



LAC-IEE-04-67

## ENVIRONMENTAL THRESHOLD DECISION

Project Location: Jamaica

Project Title: Increased Trade Competitiveness in Targeted Industries

Project Number: 532-009

Funding: US\$ 17 million

Life of SO: FY 2005-2009

IEE Prepared by: Sherril Thompson, USAID/Jamaica

Clearance: John Wright, Acting Team Leader, Office of Economic Growth (Jamaica)

Recommended Threshold Decision: Categorical Exclusion/  
Negative Determination with Conditions

**Bureau Threshold Decision:** Concur with Recommendation

### Comments:

*Categorical Exclusion*:- Pursuant to 22 CFR 216.2(c)(2)(i), (iii), (v) and xiv), a **Categorical Exclusion** is issued for activities involving the provision of technical assistance, policy dialogue, education, workshops and others as identified in the IEE as activities that do “not have an effect on the natural or physical environment”.

*Negative Determination, with Conditions* – A **Negative Determination, with Conditions** is recommended for IR1 activities involving the development of competitive clusters with the condition that contractors/grantees review the “Regulation 216 Guidelines for Jamaica” and complete the appropriate checklist (screening form), for each activity to determine whether there are aspects which may have a negative impact on the environment. If such aspects exist, additional environmental review shall be completed and approved by the BEO before the approving the activity. The use of the Guidelines as well as USAID’s continual monitoring shall ensure that no significant negative impacts will occur.

At the end of each fiscal year, the implementing agent as part of its regular reporting requirement will include a section of its annual report which will provide the results of the screening ... especially whether any activities, may lead this program to have a negative impact on the environment; in such case a supplemental IEE will be submitted.

CTOs are responsible for making sure environmental requirements are met It is the responsibility of the SO Team to ensure that the SOAG and MAARDs for contracts and grants contain specific instructions to this effect.

Date \_\_\_\_\_  
George R. Thompson, P.E.  
Bureau Environmental Officer  
Bureau for Latin America and the Caribbean

- Copy to : Karen Turner, Director, USAID/Jamaica
- Copy to : Howard Batson, MEO, USAID/Jamaica
- Copy to : Sherril Thompson, USAID/Jamaica
- Copy to : John Wright, USAID/Jamaica
- Copy to : Mike Donald, REA
- Copy to : Dan Riley, LAC/CAR
- Copy to : IEE File

Attachment: IEE

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**INITIAL ENVIRONMENTAL EXAMINATION**  
Project Number

Project Location: Jamaica

Project Title: Increased Trade Competitiveness in Targeted Industries

Project Number: 532-009

Funding: US\$ 17 million

Life of SO: FY 2005-2009

IEE Prepared by: Sherril Thompson, USAID/Jamaica

Clearance: John Wright, Acting Team Leader, Office of Economic Growth (Jamaica)

Recommended Threshold Decision: Categorical Exclusion/  
Negative Determination with Conditions

CONCURRENCE

\_\_\_\_\_  
Howard Batson  
Mission Environmental Officer  
USAID/Jamaica

MISSION DIRECTOR'S  
DECISION

Approved: \_\_\_\_\_  
Karen D. Turner

Date: \_\_\_\_\_

LAC BUREAU  
ENVIRONMENTAL  
OFFICER'S DECISION

Approved: \_\_\_\_\_  
George Thompson

Date: \_\_\_\_\_

## **Background**

Over the last decade, the Jamaican economy has performed poorly and economic growth has remained elusive. There have been some positives, including, until recently, maintenance of single digit inflation, a relatively stable exchange rate and reduced levels of poverty. However, some of these positives cannot be attributed to improvements in quality of Jamaica's economy. In fact, it is widely believed that the economy has benefited tremendously from very high levels of remittances from overseas, which account for a significant percentage of GDP. Moreover, the economy continues to be adversely affected by a number of negative factors including crime and violence, private and public sector corruption, a deteriorating trade balance, high debt service, high interest rates, government borrowing crowding out the private sector and an oversized government workforce.

In terms of external competitiveness, Jamaica's performance has also been poor. The World Economic Forum Business Competitiveness Index puts Jamaica 56<sup>th</sup> out of 95 countries ranked for 2003. Jamaica ranked 39<sup>th</sup> out of 75 countries on the same index for 2001. A recent survey identified high costs/low productivity as one obstacle to competitiveness. Contributing factors to this diminishing competitiveness are the high cost of finance, a poorly educated workforce, management weaknesses and outmoded processes and technologies. Other problem areas are inadequate government support and excessive red tape, crime and violence and social instability.

## **Program Description**

USAID/Jamaica's new Economic Growth Strategic Objective "*Increased Trade competitiveness in Targeted Industries*" will be achieved through two intermediate results (IRs). The strategy will build on tools developed under the FY 2000 - FY 2004 strategy (e.g., payroll package, online training program, reduced constraints to business registration, investor roadmap, etc) and focus on external trade, competitiveness and competitive clusters. Key strategic activities include assistance to address critical fiscal and macroeconomic reforms needed to support the strategic objective; build demand for transformational economic change, for example, through support for an indigenous private-sector led social partnership and focus on competitive clusters as the principal framework for firm-level assistance and elimination of business constraints.

**IR 1. Competitive Clusters Developed:** This IR includes activities aimed at enterprise and industry-level competitiveness in targeted clusters that appear to have the potential for international competitiveness. Three clusters – tourism, agriculture/agribusiness, and entertainment – have already been identified. Other clusters with competitive potential may emerge, or clusters with a supporting role such as shipping and telecommunications may be added. Activities will address areas of competitive weakness and will include direct training and technical assistance and institutional strengthening of providers of business development services, training institutions and private sector umbrella organizations.

**IR 2. Business Environment Improved:** Activities under this intermediate result will tackle key problems inhibiting competitiveness at the country-level. Macroeconomic stability is a key area that will be a new focus within this IR. Jamaica faces a serious macroeconomic and fiscal crisis

that can easily derail efforts to build competitiveness and achieve economic growth. USAID is already in discussion with the Government of Jamaica (GOJ) about possible technical assistance. While receptivity to assistance and precise needs remain to be clarified, USAID must stand ready to take a lead role both with the GOJ and in coordination among the country's international donors. Activities under this IR will include technical assistance and institutional capacity development.

### **Program Implementation**

This SO is managed within the Mission by a US Direct Hire who will be coordinating and supervising the work of implementing partners. The Program will be implemented primarily through two (2) performance-based institutional contracts with grants under contract components.

### **Environmental Impact and Mitigation Measures**

Under IR1 and IR2, the components of this program are basically technical assistance, training, policy dialogue, workshops and institutional capacity building which have no negative impact on the physical or natural environment and hence qualify for a Categorical Exclusion under 22 CFR 216.2(c)(2)(i), (iii), (v) and (xiv).

However under IR1, in addition to the technical assistance and capacity building support which qualifies for a Categorical Exclusion, the possibility exists that economic initiatives focused on the development of competitive clusters may have a direct or indirect negative impact on the environment. Such activities are not foreseen at this time but might arise given the "demand driven" nature of the program. For example, increased marketing for Jamaican ginger may increase harvesting pressure thus impacting negatively on local ecosystems. Therefore, we recommend Negative Determination with the Condition that the Mission assesses the program's potential to impact the natural and physical environment by ensuring that contractors/grantees review the approved "Regulation 216 Guidelines for Jamaica"<sup>1</sup> and complete the appropriate checklist. If an activity is found to have a potential negative impact on the environment, a supplemental IEE will be submitted for these activities.

On an ongoing basis, the Mission will monitor the activities and also seek opportunities to educate and raise the awareness of both the public and private sectors on the potential environmental impacts of their activities.

### **Recommendations for Threshold Decision**

*Categorical Exclusion*:- Pursuant to 22 CFR 216.2(c)(2)(i), (iii), (v) and (xiv), a **Categorical Exclusion** is recommended for activities involving the provision of technical assistance, policy dialogue, education, workshops and others as identified in the IEE as activities that do "not have an effect on the natural or physical environment".

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<sup>1</sup>[http://inside.usaid.gov/LAC/RSD/E/docs/Jamaica\\_Guidelines.doc](http://inside.usaid.gov/LAC/RSD/E/docs/Jamaica_Guidelines.doc)

Negative Determination, with Conditions – A **Negative Determination, with Conditions** is recommended for IR1 activities involving the development of competitive clusters with the condition that contractors/grantees review the “Regulation 216 Guidelines for Jamaica” and complete the appropriate checklist.