

GOVERNMENT OF JAMAICA

MINISTRY OF DEVELOPMENT



QUARTERLY REPORT

JANUARY 1 - MARCH 31, 2005

EDF Project No. 9 ACP/JM/001

RECEIVED JUL 13 2005

JAMAICA
Ministry Of Development

EUROPEAN DEVELOPMENT FUND

<p>Private Sector Development Programme (PSDP)</p>

EXTERNALISED DIRECT LABOUR OPERATION

FINANCIAL COMMITMENT No. 9 ACP/JM/001

QUARTERLY REPORT No. 2

PERIOD

FROM January 1 TO March 31, 2005

Table of Contents

EXECUTIVE SUMMARY	3
A. IMPLEMENTATION ENVIRONMENT & ARRANGEMENTS UPDATE	5
1. IMPLMENTATION FRAMEWORK	5
1.1 Context (economic, social, environmental).....	5
1.2 Objectives (summary).....	7
1.3 Institutional set-up & overall project organisation	7
1.4 Staff & Qualifications	7
1.5 Monitoring and co-ordination arrangements	8
B. PROJECT PERFORMANCE (EFFICIENCY, EFFECTIVENESS AND IMPACT)	10
2. EFFICIENCY, INCLUDING REASONS FOR DEVIATION	10
2.1 Activities planned and Implemented.....	10
2.2 Empowerment of private sector organisation in the local economic environment.....	12
2.3 Development of a system of provision and delivery of relevant Business Development Services	13
2.4 Enhanced access to corporate finance for SMEs	16
2.5 Means planned and used	17
2.6 Progress towards results (and assessment of Assumptions)	17
3. EFFECTIVENESS AND IMPACT, INCLUDING REASONS FOR DEVIATION.....	18
3.1 Progress towards purpose (and assessment of assumption).....	18
3.2 Progress towards a contribution to Overall Objectives	18
3.3 Respect of and contribution to overarching policy issues	18
3.4 Linkage with other operations, complementarity and sectoral co-ordination between donors	18
C. SUSTAINABILITY	20
4. PROGRESS TOWARDS SUSTAINABILITY/QUALITY	20
D. FINANCIAL PERFORMANCE	21
E. CONCLUSIONS AND RECOMMENDATIONS	22
5. CONCLUSIONS AND RECOMMENDATIONS	22
5.1 Overall conclusions on implementation (including critical issues/risks).....	22
5.2 Recommendations for the next implementation period	22
6. PROPOSED FOCUS FOR THE NEXT IMPLEMENTATION PERIOD	22
6.1 Results to be produced (and projected extent by the end of the period)	22
6.2 Activity Schedule, including milestones, responsibilities.....	23
6.3 Special Activities to ensure sustainability	23
6.4 Assumption & Risks	23
6.5 Resource Schedule	23
F. ANNEXES	24

Executive Summary

This report details the main activities initiated and concluded over the current reporting period, January – March 2005, which correspond directly to project implementation activities outlined in the Programme Estimates (PE) covering the 2005 operational period. In keeping with the projections of the PE, significant preliminary and background set up work including the operating framework requirements for the various programme components were initiated during the period.

These inputs were facilitated with the commissioning of the Technical Advisory Services (TAS) consultants on January 27th to assist in programme development, which include the development of a procurement plan, formulation of a Manual of Policies & Operating Procedures (MPOP), design of implementation plans for select components and the establishment of requirements for a management information system (MIS). To date the TAS team have initiated the procurement plan, developed high level process flow diagrams for all 12 components, and completed the section of the MPOP relating to the Private Sector Organisation & support institution (PSO) empowerment facility of the programme.

The MPOP when finalised will set out the procedures and methodology for selecting beneficiaries and activities to be pursued under the various programme components. A limited number of activities were undertaken during the period given that this document is still a work in progress as well as the relevance of its completion in informing the implementation of initiatives.

Activities undertaken during the period included:

- Hosting of PSO Symposium to sensitise PSOs of their role in programme implementation, followed by a number of individual follow-up meetings;
- Initiation of TOR development for Competitiveness Committee research assignments, Mutual Guarantee Company(ies) feasibility study and Corporate Finance Brokerage consultant;
- Formulation of implementation strategy for Export Centres and Business Information Points;
- Ongoing stakeholder meetings in support of the above.

As it relates to programme administration, three (3) additional PMU members were contracted i.e. Project Accountant and Business Development Officer who will both commence in April and the Assistant Project Manager who will start duties in May. The recruitment process for the Accounting Clerk and Driver also commenced with an advertisement placement inviting expressions of interest from potential candidates. The PMU also initiated the procurement processes for motor vehicle, computers and other equipment required for programme coordination.

Financial performance during the period mainly pertains to expenditure under JAMPRO's service contract to coordinate the programme. Of the €225,378.63 (approx. J\$18.25M) paid to date on this contract, a total of J\$1.25M was spent on operational activities. Additionally, the programme received its initial allocation for the PE in the amounts of €377,395.72 and J\$56,752,876.64, respectively.

The key operational challenges encountered during the period relate to (i) the limited information presented in the programme's Financing Agreement (FA) in informing programme implementation, specifically those parameters pertaining to the design features of programme components and (ii) the appropriate modality to employ in formalising the roles of the key executing organisations named in FA i.e. Jamaica Business Development Centre (JBDC), the Private Sector Organisation of Jamaica (PSOJ) and JAMPRO. The first issue has implications for the TAS assignment, as a great portion of their time had to be spent on "fleshing out" the operational design of each component.

In addressing the second issue a meeting was held with Mr. Eduardo Como, representative from the EC office in Brussels and other representatives from the executing PSOs, EC Delegation and PIOJ, where it was agreed that the funds allocated to assigned PSOs would be treated as grants and formalised via the relevant contract instrument.

The focus for the next period will include the completion of the MPOP and the rolling out of a number of components including the call for proposals for the PSO capacity building and the Cost sharing BDS facilities.

A. IMPLEMENTATION ENVIRONMENT & ARRANGEMENTS (UPDATE)

1. Implementation Framework

1.1 Context (economic, social, environmental)

Economic – *The National Indicative Programme (NIP), under the Cooperation Programme with the EU for the 9th EDF, has selected private sector development as one of the focal sectors, consistently with the government's stated overall economic policy. Since about a decade, major strides have been made in enhancing the business environment and laying the grounds for an economic development where the private sector is the engine of growth, resulting in economic liberalisation, privatisation of public enterprises, setting up of a favourable regulatory framework, and advancing towards an effective regional integration. Major studies have also been done on the weaknesses and strengths of the private sector in Jamaica and projects are being implemented to address the private sector needs. However, the private sector is now facing tremendous challenges from the liberalisation of the economy and globalisation, while the inflow of Foreign Direct Investment (FDI) has weakened and traditional export sectors have been faltering.*

The Private Sector Development Programme (PSDP), financed under the 9th EDF, was prepared in response to these findings, emanating from a feasibility study completed in 2003. The Programme adopted a participatory approach in its formulation, with the active involvement of all major stakeholders. Its scope reflects both the Government's current strategy as well as the new approach of the European Commission (EC) to private sector development, and specifically seeks to address the key constraints being faced by the sector. Resulting from the findings of the feasibility, for example, it was noted that Jamaican companies do not compete on a level playing field with their foreign counterparts and their development was impeded directly by internal and external constraints. Additionally, the trade environment is undergoing dramatic changes, marked by increased competition both on external and internal markets and more demanding requirements under international and regional agreements. These increased pressures exerted on the private sector community are expected to force entrepreneurs to find alternative technologies, strategies, products and markets.

In responding to these challenges, the Programme proposes an integrated, comprehensive and coherent approach in the development of appropriate strategies to address gaps identified, as well as taking advantage of opportunities offered by the globalisation movement. A key strategy to be employed is facilitating greater integration of all stakeholders involved in the development of the private sector.

The PSDP is to be characterised by interventions across sectors at the micro-, meso- and macro- levels. As such, stakeholders will include private sector firms and their representative organisations, public and private sector intermediary institutions, as well as

various line Ministries having responsibility for primary issues affecting the private sector. Direct beneficiaries will be PSOs and their respective members.

The Programme follows on the Trade Development Project (TDP), funded under the 8th EDF, and its predecessor Target Europe, in focussing on export development and building competitiveness, specifically as it relates to SMEs. While both projects facilitated the provision of business development services, the TDP also included a focus on capacity-building for eligible providers of support services to enterprises. The PSDP, in turn, includes both these components, in addition to a third, resulting in an overall scope as follows:

- (i) Empowerment of private sector organisations and support institutions (PSOs) through establishment of a Competitiveness Committee, dealing specifically with policy issues increasing public awareness, and implementation of a cost-sharing capacity-building scheme dedicated to PSOs;
- (ii) Enhancing competitiveness through strengthening of the BDS system, which includes implementation of a cost-sharing BDS scheme and the provision of direct support to enterprises in specific areas; and
- (iii) Improving access of SMEs to corporate finance.

This expanded scope is in keeping with the private sector development strategy articulated in the Country Strategy Paper (CSP), which is intended to contribute to overall economic development and national growth.

Social – resulting from the focus on economic development and national growth, it is expected that the benefits of the PSDP will also result in social development gains. Increased revenue generation by enterprises and organisations, job creation, as well as improved access to international standards will invariably contribute to overall improvements in the standard of living. Additionally, the Programme will undoubtedly contribute to growth and development of the local professional services industry through greater demand for business development services, as well as the introduction of new international standards and benchmarks, which will create additional niche opportunities for consultants and service providers.

The Programme can therefore be said to include a high concentration on the development of intellectual capital within the country, in addition to standard employment and revenue generation focus.

Environmental – the trend towards adoption of international standards in local production processes will undoubtedly, in and of itself, result in beneficial effects for the environment through improved adherence to environmental standards, notwithstanding increased production. Moreover, the Programme could confer direct benefits to PSOs that are focussed on environmental issues, as well as their membership or clientele, through participation in various components.

1.2 Objectives (summary)

The Programme's overall objective focuses on contributing to sustainable socio economic growth and development by *enhancing the competitiveness of micro, small and medium size Jamaican enterprises and strengthening their support and representative organisations*. With respect to the latter, the programme proposes to focus on providing institutional strengthening and capacity-building support to eligible Private Sector Organisations and Support Institutions, or PSOs, to effectively serve their membership/clientele, which should ultimately impact a wider cross-section of firms. In respect of the former, the Programme will cater to formal enterprises with a potential for growth, focussing on those in the priority sectors of the National Industrial Policy.

1.3 Institutional set-up & overall project organisation

A Service Contract was signed on October 6, 2004 between the PIOJ and JAMPRO formalising the latter's role in implementing the Programme. Under this agreement, JAMPRO is responsible for the day-to-day management of the PSDP and co-ordination of its components through an autonomous Project Management Unit (PMU), as distinct from its role as a key PSO.

The roles of key executing Private Sector Organisations and Support Institutions (PSOs) are established within a Memorandum of Understanding (MoU), which was signed on December 10, 2004 between the Planning Institute of Jamaica (PIOJ) and JAMPRO, the Private Sector Organisation of Jamaica (PSOJ), and the Jamaica Business Development Centre (JBDC). The MoU was also endorsed by partner agencies, the Jamaica Exporters' Association (JEA), Jamaica Manufacturers' Association (JMA) and the Small Businesses Association of Jamaica (SBAJ), who are also represented on the Programme's Steering Committee, and have committed to supporting activities throughout its implementation.

1.4 Staff & qualification

A PMU, operating as an autonomous unit within JAMPRO, will be staffed by eight (8) members, namely Project Manager (Imprest Administrator), Project Accountant (Imprest Accountant), Assistant Project Manager, Project Administrator, Business Development Officer, Accounting Clerk, Administrative Assistant and Driver.

Three (3) new staff members have now been selected to begin their appointment in April and May. The successful candidates for the posts of Project Accountant, Assistant Project Manager and Business Development Officer were notified of their success in the tender process, which was initiated last November.

- Mr. Denzil Thomas, Project Accountant, is a chartered accountant previously with Ernst and Young, where he functioned as audit manager, and spent a total of ten years with the firm between the Barbados and Jamaica offices.
- Mr. Rohan Dawkins, Business Development Officer, has eight years experience in the beverage manufacturing industry moving from Estate Industries to J. Wray and Nephew Ltd. Mr. Dawkins holds a B.Sc in Biochemistry from UWI, an MBA from

Nova University, as well as a certification in Marketing.

- Mr. Kirk Brown, Assistant Project Manager, had previously worked on the Target Europe Programme, another EU-funded initiative managed by JAMPRO from 1997-99. Mr. Brown also worked with the private sector before joining the Environmental Foundation of Jamaica as Technical Projects Co-ordinator. He holds a Bachelor's degree in Environmental Science and a Masters in Environment and Development.

The tender process for the remaining two (2) positions, Accounting Clerk and Driver, is still underway, with the responses to a local advertisement having been received, and the short-listing process recently completed. Tender dossiers will be sent to short-listed candidates at the beginning of April.

1.5 Monitoring and co-ordination arrangements (including reporting relationships, roles of actors involved)

The Contracting Authority for this Programme is the Planning Institute of Jamaica (PIOJ), acting as National Authorising Officer (NAO). The role of the NAO follows that established in Annex IV of the Cotonou Agreement, relating to the Implementation and Management Procedures for externalised direct labour operations.

PMU staff, with the exception of the Project Accountant (PA) and Accounting Clerk, all report directly to the Project Manager. Under EDF guidelines, however, the Imprest Accountant and Imprest Administrator are required to have separate reporting relationships, and this is currently established, in the case of the former, with the Executive Director of Finance & Administration, and in the case of the latter, with the Executive Director of Services. The Accounting Clerk, in turn, will report to the PA in executing their functions.

The PMU reports to a Steering Committee, which has responsibility for overseeing and validating the overall direction and policy of the project. The Committee comprises representatives from the following bodies:

- Planning Institute of Jamaica (PIOJ), as the National Authorising Officer;
- Delegation of the European Commission, as Observer;
- Jamaica Promotions Corporation (JAMPRO), as the Supervisor;
- PSDP Project Management Unit, as Secretariat;
- Ministry of Development (MoD);
- Ministry of Industry & Tourism (MoIT);
- Jamaica Business Development Centre (JBDC), a statutory body of the Ministry of Commerce, Science & Technology;
- Private Sector Organisation of Jamaica (PSOJ);
- Jamaica Exporters' Association (JEA);
- Jamaica Manufacturers' Association (JMA);
- Small Business Association of Jamaica (SBAJ)

Selection of the Steering Committee chairman, Mr. Francis Kennedy, was based on a proposal by JAMPRO's Board of Directors. The Board itself consists of representation from the JEA, JMA, Ministry of Development, Ministry of Tourism, as well as other private sector representatives, and was therefore taken to be reflective of a broad recommendation from common stakeholders.

B. PROJECT PERFORMANCE (EFFICIENCY, EFFECTIVENESS AND IMPACT)

2. Efficiency, including reasons for deviation

This section corresponds to section 1.4 of the PE, which outlines information on each activity to be implemented. For the purposes of this report, the details describing each activity as presented in the PE have been extracted and an update presented under each activity per programme component.

2.1 Activities planned and implemented (per Result, & assessment of Assumptions related to activities)

JAMPRO continues to operate under the provisions of the service contract formalising the latter's role in administering the Programme. Experts were also commissioned on January 27th to provide technical advisory services (TAS) to the PMU and deliver the following outputs over a nine-month period:

- (i) Development of Manual of Policies and Operating Procedures (MPOP) including frameworks & guidelines for all programme components, relevant procedural documentation, decision making processes to facilitate the application process for potential beneficiaries;
- (ii) Development and delivery of corresponding training programme;
- (iii) Development of an overall procurement/implementation plan for PSDP and related TORs;
- (iv) Development of detailed implementation plans for Back Offices, Export Centres, BIPS and Corporate Finance Broker components;
- (v) Establishment of pilot Export Centre and BIPs.
- (vi) Assessment and costing of the project's management information system (MIS) requirements based on the relevant business processes and the preparation of relevant terms of reference & tender dossier for the MIS development and MIS project management consultancies.

During the reporting period also, further clarification was obtained with respect to the roles of all executing PSOs, i.e. JAMPRO, the Private Sector Organisation of Jamaica (PSOJ), and the Jamaica Business Development Centre (JBDC).

The primary issue for clarification relates to the modality under which these institutions would execute activities specifically assigned to them within the Financing Agreement. This matter was raised with Mr. Eduardo Como, representative from the EC offices in Brussels, in a meeting on March 17th, which also included representatives of the PIOJ, EC Delegation, JAMPRO, JBDC, and the TAS consultancy team. Mr. Como explained that the budgets assigned to these actors would take the form of grants and formalised via the relevant contractual arrangements, thereby allowing the PSO autonomy to manage the

component, given that the activities were assigned on the basis of the PSO's respective area of capability.

The details pertaining to the issuing of these grants are to be developed by the PMU and the TAS consultancy team in consultation with the NAO and EU.

Implementation of activities were impeded by the delay in receiving the government guarantee, which would allow for release of the initial allocation due under the Programme Estimates. These delays were as a result of the Ministry of Finance & Planning (MoFP) communicating that they would no longer agree to the issuing of a letter of undertaking as security for the bank guarantee, which was to be provided by National Commercial Bank (NCB). The Ministry believed that the proposed commitment fees of 2% proposed by NCB were too high and that resources would be better applied to the activities of the Programme. As a result, the Ministry agreed to provide a Government Guarantee, which was subsequently delivered on March 11.

Another major impediment pertained to the MPOP development and procurement plan, which is still in progress.

In a meeting with representatives of the EC Delegation, PIOJ, PMU and representatives of the TAS consultancy team on March 3rd, the PMU was advised that no activities under the Programme Estimates could be initiated until these had reached some level of finalisation. It was agreed that priority should be spent on developing the overall implementation/procurement plan for the programme, which will inform the completion of the MPOP.

Prior to this, the TAS consultants had also advised that detailed project design work should have been completed on each of the 12 programme components before the development of an MPOP, procurement plan etc. They indicated that this was a major deficiency in producing the various deliverables and could not be properly addressed with the current level of effort contracted for the assignment at this stage. An extension of the contract was subsequently proposed in early February, however it was decided that such a decision would be premature at that stage of the assignment, and that completion of the design work referred to by the Consultants themselves was actually inherent in the formulation of operational procedures and implementation arrangements as per the TOR. The PMU will continuously assess the situation with a view to revisiting the level of effort for this assignment if required.

As at the end of March the status of deliverables submitted by the TAS team were as follows:

1. Initiation of the development of a comprehensive PSDP procurement plan, based on discussions with EC Delegation, PIOJ, PMU, JAMPRO, JBDC and PSOJ. The proposed implementation strategy is to have 90% of the administrative work related to select components carried out by full-time outsourced service providers (OSPs), for all but the following components: Competitiveness Committee, Corporate Finance Broker, Enterprise Rating & Upgrading and the feasibility study portion of the proposed Mutual Guarantee Company(ies).

2. Completion of the high-level process flow diagrams and preparation of drafts for six of the 12 detailed process flow diagrams;
3. Agreement with JAMPRO's Business Facilitation Department on the approach to be taken with respect to the creation of the pilot Export Centre;
4. 50% completion of the MPOP, including sections on the operating frameworks for some activities (Competitiveness Committee and PSO Capacity Building).

2.2 Empowerment of private sector organisations in the local economic environment;

2.2.1 Setting-up and operation of a Competitiveness Committee;

Activities will be primarily focussed on operational strategy development involving the review of existing policy documents and strategy papers, including the National Export Strategy, Medium-term Economic Plan and the Ministry of Finance budget presentation. Research studies will be undertaken to validate the continued development of existing sectors, identify new growth areas and establish benchmarking parameters for the improved competitiveness of select sectors. Public education, in the form of workshops and through hosting of the Global Competitiveness Report, will also take place during the period.

Update:

One (1) meeting of the Committee took place on March 16, to review the draft Terms of Reference document for the first-year research studies. The document is to be finalised during the next quarter for use with the Framework Contract methodology. It is expected that consultants will be in place to begin work by June.

Minutes of the meeting are annexed to this report in Annex 7.2.

In the second half of the period, the Committee will seek to support a training programme, which will focus on training competitiveness fellows (service providers) who will offer their services to SMEs. This programme will be supported under the Consortia BDS and will be led by the JEA Cluster Unit. 'Competitiveness Fellows' who have completed this programme will be targeted as potential service providers for the Committee's Secretariat.

Update:

Progress with this activity will depend on the actual initiation of the Competitiveness Fellows programme by the JEA, which will, in turn, be determined by that organisation's successful completion of an application for a grant via a call for proposals under the relevant component. This activity is dependent on the development and acceptance of the Programme MPOP and procurement plan.

2.2.2 Implementation of a cost-sharing capacity-building scheme dedicated to PSOs.

Hosting of a PSO Symposium to publicise benefits of Programme and gauge inputs related to general capacity-building needs for the next three (3) years. Following this, there will be a request for applications and an evaluation based on the strength of proposals, using procedures established under the TAS consultancy, and included in the MPOP.

Update:

A successful PSO Symposium took place on February 8, financed from the promotions budget of the Service Contract and short-term TA budget, from which the services of Karen Adair, a Consultant Moderator, was procured. Presentations were made to the target grouping of more than sixty persons from over thirty (30) PSOs, representing trade associations, representative organisations, certifying bodies, training institutions, micro & SME financing institutions and regulatory bodies. General information on the Programme was also disseminated to assist their understanding of the areas of assistance being offered. Follow-up meetings with participants also took place to further reinforce understanding, and were facilitated by Ms. Adair, who will log the outcomes of these meetings and present same in a final assessment report. The Project Manager also conducted a presentation on the PSDP in Montego Bay on March 11th, where she addressed PSOs based in Western Jamaica.

Ten (10) PSOs will be identified to benefit from this scheme during the current period, among which will be the three (3) key PSOs, which were identified in the Financing Agreement on the basis of their relevance to private sector development.

Update:

A grant contract approach will be taken for this component, and a specific methodology and timeline for execution will be further articulated by the Programme MPOP and procurement plan. It is envisaged that the first call for proposal will be launched in late May 2005.

2.3 Development of a system of provision and delivery of relevant Business Development Services;

2.3.1 Implementation by private sector organisations and support; institutions (PSOs) of a cost-sharing Business Development Services (BDS) Scheme;

Selection criteria for potential beneficiaries will be established with inputs from key private sector partners. The TAS consultancy will also be involved in this component through the establishment of appropriate procedures for processing applications and the selection of executing PSOs who will qualify to operate cost-sharing schemes.

Update:

Work by the TAS consultants is ongoing with respect to developing appropriate procedures for the processing of applications. These will be finalised and reflected in the Programme MPOP.

After the establishment of procedures and application processes, a diagnostic period will follow, and from this, business plans will be developed for selected beneficiaries.

Update:

It has been determined that a grant contract approach will instead be taken for this component, and a specific methodology and timeline for execution will be further articulated by the Programme MPOP and procurement plan. Potential beneficiaries in their proposals can request grant funds to assist in business plan development, which is a pre-condition for all grant beneficiaries.

An interim mechanism of fast-tracking enterprises to access this component will be developed and will focus on eligible firms with a clearly defined business plan identifying and quantifying the needs of their operations.

Update:

The initial procurement strategy being developed by the TAS consultants has made allowances for an interim arrangement whereby short term TA will be recruited via Framework Contract to assist the PMU in the administrative management of the application, evaluation, selection and monitoring process. This is to be a critical element given the large number of firms targeted to benefit under this component and the need to train PSOs who will be involved in promoting this facility to their members.

All activities will be demand-driven. Seventy (70) firms will benefit under this component during the period.

Update:

No firms have yet been able to apply for benefits as procedures are still being developed for this component. It is envisaged that the first call for proposal for this component will be launched in July 2005.

2.3.2 Direct support to enterprises through:

2.3.2.1 Export promotion (organisation of market penetration initiatives and setting up of export centres);

Market Penetration: Activities will include researching target markets and disseminating information to relevant exporters, along with the organisation of both incoming and outgoing market-specific events geared to product promotion.

Update:

The exact approach for this component is still being developed and will be outlined in the Programme MPOP. Activities will await its finalisation.

Follow-up will also take place with respect to the Flavours of Jamaica branding initiative instituted under the Trade Development Project (TDP), where the strategy will be expanded from the UK to the North American market. Ten (10) initiatives will be implemented during the period.

Update:

No update available as activities have not yet begun in this component.

Export Centres: The TAS consultancy will lead to the development of an implementation strategy and operational guidelines for the Centres. As such, the focus for the first year will be on research and design leading to the fine-tuning of the core export centre to be set up in JAMPRO and eventual establishment of a pilot by the end of the year. Promotion of the Centres will also run concurrently with the establishment of the initial pilot.

Update:

Meetings with key stakeholders have taken place to enable the TAS consultants development of the implementation strategy. The strategy is still, however, being constructed, and the overall approach to be included in the Programme MPOP.

2.3.2.2 Group initiatives (promotion of clusters and consortia BDS);

Cluster & Sector Initiatives: Coming out of work in relation to the National Industrial Policy and National Export Strategy, specific sectors have been identified, which will provide the general focus under this component. Preliminary sectors will be concentrated on in this first year, based on work derived from sector strategy teams, programmes being pursued by the JBDC, in addition to clusters identified through the Jamaica Cluster Competitiveness Project (JCCP).

Update:

The exact approach for this component is still being developed and will be outlined in the Programme MPOP. Activities will await its finalisation.

Sectors identified will be assessed and validated by work at the level of the Competitiveness Committee during the first part of the period, however the agribusiness and apparel sectors are given automatic inclusion, on the basis of creating synergy with the Enterprise Rating & Upgrading element of the programme. Activities will include research, training and programmes geared at increasing the competitiveness of select sectors. Clusters will also be identified within and across selected sectors for assistance. In addition to the agribusiness and fashion sectors it is envisaged that work will be initiated with one additional sector.

Update:

No update available as activities have not yet begun in this component.

In keeping with the findings of the feasibility undertaken in formulating the project, a focus will also be placed on clusters which will facilitate linkages between export oriented products/services and the rest of the economy.

Update:

No further update available for this activity.

Consortia BDS: Issues will be chosen for workshops on the basis of demand as well as inputs from the Competitiveness Committee. Sixty (60) workshops to be delivered by various PSOs are envisaged during the period.

Update:

A grant contract approach, via a call for proposals mechanism, is to be employed for this component, and a specific methodology and timeline for execution will be further articulated by the Programme MPOP and procurement plan.

2.3.2.3 Provision of hand-holding activities, setting up of info-points and upgrading, as well as the upgrading and rating of enterprises, specifically in the agribusiness and apparel industries.

Back-office Services: Key PSOs will be targeted to assess the possibility of providing business development-related back-office services for their members. Initial work with the inputs from the TAS consultancy will seek to identify the basic requirements for operating a back office and establishment of at least one (1) back-office facility by the end of the year.

Update:

The exact approach for this component is still being developed and will be outlined in the Programme MPOP. Activities will await its finalisation.

Business Info Points: JAMPRO will be assisted by the TAS Consultant in effecting research and development leading to the establishment of two pilots, one of which will be housed in the JAMPRO head office. Research will include identifying potential host sites, assessing services to be provided, identification of various mediums for disseminating information and evaluation of best practices.

Update:

Meetings with key stakeholders have taken place to enable the TAS consultants development of the implementation strategy. The strategy is still, however, being constructed, and the overall approach to be included in the Programme MPOP.

Enterprise Rating & Upgrading: Preliminary work will include an assessment of existing enterprise rating systems to establish an appropriate tool to be used, as well as determining the approach to be employed. Following this, a number of local consultants will be trained to undertake company rating using the select tools, select companies will be rated, specific company upgrading plans will be developed and eight (8) workshops on enterprise rating and upgrading organised. It is envisaged that at least eighty (80) companies will be rated during the period.

Update:

The exact approach for this component is still being developed and will be outlined in the Programme MPOP. Discussions have been held with JBDC and JAMPRO with respect to the development of this facility which will include the identification of an international consultancy firm with the relevant benchmarking tools and the training of local service providers to assess and rate companies. Activities will await its finalisation. Work previously done under the Trade Development Project's (TDP) Agribusiness Benchmarking Initiative will also inform this process.

2.4. Enhanced access to corporate finance for SMEs.

2.4.1 Design and establishment, if appropriate on the basis of a detailed feasibility study, of Mutual Guarantee Company(ies) (MGC) on a pilot basis;

A feasibility study, as specified in the PSDP Financing Agreement, will be commissioned during the period, to be concluded by the third quarter of the year. The study will take place alongside a review of existing initiatives by the PSOJ, in association with the Jamaica Bankers' Association, who have also done preliminary work in this area, with the Partnership for Progress initiative. An assessment as to the feasibility of this component will be conducted on the basis of the results of both these activities, and a determination made as to how to proceed.

Update:

A meeting was held with representatives of JAMPRO, JBDC and the PSOJ to discuss the approach to be taken in conducting the feasibility study. A Terms of Reference document will be developed and finalised in May for commissioning of the feasibility study under a Framework Contract.

2.4.2 Setting up of a Corporate Finance Broker

The Broker will be established with the assistance of a specialised consultant, and will operate through the Business Development department within JAMPRO. The consultant will be responsible for developing operational practices, evaluating possible service offerings and establishing relevant costings for services. As such, the first half of the year will be primarily developmental, with promotion and the delivery of services beginning from the third quarter onwards. Ten (10) workshops will be organised and a maximum of ninety (90) firms are projected to benefit from assistance in this first year.

Update:

The exact approach for this component is still being developed with the assistance of the TAS consultants and is expected to require specialised external expertise. Details for this will be outlined in the Programme MPOP and procurement plan and activities will await finalisation. In the interim, a TOR is being developed for a Project Co-ordinator to work alongside the Manager of JAMPRO's Business Development Unit, which is responsible for implementing the CFB, to initiate the implementation of the workshops to be delivered as stipulated in the Financing Agreement.

2.5 Means planned and used

This section corresponds to the information provided in the Programme Estimates Section 1.5 dealing with Implementation both for execution of Programme activities and general Programme Management.

Of the planned means projected in the Programme Estimates related to activities, only resources related to the execution of a promotional event, in the form of the PSO Symposium, were expended over the current reporting period.

As relates to the Programme Management/Administration component of the project, arrangements were initiated for the procurement of computer and related equipment for the PMU, as well as for a project motor vehicle, through the initiation of a tender procedure. This is expected to be concluded during the next reporting period.

2.6 Progress towards Results (and assessment of Assumptions)

With respect to achieving the results of PSO empowerment, enhanced enterprise competitiveness and increased SME access to corporate finance, progress has been severely hindered due to activities being delayed with the development of the MPOP. Though it is an early stage in the Programme yet, undoubtedly this delay will impact the Programme's ability to meet the targets set for the current operational period, and the PMU is considering the possibility of requesting a rider to the Programme Estimates to extend its duration by an additional six (6) months.

Against this background, an additional assumption should be added to those already existing for the current operational period as follows:

- Timely initiation of Programme activities

3. Effectiveness and Impact, including reasons for deviation

3.1 Progress towards Purpose (and assessment of Assumptions)

As it relates to the purpose of increasing SME contribution to GDP, there has similarly been little progress due to the aforementioned guarantee delay and MPOP development process. Firms and their support organisations have therefore been unable to access the requisite assistance through the Programme that would allow for strengthening of the micro and SME sector.

Additional assumptions have consequently been identified as:

- Finalisation of procedural framework; and
- Availability of funding to initiate activities.

3.2 Progress towards a contribution to Overall Objectives

Failure to progress towards established result indicators and the project purpose have had a clear ripple effect on progress towards contributing to overall objectives. Notwithstanding, the impact of Programme activities would only be apparent upon viewing the cumulative sum of actions over a period exceeding a single quarter.

3.3 Respect of and contribution to overarching policy issues

The Programme's activities are directly aligned with the overarching policy issues in support of private sector development as expressed in the Country Strategy Paper/ National Indicative Programme, specifically as it relates to *improving international competitiveness of small and medium enterprises (SME)* and *improving access to credit*. To the extent that activities have taken place during the period and within the context of the Programme, therefore, contribution to these overarching issues can be said to have been achieved.

3.4 Linkage with other operations, complementarity and sectoral co-ordination between donors

Resulting from meetings with various stakeholders and potential beneficiaries, assistance provided to the target group by other donors was established with a view to ensure complementarity with various other initiatives.

One such instance of complementarity, for example, would be an extension of work within the "Legs & Regs" initiative funded by the USAID and executed by the JCC. This initiative assesses the impact of key legislation and regulations upon business efficiency

and is seen as concordant with the activities of the Competitiveness Committee. The JCC is listed as a supplementary resource to the Committee, and will therefore be integrated into discussions on these issues as required.

C. SUSTAINABILITY

4. Progress towards sustainability/quality

It is expected that progress towards sustainability will be more open to qualification once activities have begun in earnest, and subsequent reports will reflect this movement within all the headings below. As at this point, however, information provided in the previously submitted quarterly report would still be applicable.

4.1 Participation and ownership by beneficiaries

4.2 Policy support

4.3 Appropriate technology

4.4 Socio-cultural aspects

4.5 Gender equality

4.6 Environmental protection

4.7 Institutional and management capacity

4.8 Economic and financial viability

D. FINANCIAL PERFORMANCE

The initial allocation, of €377,395.72 and J\$56,752,576.64 to be used for activities funded through the direct labour commitment of the Programme Estimates, was received on March 15. No expenditure from this account was either committed or disbursed during the period.

The PMU under its service contract received an initial payment of €225,378.63 (approx. 18.25M) on January 2, 2005, representing 25% of the total contract value. This followed the submission of the first deliverable, the Terms of Reference document for the first short-term TA contract, as per Service Contract stipulations. A second payment to the PMU for Programme Management related expenditure is now awaited following submission of the second deliverable, the initial Quarterly Report, which covers the period October 6 – December 31, 2004.

During the reporting period, J\$1.25M was spent from the EDF portion of the service contract, representing 0.33% of the total projected for the Programme Estimates period. Of this amount 1.59% (J\$150,300) corresponds to Investment Costs, and 1.74% (\$1.104 million) to Operating Costs.

Investment Costs covered the acquisition of equipment, two (2) desktop computers, for use by PMU staff seconded by JAMPRO (87% of total amount spent), promotional material and general stationery supplies (7 & 6% of total amounts spent respectively).

Operating Costs included staff costs (94%) and miscellaneous office operating expenses (6%).

JAMPRO's contribution to the Programme during the period was recorded as J\$7.14 million and represented 15% of the projected figure for the 2005 operational period. Expenditure related to staff costs including PMU and support personnel, office rental and miscellaneous office operating costs.

Expenditure of Programme funds has been low owing to the late start of activities, as well as unforeseen time lags in procurement processes.

Further detail of this expenditure are provided in **Annex 7.1**, Financial Records.

E. CONCLUSIONS AND RECOMMENDATIONS

5. Conclusions and recommendations

5.1 Overall conclusions on implementation (including critical issues/risks)

The current reporting period was primarily concerned with concluding pre-implementation activities for eventual start-up. Consequently, as at this point, there is a 3-month delay in achievement of projected targets for the year. This delay is also expected to be further extended according to the time to be taken in finalising the Programme's MPOP and procurement plan.

The critical issues at this point, however, is to adjust plans in order to still meet overall Programme targets, even beyond the current operational period. This consideration will also have to be integrated in the development of relevant policies and operational procedures.

5.2 Recommendations for the next implementation period

The PMU is recommending that activities be initiated and rolled out on a phased basis beginning in the next reporting period. This phasing will be dependent on approval of sections of the MPOP corresponding to component activities, versus awaiting completion of the entire document and risking further, more extended delays.

6. Proposed focus for the next implementation period

6.1 Results to be produced (and projected extent by the end of the period)

The focus for the next period will be on initiating the PSO capacity-building component of the Programme with a view to enabling these entities to take on further PSDP activities on behalf of their membership.

Additionally, those activities that have been assigned to key PSOs will also be initiated now that funding is available and the roles have been clarified in that respect.

By the end of the period, the PMU expects to have issued at least two (2) calls for proposals with a view to issuing grants in the succeeding period as well as initiating Market Penetration initiatives, studies under the Competitiveness Committee establishing growth trends and opportunities globally for select sectors, and the initiation of procurement for the conduct of a feasibility study for the Mutual Guarantee Company.

6.2 Activity Schedule, including milestones, responsibilities

Finalisation of the procurement plan, the Programme's MPOP & associated training and MIS requirements plan are the main milestones to be achieved during the next reporting period with respect to Programme Management. The TAS consultancy team have the primary accountability for producing these documents, the PMU and Steering Committee will have charge of its finalisation and endorsement, and the NAO and EC will be responsible for their approval. As it relates to activities, the contracts for consultants for the Competitiveness Committee research and Mutual Guarantee Company(ies) (MGC) feasibility study will also constitute deliverables, as will the issue of the calls for proposals referred to in the preceding section.

6.3 Special Activities to ensure sustainability

Focus on capacity-building is expected to contribute to sustainability through empowering PSOs to play a greater role in the development of the private sector. Moreover, for the Export Centres, Business Info Points and CFB components, implementation plans, which will be finalised in the next period, will reflect arrangements to "hand-over" these functions to the private sector itself, so that these services will be continued after the conclusion of the Programme.

6.4 Assumptions & Risks

Additional assumptions for the next implementation period are as follows:

- Timely initiation of Programme activities
- Finalisation of procedural framework; and

6.5 Resource Schedule

The procurement plan will be finalised during the next reporting period.

F. ANNEXES

7.1 Financial Records

7.2 Minutes of Competitiveness Committee meeting on March 16, 2005

ANNEX 7.1 - FINANCIAL RECORDS

Private Sector Development Programme (PSDP)

Account name:

JAMPRO/PSDP (Programme Estimate)

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD January 31, 2005 To March 31, 2005

Statement Justifying The Initial Allocation (Advance) Received in EURO

	Description	Amount
1	Amount of Advance Received	377,395.72
2	Amount of This Record Of Expenditure	-
3	Bank Balance At: March 31, 2005	377,626.42
4	Cash Balance At: March 31, 2005	-
5	Interest Received on Account	(230.70)
6	Amount of Records Submitted Awaiting Reimbursement	-
7	Amount of Expenditure Rejected or Pending Further Justification on Previous Records	-
8	Amounts of Pervious Records Deducted From the Advance	-
	TOTAL OF AMOUNTS 2 TO 8	377,395.72

THE IMPREST ADMINISTRATOR


.....
DELAINE MORGAN

10/5/05
.....
DATE

THE IMPREST ACCOUNTING OFFICER


.....
OSWALD LYN

10/5/05
.....
DATE

Private Sector Development Programme (PSDP)

Account name:

JAMPRO/PSDP (Programme Estimate)

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD January 31, 2005 To March 31, 2005

Statement Justifying The Initial Allocation (Advance) Received in JMD

	Description	Amount
1	Amount of Advance Received	56,752,876.64
2	Amount of This Record Of Expenditure	-
3	Bank Balance At: March 31, 2005	56,752,876.64
4	Cash Balance At: March 31, 2005	-
5	Amount of Payments Made But to Be Presented on A Future Record	-
6	Amount of Records Submitted Awaiting Reimbursement	-
7	Amount of Expenditure Rejected or Pending Further Justification on Previous Records	-
8	Amounts of Pervious Records Deducted From the Advance	-
	TOTAL OF AMOUNTS 2 TO 8	56,752,876.64

THE IMPREST ADMINISTRATOR


.....
DELAINE MORGAN

10/5/05
.....
DATE

THE IMPREST ACCOUNTING OFFICER


.....
OSWALD LYN

10/5/05
.....
DATE

Private Sector Development Programme (PSDP)

Account name:

JAMPRO/PSDP (Service Contract)

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

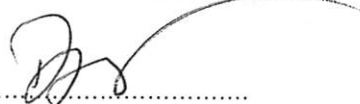
RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD January 31, 2005 To March 31, 2005

Statement Justifying The Initial Payment Received in EURO

	Description	Amount
1	Amount of Advance Received	225,378.63
2	Amount of This Record Of Expenditure	-
3	Bank Balance At: March 31, 2005	145,667.41
4	Cash Balance At: March 31, 2005	-
5	Interest Received on Account	(288.78)
6	Amount of Records Submitted Awaiting Reimbursement	-
7	Amount of Expenditure Rejected or Pending Further Justification on Previous Records	-
8	*Transfer to Local operating accounting	80,000.00
	TOTAL OF AMOUNTS 2 TO 8	225,378.63

* Amounts transferred to JMD currency account for operational expenses that are documented in the Record of Expenditure No. 1

THE IMPREST ADMINISTRATOR



DELAINE MORGAN

10/5/05

DATE

THE IMPREST ACCOUNTING OFFICER



OSWALD LYN

10/5/05

DATE

PRIVATE SECTOR DEVELOPMENT PROGRAMME

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

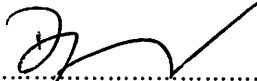
INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD FROM JANUARY 1, 2005 TO MARCH 31, 2005

**Summary Table Of Expenditure By Budget Estimate Heading
in JMD**

Code	Title	Amount
PROGRAMME ACTIVITIES		
1	PSO Empowerment	-
2	Enhancing Enterprise Competitiveness	-
3	Improving Access to Corporate Finance	-
4	Short-term Technical Assistance	-
PROGRAMME MANAGEMENT, CO-ORDINATION AND PROMOTION		
5	Investment Costs	150,300.00
6	Operating Costs	1,104,620.97
	TOTAL	1,254,920.97

THE IMPREST ADMINISTRATOR

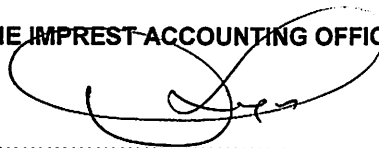


DELAINE MORGAN

10/5/05

DATE

THE IMPREST ACCOUNTING OFFICER



OSWALD LYN

10.1.05

DATE

PRIVATE SECTOR DEVELOPMENT PROGRAMME

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD FROM JANUARY 1, 2005 TO MARCH 31, 2005

Summary Table Of Budget Consumption By Budget Estimate Heading
in JMD

Code	Title	P/E Budget Estimate (1)	Records			Available Balance (1) - (4)	Consumpt. Rate (%) (4) / (1)
			Previous (2)	Current (3)	Sum Total (4) = (2)+(3)		
PROGRAMME ACTIVITIES							
1	PSO Empowerment	28,354,503.00	-	-	-	(28,354,503.00)	0.00%
2	Enhancing Enterprise Competitiveness	238,063,560.00	-	-	-	(238,063,560.00)	0.00%
3	Improving Access to Corporate Finance	8,720,000.00	-	-	-	(8,720,000.00)	0.00%
4	Short-term Technical Assistance	28,544,225.00	-	-	-	(28,544,225.00)	0.00%
PROGRAMME MANAGEMENT, CO-ORDINATION AND PROMOTION							
5	Investment Costs	9,468,937.61	-	150,300.00	150,300.00	(9,318,637.61)	1.59%
6	Operating Costs	63,407,824.34	-	1,104,620.97	1,104,620.97	(62,303,203.37)	1.74%
	TOTAL	376,559,049.95	-	1,254,920.97	1,254,920.97	(375,304,128.98)	0.33%

PRIVATE SECTOR DEVELOPMENT PROGRAMME

PROGRAMME ESTIMATE No.1 COVERING THE PERIOD January 1, 2005 To December 31, 2005

INDIVIDUAL FINANCIAL COMMITMENT No. 9 ACP JM 001

RECORD OF EXPENDITURE No. 1 COVERING THE PERIOD FROM JANUARY 1, 2005 TO MARCH 31, 2005

Detailed Table Of Budget Consumption By Budget Estimate Item
in JMD

Code	Title	P/E Budget Estimate (1)	Records			Available Balance (1) - (4)	Consumpt. Rate (%) (4) / (1)
			Previous (2)	Current (3)	Sum Total (4) = (2)+(3)		
PROGRAMME ACTIVITIES							
1	PSO Empowerment						
1.1	Competitiveness Committee	8,920,743.00	-	-	-	(8,920,743.00)	0.00%
1.2	Cost-sharing Capacity-building BDS System	19,433,760.00	-	-	-	(19,433,760.00)	0.00%
	Subtotal	28,354,503.00	-	-	-	(28,354,503.00)	-
2	Enhancing Enterprise Competitiveness						
2.1	Cost-sharing BDS for PSO Members	68,018,160.00	-	-	-	(68,018,160.00)	0.00%
2.2	Direct Support to Enterprise	170,045,400.00	-	-	-	(170,045,400.00)	0.00%
	Subtotal	238,063,560.00	-	-	-	(238,063,560.00)	-
3	Improving Access to Corporate Finance						
3.1	Mutual Guarantee Company(ies)	4,330,000.00	-	-	-	(4,330,000.00)	0.00%
3.2	Corporate Finance Broker	4,390,000.00	-	-	-	(4,390,000.00)	0.00%
	Subtotal	8,720,000.00	-	-	-	(8,720,000.00)	-
4	Short-term Technical Assistance						
4.1	MIS Project Management	404,870.00	-	-	-	(404,870.00)	0.00%
4.2	Technical Advisory Services	-	-	-	-	-	0.00%
4.3	Legal	605,000.00	-	-	-	(605,000.00)	0.00%
4.4	Communications	610,500.00	-	-	-	(610,500.00)	0.00%
4.5	Management Information Systems	20,243,500.00	-	-	-	(20,243,500.00)	0.00%
4.6	Other	6,680,355.00	-	-	-	(6,680,355.00)	0.00%
	Subtotal	28,544,225.00	-	-	-	(28,544,225.00)	-
PROGRAMME MANAGEMENT, CO-ORDINATION AND PROMOTION							
5	Investment Costs						
5.1	Equipment	1,765,233.20	-	130,800.00	130,800.00	(1,634,433.20)	7.41%
5.2	Vehicles	2,429,220.00	-	-	-	(2,429,220.00)	0.00%
5.3	Supplies	5,274,484.41	-	19,500.00	19,500.00	(5,254,984.41)	0.37%
	Subtotal	9,468,937.61	-	150,300.00	150,300.00	(9,318,637.61)	1.59%
6	Operating Costs						
6.1	Staff Costs	53,189,148.46	-	1,041,304.92	1,041,304.92	(52,147,843.54)	1.96%
6.2	Office Rental	-	-	-	-	-	0.00%
6.3	Office Operating Costs	6,145,845.63	-	63,316.05	63,316.05	(6,082,529.58)	1.03%
6.4	Vehicle Operating Costs	4,072,830.25	-	-	-	(4,072,830.25)	0.00%
	Subtotal	63,407,824.34	-	1,104,620.97	1,104,620.97	(62,303,203.37)	1.74%
	TOTAL	376,559,049.95	-	1,254,920.97	1,254,920.97	(375,304,128.98)	0.33%

PRIVATE SECTOR DEVELOPMENT PROGRAMME

PROJECT MANAGEMENT UNIT

SERVICE CONTRACT # 9 ACP JM 001/SC/01

MANAGEMENT ACCOUNTS

FOR THE PERIOD ENDED MARCH 31, 2005

(Expressed in Jamaican Dollars)

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT**

Index to the Management Accounts
Period Ended 31 March 2005

	Page
Management Accounts Report	1-2
Receipts and Expenses Summary	3
Receipts and Expenses - European Development Fund	4
Receipts and Expenses- Government of Jamaica	5
Expenses Details - European Development Fund	6
Expenses Details - Government of Jamaica	7

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT**

Report for Management Accounts
Year ended 31 March 2005
(Expressed in Jamaican Dollars)

A. Cash

The Project received €225,000 in January 2005 from the European Commission (EC). This represents 25% of the contract price that was paid on submission of the Tender Dossier for the first short-term technical assistance in accordance with the contract. A local current account was opened for general operational expenses. On 3rd of February JMD \$6.4 M (€80,000) was transferred from the Euro account to this local account of which JMD \$4 M was placed on a short term interest bearing account. As at 31st of March the balances in the Euro account and the local operational account were €145,667 Euro and JMD \$1.1M, respectively.

B. Significant variances analysis

1] Receipts from the European Union

There is a variance between the budgeted and actual period-to-date of JMD \$3.9M. Two requests have been made to the EC, however, only one allocation has been received to date. The second request for payment is to be processed upon the submission of the programme's quarterly report (Oct.-Dec. 04) to the steering committee. budget was prepared with the expectation of completing several activities during the period October 6, 2004 and March 31, 2005. However, the Programme Estimate was finalized in December 2004 and as a result there were some delays in carrying out some of the activities included in the budget.

2] Staff costs

The variance of \$7.2M is attributed to the PMU not being fully staffed as planned. As at March, the unit had only three of the required eight staff members. Subsequently, three additional staff members have been contracted.

3] Office Operating costs

There was a variance of \$4.1M between the budgeted and actual period-to-date. This is attributed to delays in some of the activities not being carried out as planned. Some of these activities to be undertaken were promotional events, acquisition of material for promotional events and acquisition of stationary and office supplies. It is envisaged that promotional activities will heighten, once the tender process for the communications consultant is completed.

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT**

Report for Management Accounts
Year ended 31 March 2005
(Expressed in Jamaican Dollars)

C. General

Several of the activities that were not carried out during the last quarter are expected to be completed in the next two quarters. These include the employment of the two additional staffs, the accounting clerk and driver. The motor vehicle, computers and equipment will be acquired in the quarter ending June 30, 2005. These are expected to cost approximately \$3.8M. In addition three of the components of the Programme Estimate will be launched in next quarter. As a result, the PMU is expected to host several seminars and workshops associated with the roll out of these components.

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT
SERVICE CONTRACT A/C # 9 ACP JM 001/SC/01
SUMMARY RECEIPTS & EXPENSES ACCOUNT
For Quarter Ended March 31, 2005**

	EDF RESOURCES				GOVERNMENT CONTRIBUTION			
	MONTH Actual Current J\$	P-T-D Actual J\$	BUDGET (45 Months) J\$	BALANCE J\$	MONTH Actual Current J\$	P-T-D Actual J\$	BUDGET (45 Months) J\$	BALANCE J\$
<u>Receipts</u>								
Receipts from the European Union	18,219,150	18,219,150	72,876,762	(54,657,612)				
Interest Earned	142,445	142,445	-	142,445				
	18,361,595	18,361,595	72,876,762	(54,515,167)	-	-	-	-
<u>Expenses:</u>								
Equipment	130,800	130,800	1,765,233	1,634,433	-	-	-	-
Vehicles	-	-	2,429,220	2,429,220	-	-	-	-
Supplies	8,500	8,500	5,274,484	5,265,984	-	-	-	-
Staff Costs	1,041,305	1,041,305	53,189,149	52,147,844	1,219,054	5,928,913	29,670,979	23,742,066
Office Rental	-	-	-	-	220,161	408,871	11,658,555	11,249,684
Office Operating Costs	72,100	72,100	6,145,846	6,073,746	420,132	808,172	4,050,158	3,241,986
Vehicles Operating Costs	-	-	4,072,830	4,072,830	-	-	-	-
Pre-Implementation Costs	-	-	-	-	-	-	-	-
Bank Charges	2,216	2,216	-	(2,216)	-	-	-	-
	1,254,921	1,254,921	72,876,762	71,621,841	1,859,347	7,145,956	45,379,692	38,233,736
Receipt/(Expenses)	17,106,674	17,106,674	-	(17,106,674)				

R.O.E. (per Programme Estimate)

80.974

PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT
SERVICE CONTRACT A/C # 9 ACP JM 001/SC/01
RECEIPTS & EXPENSES ACCOUNT-European Development Fund
For Quarter Ended March 31, 2005

EDF RESOURCES								
Notes	QUARTER			PERIOD-TO-DATE			YEAR	Consumption
	Actual Current J\$	Budget J\$	Variance J\$	Actual J\$	Budget J\$	Variance J\$	Budget J\$	Rate
<u>Receipts from the European Union</u>								
Receipts from the European Union	18,219,150	22,142,826	(3,923,676)	18,219,150	22,142,826	(3,923,676)	33,913,855	53.72%
Interest Earned	142,445		142,445	142,445	-	142,445	-	0.00%
	18,361,595	22,142,826	(3,781,231)	18,361,595	22,142,826	(3,781,231)	33,913,855	54.14%
<u>Expenses:</u>								
Equipment	130,800	259,117	128,317	130,800	259,117	128,317	-	
Vehicles	-	-	-	-	-	-	2,429,220	0.00%
Supplies	8,500	-	(8,500)	8,500	-	(8,500)	1,765,233	0.48%
Staff Costs	1,041,305	3,015,487	1,974,182	1,041,305	8,658,397	7,617,092	12,061,948	8.63%
Office Operating Costs	72,100	1,091,141	1,019,041	72,100	4,170,051	4,097,951	4,364,563	1.65%
Bank Charges	2,216	-	(2,216)	2,216	-	(2,216)	-	
	1,254,921	4,365,745	3,110,824	1,254,921	13,087,565	11,832,644	20,620,964	6.09%
Receipt/(Expenses)	17,106,674	17,777,081	(670,407)	17,106,674	9,055,261	8,051,413	13,292,891	

R.O.E. (per Programme Estimate) **80.974**

Notes: Management accounts report section B

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT
SERVICE CONTRACT A/C # 9 ACP JM 001/SC/01
RECEIPTS & EXPENSES ACCOUNT - Government Of Jamaica
For Quarter Ended March 31, 2005**

GOVERNMENT CONTRIBUTION

	Quarter			Period- To- Date			YEAR	Consumption
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	Rate
	Current J\$	J\$	J\$	Current J\$	J\$	J\$	J\$	
Staff Costs	1,219,054	1,501,189	282,135	5,928,913	8,328,194	2,399,281	6,004,757	98.74%
Office Rental	220,161	347,837	127,676	408,871	664,052	255,181	1,391,346	29.39%
Office Operating Costs	420,132	609,190	189,058	808,172	1,162,998	354,826	2,436,758	33.17%
	1,859,347	2,458,216	598,869	7,145,956	10,155,244	3,009,288	9,832,861	72.67%

Expenses:

PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT
SERVICE CONTRACT A/C # 9 ACP JM 001/SC/01
EXPENSES - European Development Fund
For Quarter Ended March 31, 2005

EDF RESOURCES

	QUARTER			PERIOD-TO-DATE		
	Actual	Budget	Variance	Actual	Budget	Variance
	J\$	J\$	J\$	J\$	J\$	J\$
<u>Expenses:</u>						
Equipment						
Computers	130,800	259,117	128,317	130,800	259,117	128,317
	130,800	259,117	128,317	130,800	259,117	128,317
Supplies						
Furniture	8,500	-	(8,500)	8,500	-	(8,500)
	8,500	-	(8,500)	8,500	-	(8,500)
Staff Costs						
Salary and related costs	1,031,560	3,015,487	1,983,927	1,031,560	8,658,397	7,626,837
Local travel	9,745	-	(9,745)	9,745	-	(9,745)
	1,041,305	3,015,487	1,974,182	1,041,305	8,658,397	7,617,092
Office Operating Costs						
Telephone, Postage etc	-	229,912	229,912	-	438,923	438,923
Motor Vehicle Expenses	-	248,127	248,127	-	248,127	248,127
General Stationary & Office Supplies	-	132,944	132,944	-	616,377	616,377
Promotional and Collateral Material	65,300	123,649	58,349	65,300	1,247,730	1,182,430
Local Travel and Accommodation	-	130,156	130,156	-	569,440	569,440
Overseas Travel	-	102,432	102,432	-	474,913	474,913
General Admin. Expenses	6,800	123,921	117,121	6,800	574,541	567,741
	72,100	1,091,141	1,019,041	72,100	4,170,051	4,097,951
Bank Charges	2,216	-	(2,216)	2,216	-	(2,216)
Total Expenses	1,254,921	4,365,745	3,110,824	1,254,921	13,087,565	11,832,644

**PRIVATE SECTOR DEVELOPMENT PROGRAMME
PROJECT MANAGEMENT UNIT
SERVICE CONTRACT A/C # 9 ACP JM 001/SC/01**

EXPENSES - Government Of Jamaica

For Quarter Ended March 31, 2005

GOVERNMENT CONTRIBUTION

	QUARTER			PERIOD-TO-DATE		
	Actual	Budget	Variance	Actual	Budget	Variance
	J\$	J\$	J\$	J\$	J\$	J\$
<u>Expenses:</u>						
Staff Costs						
Salary and related costs	1,219,054	1,501,189	282,135	5,928,913	8,328,194	2,399,281
	1,219,054	1,501,189	282,135	5,928,913	8,328,194	2,399,281
Office Rental	220,161	347,837	127,676	408,871	664,052	255,181
Office Operating Costs						
Electricity	-	246,750	246,750	-	471,068	471,068
Maintenance of Premises	195,699	362,440	166,741	363,441	691,930	328,489
Telephone	110,772	-	(110,772)	219,592	-	(219,592)
Internet	13,748	-	(13,748)	26,144	-	(26,144)
General Admin. Expenses	99,913	-	(99,913)	198,995	-	(198,995)
	420,132	609,190	189,058	808,172	1,162,998	354,826
Total Expenses	1,859,347	2,458,216	598,869	7,145,956	10,155,244	3,009,288

**ANNEX 7.2 - MINUTES OF COMPETITIVENESS COMMITTEE
MEETING HELD ON MARCH 16, 2005**

NOTES OF MEETING

PRIVATE SECTOR DEVELOPMENT PROGRAMME

Competitiveness Committee

Wednesday, March 16, 2005 at 9:00 am

OPM Conference Room, Jamaica House

Objective:	To finalise tender document for research assignments corresponding to the 2005 CC work plan.
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Attendees:

Dr. Hon. Paul Robertson	(PR)	-	OFFICE OF THE CABINET, DEVELOPMENT UNIT
Sen. Dwight Nelson	(DN)	-	JAMAICA CONFEDERATION OF TRADE UNIONS
Ben Hussey	(BH)	-	NATIONAL PRODUCTIVITY CENTRE
James Stewart	(JS)	-	PLANNING INSTITUTE OF JAMAICA
Angella Taylor-Spence	(AS)	-	PLANNING INSTITUTE OF JAMAICA
Michael Julien	(MJ)	-	CONSULTANT, TECHNICAL ADVISORY SERVICES, PSDP
Eileen Heaven	(EH)	-	CONSULTANT, TECHNICAL ADVISORY SERVICES, PSDP
Delaine Morgan	(DM)	-	JAMAICA PROMOTIONS CORPORATION
Lincoln Price	(LP)	-	JAMAICA PROMOTIONS CORPORATION
Monique Geourzoung	(MG)	-	JAMAICA PROMOTIONS CORPORATION

Review of document

- PR opened by emphasizing the need to begin implementation activities, notwithstanding the specific research assignments, given that three months have already passed since the beginning of the projected implementation period.
- LP began to review the document by providing a recap of the CC's main policy areas, which form the basis for the research focus, namely public sector competitiveness, institutional competitiveness, enterprise competitiveness (and industry productivity) and labour force competitiveness. He summarized the initial research assignments as follows:
 1. Legislative surveillance – examining the existing laws before Parliament that are awaiting passing;
 2. Priority sector evaluation – assessment of the most competitive industries, sectors and clusters, against the background of the NIP, within the non-traditional focus areas;
 3. Priority sector benchmarking – emerging from Assignment 2, the establishment of specific benchmarking indicators to assess local competitiveness.
- LP noted that the initially projected timelines would have to be reviewed given the delays in implementation. He also explained that with the proposed procurement modality, i.e. framework contract method, which entails that the document be sent to a group of pre-qualified European consulting firms, there will be a need to further specify expert profiles to stipulate where partnerships with local firms, in order to gain the requisite expertise, will be required.

Comments on document

- DN stated that he had reviewed the document and had no difficulty with its content, however, he wished to know how would the work that has been done through existing programs be reconciled with the projected research areas; additionally, he raised the need to query the effect of local legislation on Jamaica's competitiveness, when it, at times, had the impact of enforcing rigidity against it, e.g. outmoded laws re working hours, which serve to undermine productivity by preventing establishment of multiple work shifts.

LP responded that there will be an element of encouraging public dialogue that would seek to assess the impact of such legislation, and provide clear and empirical data to substantial recommendations put forward. This, he believed, was largely missing from other attempts at effecting revision.

PR also added that, in response to the first question posed by DN, the document should be adjusted to indicate where work already exists on the specific research areas in order to prevent duplication of efforts.

- LP asked for further inputs regarding the detailing of specific expertise requirements. PR suggested that this be done by the Secretariat separately, and then conveyed to the members.
- PR asked for an indication of the timeline to be used for this procurement process. DM advised that the process entailed the TOR document being sent to the EC Delegation, which would then formally initiate the procedure by sending a request for proposals from the short-listed firms. Based on the availability of the selected firm, this procedure takes an average of two months. LP noted that the timelines established in the document would have to be further revised against this background in order to ensure the assignments were concluded within the work plan timeframe.

PR highlighted that recommendations emerging from these assignments would therefore not be likely until 2006, and this would have implications for the legislative process and the established duration of the Programme. LP suggested that outputs be presented to the CC as soon as they are completed, as opposed to awaiting finalization of the assignment.

DM asked whether timelines could be shortened any further, or whether the research team could be expanded to cover more work in less time? PR remarked that, although time is a significant consideration, the Committee must be careful to not compromise quality for haste. AS added that there was a need to ensure that data received is not superficial, as has been the experience of the past. DM advised that the specificities of information/output requirements also be provided in the TOR to ensure that this does not take place.

- MJ queried whether any global benchmark had been set with other similarly characterized territories, using these as models for the four priority areas set. He outlined the following methodology for consideration by the Committee:
 - Identify gaps in performance and develop an agenda from this assessment;
 - Focus on the objective of increasing Jamaica's global competitiveness *ranking*;
 - Look to increasing *relative* positioning, e.g. 50% improvement in performance;

LP advised that all of these considerations are currently reflected in the work agenda of the Committee. DM suggested that this ought to be further clarified since it was not immediately clear to everyone present. LP informed that the initial focus of the CC was to have been on the existing local context. He reminded that the agenda was deliberately sector-based to ensure that it could provide direction for the other Programme components, particularly with regard to the cluster & sector initiative (CSI) activities. MJ maintained that a global examination would still have to be conducted. JS reminded that work has already taken place on this issue, and BH confirmed that he was familiar with the PIOJ studies however, he also supported the expansion of Section 2.4.3.1 in the document to reflect these issues.

DM enquired whether the scope included an examination of opportunities within the new trading arena, e.g. CSME & FTAA. JS responded that since the scope was global, these trading arrangements are incorporated, however there would be less emphasis on regional competitiveness specifically, as achieving global competitiveness would also mean that the country is regionally competitive.

Action Plan

1. LP to review Section 3 of the document and re-circulate before the end of the week.