prior review by the Bank.

(c) Short Lists Composed Entirely of National Consultants: Short lists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed

entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

F. Thresholds for Procurement Methods and Prior Review

171. Recommended thresholds for use of the procurement methods specified in the legal agreement, and for Bank prior review of procurement actions, are identified in the table below. Specific contracts which are subject to prior review are detailed in the Procurement Plan agreed at negotiations.

Expenditure Category	Contract Value (Threshold) US \$ thousands	Procurement Method	Contracts Subject to Prior Review
Consulting Services A Firms			
	>100	QCBS,QBS,FBS,LCS	All
	<100	QCBS,QBS,FBS,LCS, and CQS	None
	Regardless of value	Single Source	All
B Individuals	Regardless of value	Comparison of 3 CVs in accordance with Chapter V of the Guidelines	None

Note: ICB = International Competitive Bidding
 QCBS = Quality- and Cost-Based Selection
 FBS = Fixed Budget Selection
 CQS = Selection Based on Consultants' Qualifications

NCB = National Competitive Bidding
 QBS = Quality-Based Selection
 LCS = Least-Cost Selection

Annex 9: Economic and Financial Analysis
JAMAICA: Jamaica Early Childhood Development Project

PART 1: ESTIMATING THE ECONOMIC RETURN TO INVESTMENTS IN THE NSP

172. In the first five years of life, children lay the groundwork for lifelong development.¹ There is compelling evidence that interventions in early childhood are critically important for practical issues of feasibility and cost-effectiveness, as well as issues of brain plasticity and physiologic development. Rapid brain and physical development, relationships, and environments work together to create phenomenal advances in children during this time frame. Children's language, early understanding of mathematics and reading, and self-control emerge during the first five years, and the extent to which children master these skills has long-term implications for success in school.

173. Infants and toddlers growing up in poverty are more likely to experience developmental delays and growth deficits than those from more privileged backgrounds because they are disproportionately exposed to a wide range of co-occurring risk factors that may impact development. For example, children from low-income backgrounds in the developed world are more likely to experience poor nutrition or malnutrition, less stimulating learning environments, more limited linguistic role models, crowded or substandard housing, exposure to domestic or community violence, and greater environmental hazards. In the developing world, the conditions contributing to poor development are exacerbated by poverty, poor sanitation, crowding, and limited access to resources. Parents may have limited education and intelligence, and little knowledge of child development and the importance of play. They may also suffer from anxiety or depression. For these reasons, children living in the context of extreme poverty are very vulnerable to deficiencies in basic health and nutrition, which contribute significantly to delayed physical, language and cognitive development.

174. A large body of literature makes the case for investment in early childhood development. Health and nutrition in the formative years are significantly related to physical and cognitive development. Healthier children also start school earlier, receive more years of schooling, and do better in school than unhealthy children. In addition, healthier adults have substantially higher wages. Returns to investments in early childhood are likely to be higher than those to investments made later in life because beneficiaries have a longer time to reap the rewards. Investments in human capital have dynamic complementarities, so that "learning begets learning". For these reasons, it is more effective for a government to equalize initial endowments through early childhood development programs than to compensate for differences in outcomes later in life.

175. Estimating the impact of early childhood investments is complex because this type of investment affects many aspects of beneficiaries' lives, including many that can not be monetarily quantified. Table 1 summarizes the various types of benefits of early childhood interventions.

Table 1: Taxonomy of benefits from early childhood interventions

Type of benefit	Primary beneficiary	Public or private?	Monetarily quantifiable?	Evidence available	Included in the analysis
Increased levels of education	Child	Private	No unless through increased levels of income	Yes	Yes
Increased levels of income	Child	Private	Yes	Yes	Yes
Decreased levels of crime	Child, society	Public	Yes	Limited	No
Intergenerational transmission of benefits	Child, descendents	Private	Difficult	Limited	No
Increased self-esteem, confidence	Child	Private	No	Yes	In as far as is related to educational attainment

176. In this analysis, **we estimate the private returns to the investments as proposed in the National Strategic Plan.** While there are numerous other benefits from early childhood, they are hard to quantify. To estimate the private wage returns from investment in the early childhood sector in Jamaica, we take the following approach: First, we estimate the cost per beneficiary of the early childhood investment program using costing data on the National Strategic Plan, and a calculation of the estimated number of beneficiaries. Second, we estimate the effect of the interventions in the National Strategic Plan on educational outcome variables using available evidence from research. Third, we estimate the effect of changes in educational outcome variables on wages using current income data. Finally, we combine NSP cost per beneficiary and the discounted stream of benefits and other costs to compute the NSPs internal rate of return.

Estimating the number of beneficiaries

177. **The first step in the calculation of the returns to the NSP investments is to calculate the number of beneficiaries.** The investments will take place over the period 2008-2013, but are expected to continue yielding benefits beyond 2013, although with some depreciation over time. For the purposes of the analysis, we assume that 20 percent of the benefits of the investments will be experienced by the beneficiaries after 2 years, and that each of the 4 following years will add 20 percent of the benefits from the investments. (Cfr. Table 2) Note that this does not necessarily need to be equal to the monetary proportion of the investment made in each of these years, but rather is an estimate of the percentage of the total benefits of the National Strategic Plan that are flowing to children.

Table 2: Incremental availability of benefits of the National Strategic Plan 2008-2013

Year	2008	2009	2010	2011	2012	2013
Incremental availability of benefits during NSP implementation	10%	20%	40%	60%	80%	100%

178. **From 2013 on, the investments under the National Strategic Plan will start depreciating**, meaning that some parts of them will be rendered obsolete or will need to be actualized. For the purpose of the analysis, we assume that the depreciation rate will be of 15 percent per annum after 2013.

Table 3: Availability of benefits of the National Strategic Plan 2008-2013

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Depreciation rate of 15%	85%	70%	55%	40%	25%	15%	0%	0%	0%
Depreciation rate of 10%	90%	80%	60%	50%	40%	30%	20%	10%	0%

179. **Children will benefit in different degrees from the investments** according to: (i) the length of exposure to the investments, i.e. the number of years they benefited; and (ii) the degree of implementation of the program during the years that they benefited. To ease the calculations, we assume that the benefits from the investments are essentially linear, and that it is possible to compound the total number of children who will benefit from a “full” NSP investment. To do this, we first compute each child’s percentage benefit compared to a 6 year exposure to the 100 percent of the NSP. The percentage benefit will vary by birth year of the child. We then estimate the number of children born in each cohort and multiply it with the percentage to determine the equivalent number of “full” beneficiaries for this cohort. For example, assuming a depreciation rate of 15 percent after 2013, for the cohort born in 2006, the percentage benefit will be:

$$P_{2006} = (0 + 0 + 0.10 + 0.20 + 0.40 + 0.60) / 5 = 0.26$$

and

$$Beneficiaries_{2006} = 51420 * 0.26 = 13,369$$

Table 4: Calculation of the equivalent number of full beneficiaries under a 15 percent depreciation rate of NSP investments after 2013

Cohort of children born in....	Estimated number of children in cohort ⁶⁷	Nr of years of exposure to program	Years of exposure to the program	P= Percentage benefit	Equivalent number of full beneficiaries
2002	51792	0	none	0	0
2003	51324	1	2008	0.02	1026
2004	50857	2	2008-2009	0.06	3051
2005	51620	3	2008-2010	0.14	7227
2006	51420	4	2008-2011	0.26	13369
2007	51220	5	2008-2012	0.42	21512
2008	51020	6	2008-2013	0.62	31632
2009	50820	6	2009-2014	0.77	39131
2010	50620	6	2010-2015	0.87	44039
2011	50420	6	2011-2016	0.9	45378
2012	50220	6	2012-2017	0.86	43189
2013	50020	6	2013-2018	0.75	37515
2014	49820	6	2014-2019	0.57	28397
2015	49620	6	2015-2020	0.4	19848
2016	49420	6	2016-2021	0.26	12849
2017	49220	6	2017-2022	0.15	7383
2018	49020	6	2018-2023	0.07	3431
2019	48820	6	2019-2024	0.02	976
2020	48620	6	2020-2025	0	0
2021	48420	6	2021-2026	0	0
2022	48220	6	2022-2027	0	0
2023	48020	6	2023-2028	0	0
Total number of equivalent beneficiaries					359,957

⁶⁷ For cohorts that were born before 2005, we estimate the number of children who were alive in 2005.

Table 5: Calculation of the equivalent number of full beneficiaries under a 10 percent depreciation rate of NSP investments after 2013

Cohort of children born in....	Estimated number of children in cohort ⁶⁸	Nr of years of exposure to program	Years of exposure to the program	P= Percentage benefit	Equivalent number of full beneficiaries
2002	51792	0	none	0	0
2003	51324	1	2008	0.02	1026
2004	50857	2	2008-2009	0.06	3051
2005	51620	3	2008-2010	0.14	7227
2006	51420	4	2008-2011	0.26	13369
2007	51220	5	2008-2012	0.42	21512
2008	51020	6	2008-2013	0.62	31632
2009	50820	6	2009-2014	0.78	39640
2010	50620	6	2010-2015	0.9	45558
2011	50420	6	2011-2016	0.96	48403
2012	50220	6	2012-2017	0.96	48211
2013	50020	6	2013-2018	0.9	45018
2014	49820	6	2014-2019	0.78	38860
2015	49620	6	2015-2020	0.66	32749
2016	49420	6	2016-2021	0.54	26687
2017	49220	6	2017-2022	0.42	20672
2018	49020	6	2018-2023	0.3	14706
2019	48820	6	2019-2024	0.2	9764
2020	48620	6	2020-2025	0.12	5834
2021	48420	6	2021-2026	0.06	2905
2022	48220	6	2022-2027	0.02	964
2023	48020	6	2023-2028	0.00	0
Total number of equivalent beneficiaries					457,791

Estimating the discounted incremental cost of the NSP per beneficiary

180. We now calculate the cost per equivalent full beneficiary under a 0% discount rate by dividing the total estimated cost of the NSP⁶⁹ (in 2008 prices) by the number of equivalent full beneficiaries. It is important to note that the cost per beneficiary used in the analysis is the *incremental* cost of the National Strategic Plan, not the *total* cost of providing early childhood services. For example, it does not include the fees that parents pay to early childhood institutions. Assuming that enrollment in early childhood institutions stays near-universal, and that out-of-pocket expenses to parents do not increase after 2008, parental out-of-pocket expenses would not be incremental costs.

⁶⁸ For cohorts that were born before 2005, we estimate the number of children who were alive in 2005.

⁶⁹ Prices are 2008 prices, adjusted for inflation only for later years.

181. Next, we calculate the incremental cost of the NSP per equivalent full beneficiary under various discount rates. The yearly investments of the NSP are discounted to year 0 (2008) using appropriate compounded discount rates, and then added up.

Table 6: Discounted incremental cost of the NSP per equivalent full beneficiary

Discount rate	Discounted incremental cost of the NSP	Cost per 1000 beneficiaries, 15% depreciation, 359957 equivalent full beneficiaries	Cost per 1000 beneficiaries, 10% depreciation, 457791 equivalent full beneficiaries
0%	68,700,181	190,857	150,069
2%	66,688,333	185,267	145,674
3%	64,603,642	179,476	141,120
4%	62,616,541	173,956	136,780
5%	60,721,361	168,691	132,640
6.5%	58,039,490	161,240	126,782
7%	57,185,998	158,869	124,917
7.5%	56,351,782	156,551	123,095
8%	55,536,296	154,286	121,314
8.5%	54,739,012	152,071	119,572
9%	53,959,422	149,905	117,869
9.5%	53,197,032	147,787	116,204
10%	52,451,366	145,716	114,575
11%	51,008,378	141,707	111,423
12%	49,626,947	137,869	108,405
13%	48,303,786	134,193	105,515
14%	47,035,816	130,671	102,745
15%	45,820,147	127,293	100,090

Estimating the impact of the National Strategic Plan on educational outcomes

182. The second step in the analysis is to **estimate the effect of the interventions in the National Strategic Plan on educational outcome variables** using available evidence from research. (cf. footnote ⁷⁰ for a comprehensive review of the available evidence) Table 7 summarizes the base scenario for 2005 and three different scenarios that are deemed plausible from review of available evidence on impact of early childhood interventions. Note that enrollment is defined as the percentage of leavers from the previous cycle of education, who register into the next cycle. Cycle dropout is the percentage of cycle entrants who drop out

⁷⁰ Eming Young, Mary, with Linda M. Richardson (Eds.), 2007, *Early Childhood Development From Measurement to Action, A Priority for Growth and Equity*, The World Bank, Washington DC.

before finishing the cycle. Yearly repetition is the percentage of enrolled pupils who repeat a grade, averaged over years within a cycle of education.

Table 7: Educational efficiency: base situation (2005) and scenarios for the full beneficiaries

Base situation 2005		Enrollment	Cycle dropout	Yearly repetition
	Primary	95	13	3
	Secondary	87	5	1
	College	19	1	1
High scenario		Enrollment	Cycle dropout	Yearly repetition
	Primary	100	3	1
	Secondary	97	5	1
	College	30	1	1
Middle scenario		Enrollment	Cycle dropout	Yearly repetition
	Primary	100	8	1
	Secondary	95	5	1
	College	25	1	1
Low scenario		Enrollment	Cycle dropout	Yearly repetition
	Primary	97	10	3
	Secondary	90	5	1
	College	21	1	1

Note: all numbers are rates.

Estimating the impact of changes in educational outcomes on earnings

183. **The third step in the analysis is to extrapolate the gains that will ensue from improved educational outcomes onto the wage outcomes.** To do this it is important to take a life cycle approach, whereby we discount the streams of costs generated by the investment, and the streams of gains generated by the investment. The combination of these streams is visualized in Figure 1. The stream of costs in this analysis include (B) increases in costs of education when beneficiaries stay in school for a longer time, and (C) the loss of income that is incurred when beneficiaries stay in school for a longer time. The streams of benefits in this analysis include (A) improved efficiency in the education sector, due to decreased rates of dropout and repetition and (D) increased wages during labor market years. The costs associated with an increase in schooling levels were calculated using the current estimates of the cost of education in Jamaica.

Figure 1: Earnings and direct cost profiles for computing the returns to NSP investments

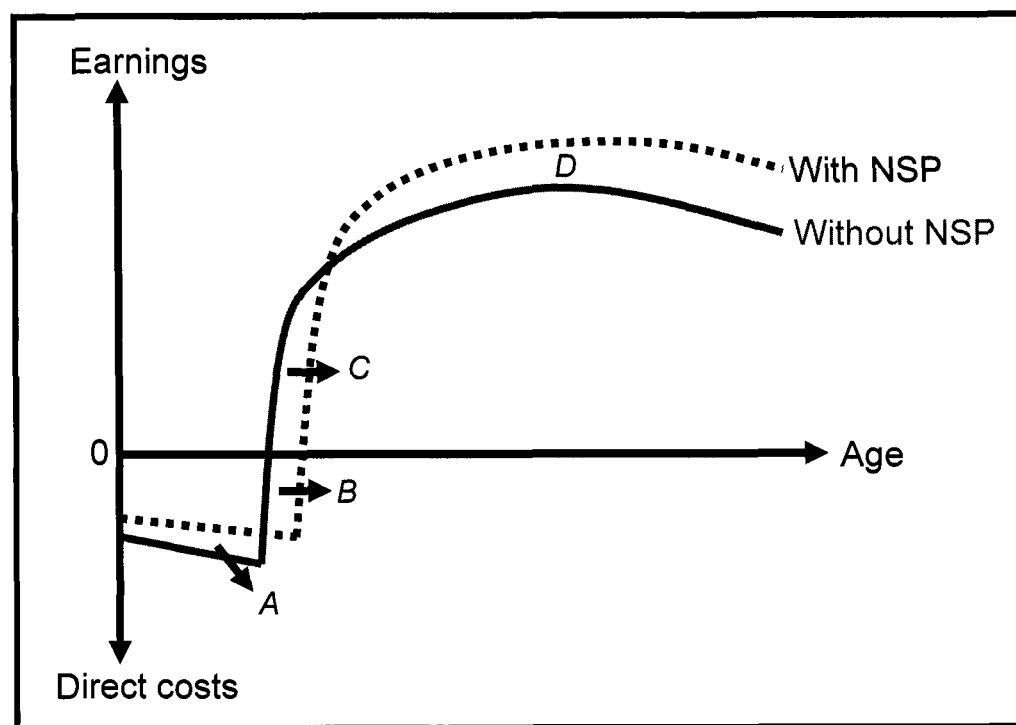


Table 8: Education cost data, most recent available year

Level	duration	Yearly cost per student in JMD	Yearly cost per student in USD
Primary	6 years	62,117	875
Secondary	5 years	95,605	1,347
College	4 years	249,496	3,514

184. The wage equation was estimated using the 2005 Labour Force Survey and the following regression specification:

$$\ln(\text{earnings}_i) = \alpha + \beta.PRI_i + \gamma.SEC_i + \delta.TER_i + \psi.EXP_i + \theta.EXP_i^2 + \varepsilon_i$$

where

PRI is a categorical variable that takes value 1 if person *i* completed at least 6, but not more than 10 years of education

SEC is a categorical variable that takes value 1 if person *i* completed at least 11 but no more than 13 years of education

TER is a categorical variable that takes value 1 if person *i* completed at least 14 years of education

EXP is the number of years of experience

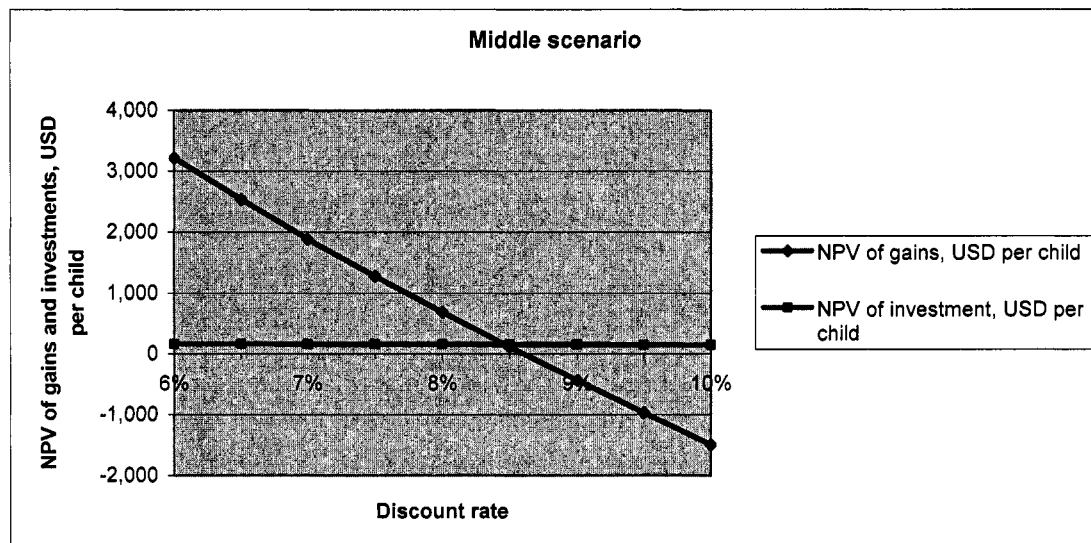
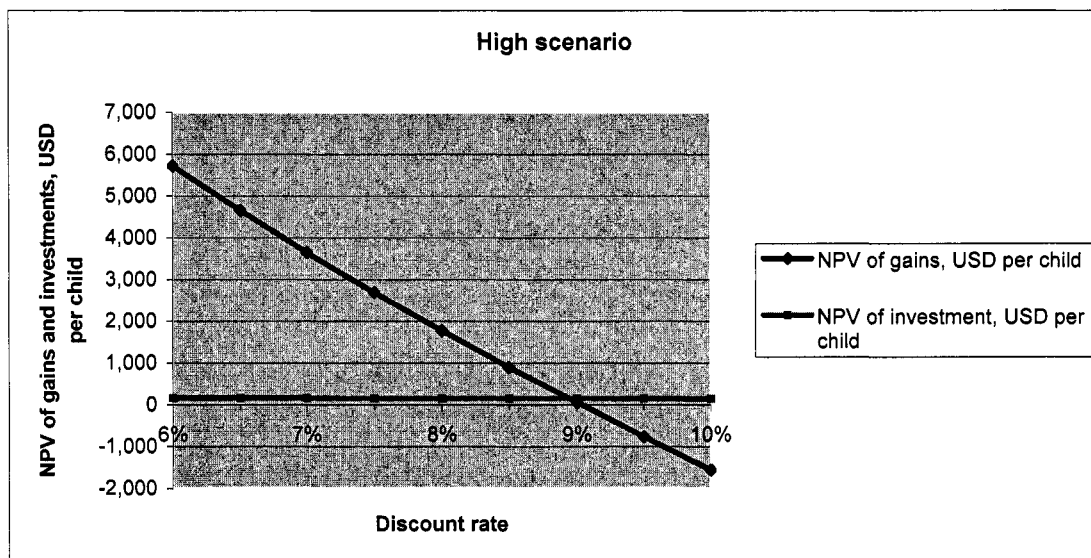
Table 9: Wage equation coefficients from the 2005 Labour Force Survey⁷¹

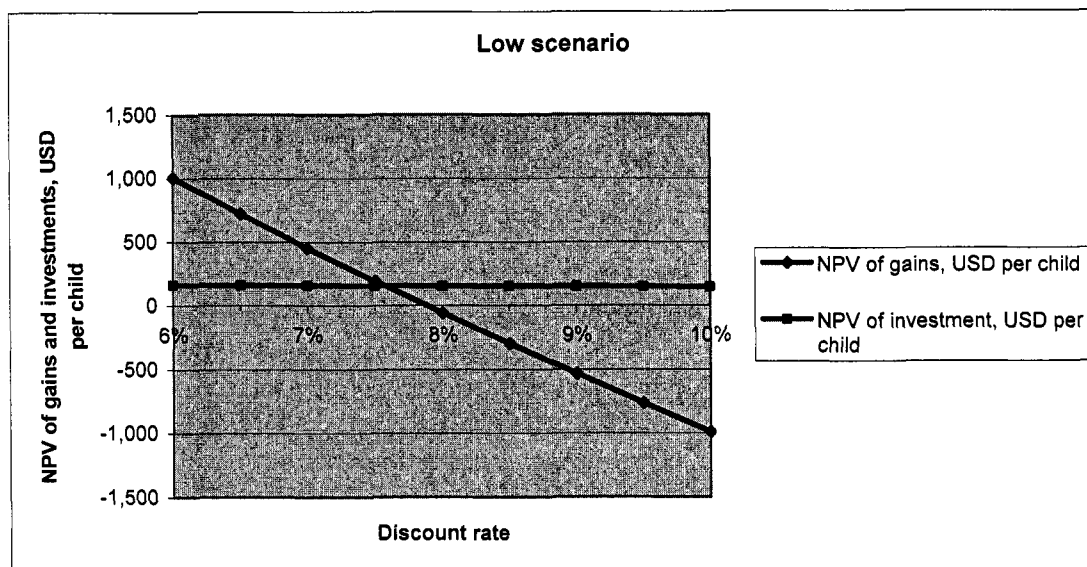
Variable	Coefficient estimate	Standard error
Constant	11.3782	0.091587
PRI	0.43129	0.085657
SEC	0.745974	0.088319
TER	1.580533	0.091568
EXP	0.019704	0.002804
SQU(EXP)	-0.00029	5.14E-05

185. The fourth and final step in the analysis is to **compute the rate of return to the investments from the NSP**. The rate of return to investment is the discount rate that equalizes the sum of the discounted stream of costs of the investment (Table 6) to the sum of the discounted stream of benefits that it generates. The Net Present Values of the benefits of the investments were calculated using the ECD calculator, under the conditions laid out in this Annex.

186. We find that the private internal rate of return to the NSP investment plan varies between 9 percent, 8.5 percent and 7.5 percent under the high, middle and low scenarios for changes in educational attainment of beneficiaries (respectively). A change in the depreciation rate after 2013 from 15 percent to 10 percent only increases the private internal rate of return by approximately 0.1 percent in each of the three scenarios.

⁷¹ James, Vanus, 2008, Report commissioned within the context of the PHRD grant.





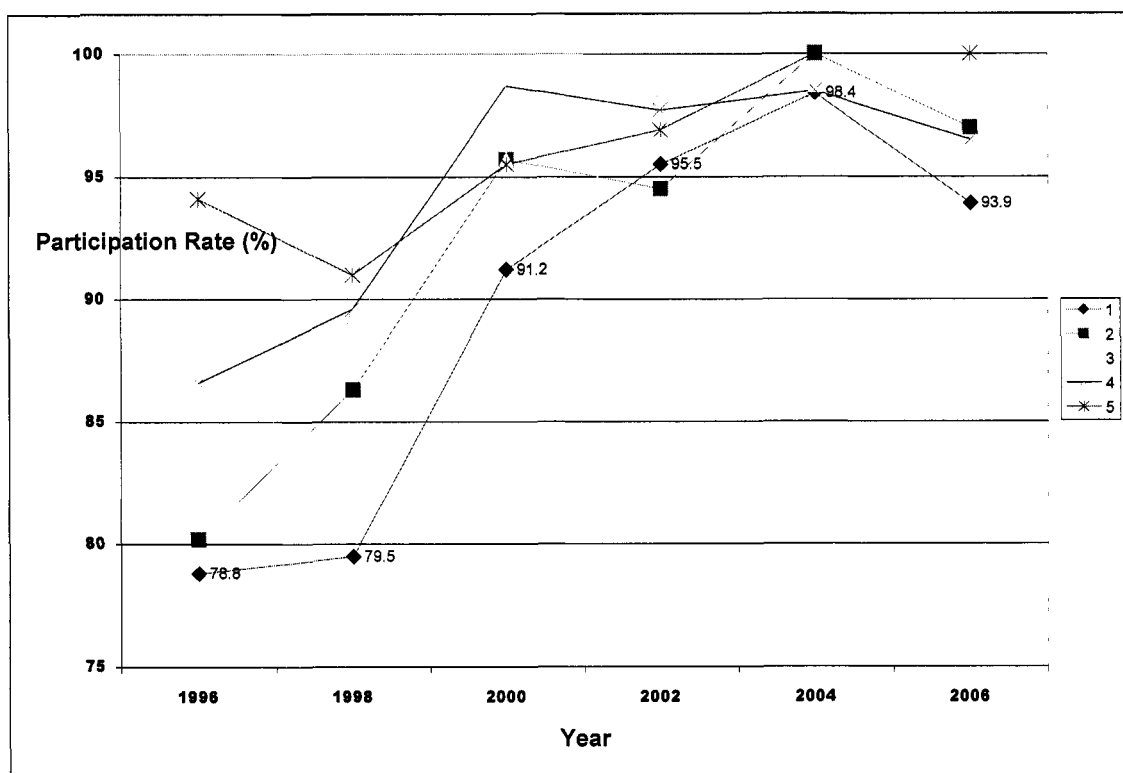
187. **The Societal internal rate of return of the investments is bound to be much higher than the estimated private returns.** A recent study by Schweinhart (2004) concludes that each US\$ invested in the Perry Preschool Program yielded US\$17 in benefits, of which only 24 percent were private benefits. Taking the more conservative estimate of 50 percent private / 50 percent public benefits for the Jamaica investment leads to an estimated public internal return on investment of 18, 17 and 15 percent respectively in the high, middle and low scenarios of changes in educational achievement.

PART 2: DISTRIBUTIONAL IMPACT OF INVESTMENTS IN THE NSP

188. **Access to early childhood education seems to be only moderately related to socio-economic status in Jamaica.**⁷² For 4-6 year olds, there is no significant difference in enrollment rates between income quintiles. Differences between the quintiles diminished sharply between 1996 and 2004, as illustrated in Figure 2.

⁷² James, Vanus, 2008, Report commissioned within the context of the PHRD grant.

Figure 2: Participation rates of 4-6 year olds in early childhood education, by income quintile



189. The sharp increase in enrollment rates among the lowest income quintiles seems to be related to the expansion of access to basic schools, which are community-run. During the first year of implementation of the NSP, the ECC will commission a study that will look into distribution and equity of access to early childhood services, including early childhood institutions. For the first time, this study will integrate available information on institutions' quality. Seeing that basic schools are community-run, and often community-financed, the distribution of quality of services among the different groups will be an important element of the analysis and reform of financial support to early childhood institutions.

PART 3: LONG-RUN FISCAL IMPACT OF NSP INVESTMENTS

190. The implementation of the National Strategic Plan will increase expenditures on ECD. The increase over the "base scenario" costs (i.e. maintaining current levels of expenditure) increases from 3.59 percent in Year 0, to 28.17 percent in Year 5. After completion of the NSP in 2013, the increase in recurrent costs is projected to amount to 27.91 percent of the costs of the base scenario.

Table 10: Total and recurrent costs from NSP investments ⁷³

	Year 0 April '07 - Mar '08	Year 1 - April '08 - Mar '09	Year 2 - April '09 - Mar '10	Year 3 - April '10 - Mar '11	Year 4 - April '11 - Mar '12	Year 5 - April '12 - Mar '13	total for year1-year 5	Recurrent after year 5
Base scenario costs								
MOEY	28.41	30.11	31.92	33.84	35.87	38.02	169.75	
MOH	39.34	41.70	44.20	46.86	49.67	52.65	235.08	
MOLSS	1.20	1.27	1.35	1.43	1.51	1.61	7.17	
Total	68.95	73.09	77.47	82.12	87.05	92.27	412.00	94.12
Incremental cost NSP								
	2.48	9.31	10.02	15.82	22.60	25.99	83.76	26.27
% increase over base	3.59%	12.74%	12.94%	19.27%	25.97%	28.17%	20.33%	27.91%

⁷³ The calculations assume a 6 percent annual inflation rate.

Annex 10: Social Assessment

JAMAICA: Jamaica Early Childhood Development Project

191. **The following is a summary of the social assessment conducted in preparation for the Jamaica Early Childhood Development Project.** The objective of the assessment was to inform the project design by identifying any potential risks associated with the project, the existing and necessary safeguards to respond to the needs of vulnerable groups, and additional measures by which risks may be mitigated. The assessment analyzed the needs of participants and the views of stakeholder, with a specific focus on:

- the perceptions of stakeholders, including practitioners and beneficiaries, about the state and quality of the services presently rendered through the existing ECD programs, as well as the changes being undertaken and proposed by the ECC, namely:
 - the parenting education program,
 - the service delivery program for 0-3 year olds and
 - the ECI program serving the 3-5 age cohort;
- the expectations of stakeholders, including practitioners and beneficiaries, regarding:
 - the quality of services,
 - information flow and accountability to/from stakeholders, including parents and service providers,
 - training of practitioners and parents;
- the special provisions, institutional arrangements or mechanisms to be taken into account for the organization and delivery of comprehensive services under the project (health, nutrition, mental health, disability services, parenting and family support).

192. The methodology of the assessment involved **a review of extant data, a survey of communities, and interviews with selected stakeholders, including those engaged in work with children with disabilities.** Specifically, research activities consisted of:

- a desk review of safeguard mechanisms;
- a review of secondary socio-economic data, such as demographic data, poverty rates, literacy rates, key health and education indicators, nutrition status, health services providers, crime and violence statistics, on the sample communities to be assessed;
- a participatory community socio-economic diagnostic study and needs assessment of thirteen communities, chosen owing to their high percentage of female-headed households in the poorest 40% of the population or to the presence of communities with members of two prominent minority populations, the Maroons and the Rastafarians; and
- a stakeholder analysis with government policy makers, implementing agency staff, not-for-profit ECD providers, parents and community/church leaders to identify groups affected by the program and summarize their views.

193. Based on its findings on existing social safeguard mechanisms in the country and stakeholder views, the assessment developed a risk analysis and presented recommendations on

strategies needed to respond to differentiated needs of vulnerable groups, particularly excluded groups due to ethnicity, culture or other types of isolation.

194. **The main findings of the study touch upon the needs of potentially excluded groups, parents, practitioners and communities.** These findings can be summarized as follows:

195. **Potentially excluded groups:**

- **Children with disabilities:** Stakeholders working with disabilities felt that the early childhood development goals were not attainable for children with disabilities. The desk review revealed that the need for services far outstrips supply. Stakeholders also pointed to the issues of the accessibility of buildings and the availability of transportation. They further recommended that special attention be paid to developing the competence of teachers to identify and address the educational needs of children with disabilities, especially the hearing impaired and those with cognitive impairments. NCTVET Level 2 does not currently address this area. Despite this, many teachers who had completed this level of training felt that it was adequate and that no further training was needed.
- **Maroon and Rastafarian Populations:** Distinctive belief systems and practices in relation to health and nutrition exist among the Maroon and Rastafarian populations which need to be taken into account by the early childhood development system. An issue for Maroon communities is the integration of their history and historic leaders into the school curricula. In addition, ECI nutritional offerings vary in the degree to which they accommodate the dietary restrictions of different religions, such as vegetarianism among Rastafarians. Of particular importance is the issue of immunization among Rastafarian children. Lack of compliance of vaccination requirements among Rastafarian children is impeding their access to early childhood institutions which may excludes them from the system.

196. **Parents and Practitioners:**

- Improving the quality of services in the ECD sector requires informed and involved parents and communities. Despite some weaknesses, the early childhood development system and organizations have made an important contribution to the development of the country's human resources. Early childhood development initiatives originated in and have been sustained by the efforts of the community – primarily the efforts of women. The current initiative led by the Early Childhood Commission is a logical continuation of previous government efforts and of prevailing global trends. However, this tendency toward ensuring quality service provision represents a paradigm shift in which the roles of the state and of the community may have to be renegotiated. Bringing into existence procedures which are widely agreed and observed by the system needs to be enhanced with building trust and reciprocity.
- While the Commission's leadership commands respect in national fora and among professionals involved in the sector, it appears that it is less well known at the local level. Thus, a systematic communication and information process about the process should be

developed about the overall ECD strategy and how the regulatory framework is to be implemented. In addition, attention must be paid to the specific needs and concerns of parents and practitioners.

- **Parents:** There was general agreement that parent participation in decision-making was inadequate and that parent education programs did not support parents adequately. Although Parent Teachers Associations (PTAs) reportedly exist, their roles are narrowly defined, the attendance of parents at meetings is generally low and the meetings take place only when the Principal convenes them. There was no evidence that parents saw themselves as being part of the developing and implementing of a collective vision for the growth and education of their children. Some stakeholders felt that parent education programs operated according to a model that focused on parents' deficits, rather than their strengths.
- The need for further parent education was evidenced by parents' level of knowledge of child development and of effective schooling. For many parents, their understanding of the developmental stages of early childhood came from comparing the competencies their child displayed with the competencies of other children. In some instances, parents expected very young children to demonstrate inappropriately high levels of independent behavior. In addition, parents' opinions of early childhood services were influenced by what they thought their children were learning, such as reciting the alphabet.
- Finally, parents showed both an inability and a resistance to paying school fees. In some instances, particularly among plantation communities, parents were constrained by underemployment and the seasonality of work. However, parents also strongly held the view that the government should be responsible for the maintenance of schools, including paying teachers.
- **Practitioners:** The study noted a fear that implementing standards could have the most negative effect on stakeholders "at the bottom", i.e., the people and facilities most likely to be in need of upgrading but with the fewest resources to comply with requirements. Teachers and principals expressed a growing concern about the registration of schools. While appreciating the importance of standards, teachers and in particular principals perceived the registration of schools as a government imposition.
- Many principals and teachers also questioned the value of obtaining further training beyond NCTVET Level 2, given that it would not result in additional remuneration. Teachers who became principals did not feel compelled to seek further training, since they felt that the position itself conveyed the status they sought.
- Finally, the non-payment of school fees represented a significant issue for teachers. Several teachers reported working without being paid for several months.
- These needs suggest the importance of support that can be provided to practitioners to help them to comply with standards and operate more smoothly and effectively. Education Officers, and in the future development officers, will play a critical role in this

task. Other sources of support are the Social Development Commission, the Ministry of Health and voluntary agencies that have functioned in the field of early childhood development for several years.

197. **Communities:**

- Some of the communities surveyed present challenges in terms of lack of appropriate infrastructure and safe and appropriate facilities, as well as crime and violence, all of which serve to limit children's access to adequate services. Many ECI's were in need of repair and located in unsuitable areas. One of the main sources of funding for school building improvement, the CHASE Fund, is unacceptable to some religious denominations, because it derives its revenues from taxes paid by the gaming industry.

198. **The social assessment made the following recommendations, which are organized according to the action areas of the National Strategic Plan:**

199. **Parent Education and Support:**

- **Parent education:** In mapping parent education programs and developing an accreditation system for those programs, identify strategies to address parents' lack of knowledge of child development in ways that build upon parents' strengths.

200. **Effective Preventive Health Care:**

- **Diverse delivery of services for some cultural groups:** Explore possible alternatives to ensure coverage of nutritional and health services among specific affected communities. Given the unique challenges currently being faced by the Rastafarian (and in some cases Maroon) communities with respect to nutritional offerings and vaccination requirements that do not accommodate their belief systems, the MoH and ECC should identify affected communities and discuss potential solutions.
- **Access to health care:** Identify strategies to deliver affordable and effective health care to children living in communities that lack health clinics.

201. **Safe, Learner-Centered Facilities and Standards Implementation:**

- **Accommodations for students with disabilities:** Identify strategies to ensure that ECI facilities built prior to the EC Act are able to accommodate children, staff and visitors with disabilities. Those built since the EC Act are required to include these accommodations, as indicated in the EC standards. In addition, consideration should be given to transportation for children with disabilities to attend school.
- **Safe transportation:** In communities affected by violence or other conditions that might negatively affect school attendance, alternatives should be explored to ensure that children are able to travel safely to and from school.

- **Support for standards implementation:** In developing support for practitioners in the implementation of standards, include strategies that foster trust between practitioners and support staff, e.g., Education and Development Officers. To the extent possible, the system of support should leverage preexisting relationships between practitioners and support staff and be sufficiently frequent to allow relationships to develop.

202. **Effective Curriculum Delivery by Trained Practitioners:**

- **Accommodations in instructional materials:** Ensure that instructional materials can be adapted to the needs of children with disabilities and of cultural groups, such as the Rastafarians and Maroons.
- **Training in educational accommodations and cultural sensitivity:** Ensure that teachers and principals receive adequate training in identifying and addressing the needs of children with disabilities, as well as sensitivity to different cultural groups.
- **Incentives for further skill development:** Identify strategies that provide incentives for teachers and principals to upgrade their skills.

203. **Governance:**

- **ECC field presence:** Provide support to the Early Childhood Commission to establish a stronger presence at the community level by expanding or developing its working relationships with those agencies which already have a field staff and whose work is relevant to its mandate. These agencies include, for example, the Social Development Commission and the Ministry of Health.
- **Financial arrangements:** In streamlining the financing mechanisms for ECI's, consider the perceptions of parents and teachers presented in this study.
- **Communities of practice:** Identify best practices from the informal system and explore their replication in the formal system.

204. **Public Education and Engagement:**

- **PTAs:** Promote the formation or strengthening of parish associations for both parents and teachers. These should be groupings through which parents and teachers can have more direct access to the policy process as well as providing a forum of solidarity and education. In addition, the capacity of parish and community level early childhood staff, including principals of schools, to promote collaboration should be strengthened. Similarly, the early childhood education curriculum should include content on how to work with groups and communities
- **Community-based communications:** Design and implement a community-based communications program to inform stakeholders and enlist their support for the proposed changes, including the new financing system.

Annex 11: Project Preparation and Supervision
JAMAICA: Jamaica Early Childhood Development Project

	Planned	Actual
PCN review	July 5 th 2007	July 5 th 2007
Initial PID to PIC		July 25 th 2007
Initial ISDS to PIC		July 25 th 2007
Appraisal	March 10, 2008	March 10, 2008
Negotiations	March 10, 2008	April 1, 2008
Board/RVP approval	May 8, 2008	
Planned date of effectiveness	September 30, 2008	
Planned date of mid-term review	May 31 st , 2010	
Planned closing date	September 30 th , 2013	

Key institutions responsible for preparation of the project:

Ministry of Finance and Public Service
Early Childhood Commission
Ministry of Education
Ministry of Health
Planning Institute of Jamaica

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Amy Walter	Education Specialist	LCSHD
Chingboon Lee	Sector Leader	LCSHD
Christel Vermeersch	Economist	LCSHD
Christoph Kurowski	Task Team Leader	LCSHD
Filly Sissoko	Senior Financial Management Specialist	LCSFM
Gunars Platais	Senior Environmental Economist	LCSSEN
Josefina Stubbs	Senior Social Development Specialist	LCSSO
Leanne Farrell	Junior Professional Associate	LCSSA
Maria Lourdes Noel	Sr. Program Assistant	LCSHD
Peter Holland	Human Development Specialist	LCSHD
Ximena Traa-Valarezo	Social Development Specialist	LCSHD
Yao Wottor	Procurement Specialist	LCSPR
Yuki Murakami	Education Specialist	LCSHD
Chris Parel	Sr. Operations Officer, Peer Reviewer	LCSDE
Mary Eming Young	Lead Education Specialist, Peer Reviewer	HDNCY
Ricardo Silveira	Sr. Operations Officer, Peer Reviewer	LCSHD

Bank funds expended to date on project preparation:

1. Bank resources: US\$258,788
2. Trust funds:
3. Total: US\$258,788

Estimated Approval and Supervision costs: US\$259,030.

Remaining costs to approval: (US\$46,567)

Estimated annual supervision cost: US\$90,000 (including fixed and variable costs)

Annex 12: Documents in the Project File
JAMAICA: Jamaica Early Childhood Development Project

Beckford, C. (2007). Public Expenditure Review of the Early Childhood Sector. Background paper prepared during project preparation.
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Annex 13: Statement of Loans and Credits
JAMAICA: Jamaica Early Childhood Development Project

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P109575	2008	JM Hurricane Dean ERL	10.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00
P091299	2006	JM Inner City Basic Services Project	29.30	0.00	0.00	0.00	0.00	27.07	2.87	0.00
P071589	2003	JM- Reform of Secondary Ed. (ROSE II)	39.80	0.00	0.00	0.00	27.30	3.65	30.95	1.66
P076837	2003	JM National Community Devt. Project	15.00	0.00	0.00	0.00	0.00	0.58	0.33	0.00
P067774	2002	JM- Social Safety Net Project	40.00	0.00	0.00	0.00	0.00	5.68	5.68	0.00
P074641	2002	JM 2ndAPL HIV/AIDS PREV.AND CONTROL DOC	15.00	0.00	0.00	0.00	4.40	0.40	4.80	0.40
Total:			149.10	0.00	0.00	0.00	31.70	47.38	44.63	2.06

JAMAICA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2003	JPS Co.	0.00	0.00	45.00	0.00	0.00	0.00	45.00	0.00
2005	Jamaica Energ...	20.00	0.00	8.00	50.00	20.00	0.00	8.00	50.00
2002	MBJA Limited	19.60	0.00	0.00	24.04	19.60	0.00	0.00	24.04
2006	MBJA Limited	21.20	0.00	0.00	20.00	3.89	0.00	0.00	3.25
2005	NCBJ	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total portfolio:		90.80	0.00	53.00	94.04	43.49	0.00	53.00	77.29

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
2006	JEP B Loan Swap	0.00	0.00	0.00	0.00
Total pending commitment:		0.00	0.00	0.00	0.00

Annex 14: Country at a Glance

JAMAICA: Jamaica Early Childhood Development Project

POVERTY and SOCIAL

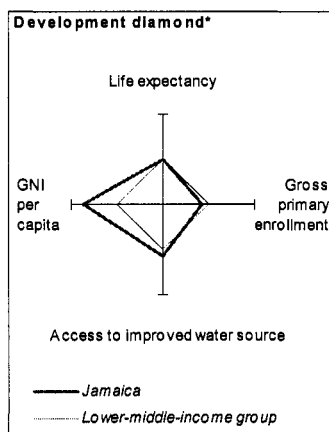
	Jamaica	Latin America & Carib.	Lower-middle-income
2006			
Population, mid-year (millions)	2.7	556	2,276
GNI per capita (Atlas method, US\$)	3,570	4,767	2,037
GNI (Atlas method, US\$ billions)	9.5	2,650	4,635

Average annual growth, 2000-06

Population (%)	0.5	13	0.9
Labor force (%)	0.1	2.1	14

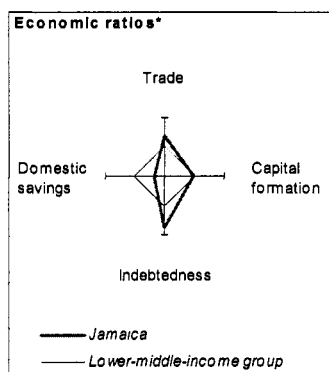
Most recent estimate (latest year available, 2000-06)

Poverty (% of population below national poverty line)	19	..	..
Urban population (% of total population)	53	78	47
Life expectancy at birth (years)	71	73	71
Infant mortality (per 1,000 live births)	17	26	31
Child malnutrition (% of children under 5)	4	..	13
Access to an improved water source (% of population)	93	91	81
Literacy (% of population age 15+)	..	90	89
Gross primary enrollment (% of school-age population)	95	118	113
Male	95	120	117
Female	94	116	114



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

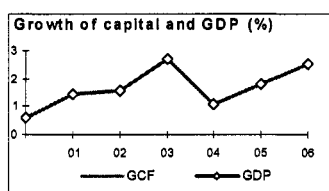
	1986	1996	2005	2006
GDP (US\$ billions)	2.8	6.5	9.7	10.0
Gross capital formation/GDP	16.9	29.1	31.8	..
Exports of goods and services/GDP	48.8	43.8	41.1	..
Gross domestic savings/GDP	19.9	17.6	12.0	..
Gross national savings/GDP	15.3	25.1	21.7	..
Current account balance/GDP	0.5	-2.2	-11.8	-10.9
Interest payments/GDP	8.1	2.7	4.0	..
Total debt/GDP	154.2	62.1	67.0	..
Total debt service/exports	45.6	18.7	16.7	..
Present value of debt/GDP	..	..	80.3	..
Present value of debt/exports	..	..	134.4	..



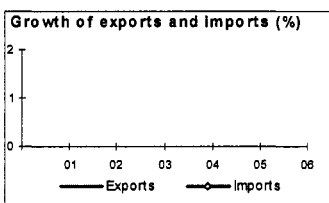
	1986-96	1996-06	2005	2006	2006-10
(average annual growth)					
GDP	4.4	12	18	2.5	2.7
GDP per capita	3.7	0.6	13	2.1	15
Exports of goods and services	..	..	..	..	..

STRUCTURE of the ECONOMY

	1986	1996	2005	2006
(% of GDP)				
Agriculture	..	8.4	5.7	5.9
Industry	..	34.1	33.1	32.8
Manufacturing	..	15.5	13.6	12.7
Services	..	57.5	61.2	61.3
Household final consumption expenditure	65.8	69.0	72.8	..
General gov't final consumption expenditure	14.3	13.4	15.2	..
Imports of goods and services	45.9	55.3	60.9	..



	1986-96	1996-06	2005	2006
(average annual growth)				
Agriculture	4.5	-2.8	-7.2	15.9
Industry	2.5	0.8	2.7	-0.9
Manufacturing	0.7	-0.7	-1.3	-2.4
Services	3.9	1.6	1.5	3.3
Household final consumption expenditure	..	..	..	..
General gov't final consumption expenditure	..	..	..	..
Gross capital formation	..	..	..	..
Imports of goods and services	..	..	..	..



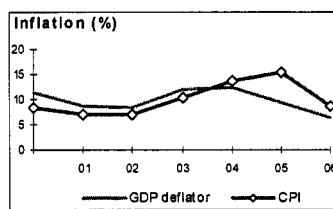
Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* 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.

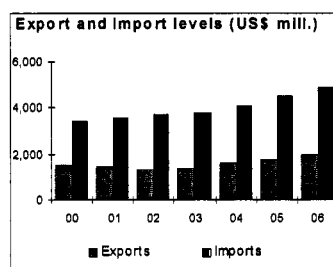
PRICES and GOVERNMENT FINANCE

	1986	1996	2005	2006
Domestic prices				
(% change)				
Consumer prices	15.1	26.4	15.3	8.6
Implicit GDP deflator	26.9	18.7	9.3	6.3
Government finance				
(% of GDP, includes current grants)				
Current revenue	27.7	25.3	29.0	30.4
Current budget balance	3.7	0.6	-2.6	-2.4
Overall surplus/deficit	-2.1	-4.5	-3.8	-5.0



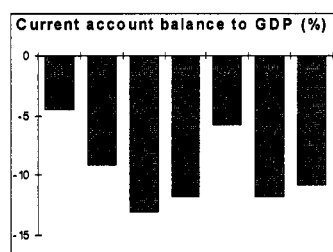
TRADE

	1986	1996	2005	2006
(US\$ millions)				
Total exports (fob)	660	1721	1749	1984
Alumina	205	607	920	1041
Bauxite	90	78	99	113
Manufactures	12	363	157	165
Total imports (cif)	1042	3,172	4,530	4,868
Food	166	212	..	..
Fuel and energy	199	452	..	..
Capital goods	244	548	715	735
Export price index (2000=100)	..	..	..	..
Import price index (2000=100)	..	..	..	..
Terms of trade (2000=100)	..	..	..	..



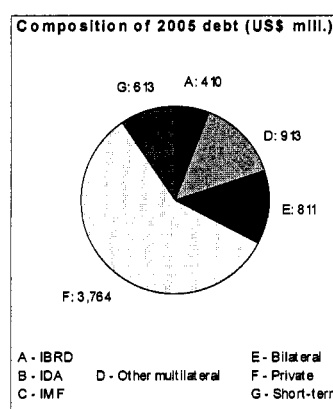
BALANCE of PAYMENTS

	1986	1996	2005	2006
(US\$ millions)				
Exports of goods and services	1,414	3,323	3,993	4,847
Imports of goods and services	1,234	3,864	5,975	6,981
Resource balance	181	-542	-1,981	-2,135
Net income	-313	-225	-740	-681
Net current transfers	148	624	1,578	1,727
Current account balance	13	-143	-1,143	-1,089
Financing items (net)	-64	413	1,372	1,319
Changes in net reserves	51	-271	-229	-230
Memo:				
Reserves including gold (US\$ millions)	..	875	2,119	..
Conversion rate (JEC, local/US\$)	5.5	37.1	62.3	65.7



EXTERNAL DEBT and RESOURCE FLOWS

	1986	1996	2005	2006
(US\$ millions)				
Total debt outstanding and disbursed	4,247	4,052	6,511	..
IBRD	572	515	410	387
IDA	0	0	0	0
Total debt service	675	657	969	..
IBRD	78	121	58	65
IDA	0	0	0	0
Composition of net resource flows				
Official grants	83	39	90	..
Official creditors	-21	-174	-145	..
Private creditors	-14	24	941	..
Foreign direct investment (net inflows)	-5	184	682	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	0	77	0	6
Disbursements	23	41	17	18
Principal repayments	30	80	39	43
Net flows	-7	-39	-22	-25
Interest payments	48	41	19	22
Net transfers	-55	-80	-41	-47



Note: This table was produced from the Development Economics LDB database.

9/28/07

Annex 15: Maps

JAMAICA: Jamaica Early Childhood Development Project

MAP No. 33423

