

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Jamaica
Project Title: Natural Assets Managed for Rural Development and Sustainable Economic Growth
Project Number: 532-010
Funding: US\$ 19.2 million
Life of Project: FY 2005- 2009

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KJ 12/7/04

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Recommended Threshold Decision: Categorical Exclusion/Negative Determination with conditions/Deferral

CONCURRENCE

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MISSION DIRECTOR'S DECISION

Approved:

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Date:

13 Dec 2004

LAC BUREAU ENVIRONMENTAL OFFICER'S DECISION

Approved:

Jerry Bisson

Date:

Background: There is a direct link between Jamaica's economy and its natural resource base. Major industries such as tourism, bauxite mining and agriculture have had deleterious effects on Jamaica's natural resources, on which the country's continued sustainable growth depends. Poor agricultural practices are reducing soil stability. Chemical run-off is affecting not only rivers and streams, but ultimately the coastal waters. In addition, extreme poverty forces residents to eke out a living on marginal lands and more fragile ecosystems. Unsustainable production systems only cause these lands to become further degraded. Sustained economic growth, therefore, must include a mechanism to address the issues of environmental degradation as a direct consequence of rural poverty.

Although the basic premise of the previous "ridge to reef" approach remains valid, the new strategic objective framework expands and refines our attention to the economic development needs of poor rural communities.

For the new strategy, USAID will build on this experience, continuing to address environmental concerns – especially watershed and disaster vulnerability management – with a program approach that more comprehensively incorporates the socio-economic problems of the rural poor and their impact on natural resources.

Program Description: Activities to be undertaken under USAID/Jamaica 2005-2009 Environmental program "*Natural Assets Managed for Rural Development and Sustainable Economic Growth*" also support the USAID/State Joint Strategic Plan Performance Goal: "*Partnerships, initiatives, and implemented international treaties and agreements that protect the environment and promote efficient energy use and resource management.*"

The objective brings to the fore, concern for the impact of economic development on the natural resource base together with increasing awareness of the close interrelationship between poverty, especially rural poverty, and environmental degradation. The environmental challenges will be addressed through activities under the following Intermediate Results (IRs):

IR1. Improved management of ecosystems: This IR will build on the current strategy's successes in watershed and coastal zone management. In addition, best practices and management for the conservation of biodiversity-rich habitats will be explored. The focus on water quality improvement will include efforts to establish and institutionalize riverine and coastal water quality monitoring and improve potable water quality. Where activities address bio-diversity conservation, interventions will be addressed in the context of improved management of terrestrial and marine parks and protected areas.

Illustrative Activities:

- providing technical assistance and training for effective management of protected areas;

- development of water quality and river basin monitoring programs;
- applying the findings of watershed valuations in decision making & the development of public awareness messages;
- expansion of public awareness programs designed to increase environmental knowledge;
- mainstreaming of environmentally friendly technologies:
 - e.g. Utilization of Constructed wetlands to handle liquid waste

IR2. Institutional capacity to manage natural assets increased: The program will give attention to skills and capacity building, targeting community and national personnel, especially in the government agencies that will sustain USAID initiatives, as well as in civil society groups, e.g., NGOs and CBOs. Assistance will also be given in the management and development of policy frameworks for coastal zone and marine areas, watersheds, bio-diversity and tropical forestry, as well as public sensitization to environmental issues and regulations.

Illustrative Activities:

- working at the local level to develop community environmental plans;
- streamlining of mechanisms at the permits and licensing system of the National Environment and Planning Agency (NEPA);
- support to national and local level mechanisms that coordinate activities among the entities involved in planning and natural resources management in Jamaica.

IR3. More environmentally sustainable rural enterprises: The aim will be to enhance rural prosperity through new and improved environmentally and economically sustainable rural enterprises. The program will seek to improve local and international trade competitiveness through enterprises and products of environmental best practices.

This would include Environmental Management Systems (EMS) programs in the public and private sectors that may include internationally recognized certifications such as organic, ISO 14001, with a mainstreaming of environmental best practices within rural enterprises. Some activity will focus on improving the access to financing for environmentally friendly enterprises.

Illustrative Activities:

- Building or strengthening productive capacity of targeted rural communities
- Promoting the sustainable development of agricultural and non agricultural business enterprises
 - o Where feasible, these will include finance facilities with the Development Credit Authority (DCA)
- The development of a Rural Enterprise and Agriculture Development Strategy for Jamaica
- Blue Flag/Green Globe and Forest Product Certification
- Rural Business/Tourism Partnership programs

Program Implementation: The program under this strategic objective will be implemented primarily through performance-based institutional contracts, supported by grants to community based organizations and other key institutions. The Team Leader, Office of the Environment along with the SO 10 team members will coordinate and supervise the work of implementing partners. The possibility also exists for Mission buy-ins to USAID's centrally-managed projects, which support Program objectives.

Environmental Impacts and Mitigation Measures: By nature, this program will be designing programs with minimal or positive impacts on the environment. Where activities under the three components of this program are environmentally neutral, for example, the provision of technical assistance for training, policy and legislative development and institutional capacity building there will be no negative impact on the physical or natural environment. In fact the programmatic focus of this strategic objective involves activities that are designed to improve environmental practices, through the promotion of a holistic approach to conversation and development.

Under IRs 1 & 3, activities involving small scale construction, e.g. environmentally friendly sanitation solutions, or the use of agricultural chemical the potential exists for minimal negative impacts on the environment. Where there is need for the use of inorganic chemicals (fertilizers, and pesticides) measures will be implemented to minimize or negate any negative impact on underground water sources, and endemic flora and fauna that may inhabit targeted areas. Where there is small-scale construction the activities will focus on the use of environmental sound technologies such as constructed wetlands and energy conservation solutions only where such activities are deemed suitable. These activities will be also be reviewed for impact against the approved USAID Jamaica environmental impact checklists.¹ In addition, the contractor will ensure that all local planning and permitting requirements of the National Environment and Planning Agency (NEPA) are met.

Where activities involve the use of pesticides, in addition to ensuring compliance with USAID pesticide procedures, activities will be coordinated with competent local experts from the Jamaica Pesticide Control Authority (PCA) and the Ministries of Health and Agriculture who have local responsibility for regulating the handling and management of agricultural chemicals. Training in the proper use and disposal of chemicals will be done in partnership with the PCA, Ministry of Agriculture (MOA), and Certified Pesticide Dealers (CPD).

Table 1 summarizes activities envisioned for the program, their potential impact, and solutions that will be put in place to mitigate them.

¹ Regulation 216 Guidelines for Jamaica:

http://inside.usaid.gov/LAC/RSD/E/docs/Jamaica_Guidelines.doc

Table 1: Summary of Activities, potential environmental impacts and Mitigative Measures

Intermediate Result/Activity	Potential Environmental Impact	Conditions recommended for mitigation
IRs 1&2: Training, Public Awareness, & Technical Assistance interventions And Institutional Capacity Building	No Impact	--
IR 1: Demonstration of/ mainstreaming environmental friendly technologies e.g. innovations sanitation solutions,	<ul style="list-style-type: none"> - Clearing of land; - Contamination of waterways from improperly treated sewage 	<ol style="list-style-type: none"> 1. Activity specific mitigative measure to be completed with the "Environmental Checklist" and approved by USAID CTO 2. Technologies to incorporate site-specific engineering options 3. Activities to be compliant with local permitting processes outlined by NEPA, and or other relevant authorities
IR 3: Strengthening productive capacity in rural communities e.g. increased sustainable production of select crops through the introduction of new technologies and production approaches	<ol style="list-style-type: none"> 1. Clearing of land; 2. Contamination of environment/waterways by agricultural chemical run-off or poor use. 	<ol style="list-style-type: none"> 1. Activity specific mitigative measure to be completed with the "Environmental Checklist" and approved by USAID CTO 2. All pesticide use to be compliant with USAID and Government of Jamaica (GOJ) requirements 3. NO NEW SPECIES WILL BE INTRODUCED. 4. Minimal use of chemicals, integrated pest management (IPM) practices (Mechanical control of pests, cultural methods, etc.) and soil conservation measures to be integrated in activity design.

Monitoring and Reporting: This Intervention will be managed within the USAID/Jamaica- Caribbean Office by a USAID Technical Officer based in Jamaica. Each activity will have site-specific impact and mitigation measures that will be applied after the contractor has completed attached checklists as per "Regulation 216 Guidelines for Jamaica" ². Checklists will be approved by the Cognizant Technical Officer (CTO) prior to activity implementation. The CTO will be responsible for overseeing, verifying and monitoring the implementation of mitigative measures throughout the life of the activity, ensuring compliance with the categorical exclusion and negative determination threshold decisions recommended for this program. In addition USAID/J-CAR will ensure that all environmental compliance activities are elaborated in all technical reports.

The CTO, together with partners, will be responsible for reporting on environmental compliance in their semi-annual reporting cycle. USAID/J-Car's Mission Environmental Officer will review and approve these compliance reports. Appropriate sections of USAID/LAC Environmental Guidelines will be followed for corresponding activities.

²http://inside.usaid.gov/LAC/RSD/E/docs/Jamaica_Guidelines.doc

Recommendations for Threshold Decision:

Categorical Exclusion/Negative Determination with Conditions/Deferral

Pursuant to 22 CFR 216.2(c)(2)(i), (v) and (xiv), a **Categorical Exclusion** is recommended for activities involving the improved management natural resources through the promotion of best practices, the strengthening of national and community level capacity for natural asset management, as well as the park strengthening activities under Parks in Peril Program. This exception as per 22 CFR 216.2(c)(2)(i) covers educational, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment; and (xiv): studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as constructing facilities, etc.).

A **Negative Determination with Conditions** be recommended for: **1) IR 1** activities that involves the transfer of environmentally friendly technology. For these activities the contractor and the Mission will assess the program's potential to impact the natural and physical environment by ensuring that contractors/grantees review the approved "Regulation 216 Guidelines for Jamaica, complete the appropriate checklist and implement an effective monitoring protocol. If an activity is found to have a potential negative impact on the environment, a supplemental IEE will be submitted for these activities. **2) IR 3** activities relating to promoting sustainable development of agricultural and non-agricultural rural enterprises through the introduction of improved production techniques and systems. **3) IRs 1 & 3** activities involving use of the Development Credit Authority (DCA) loan guarantee facility to mobilize local capital for water/sanitation and environmental retrofitting projects. The financial institution will be required to recognize the host government's relevant environmental applications and determinations within the loan approval process.

For all activities supporting the use of agro-chemicals a **Deferral** is recommended in accordance with the procedures set forth in 22 CFR 216.3(b)(1). A supplemental IEE will be submitted to the LAC Bureau for pesticide related activities when project specifics regarding use of chemicals are known as well as upon final design of other activities not specified in this document.

Where activities involve use of the Development Credit Authority (DCA) loan guarantee facility to mobilize local capital for water/sanitation and environmental retrofitting projects, the potential exists that construction activity may be financed by the local bank. While USAID funds will not be used directly under this program to fund construction of infrastructure projects, and generally do not exercise control over the activities the local lending institution it is recognized that the potential exists for a causal relationship between the activity and the Agency. However, through the DCA legal agreement, the lending agency will be required to review the environmental considerations associated with this activity and conform to the Government of Jamaica's environmental and

planning approval. Within the framework of NEPA's planning and permitting process, USAID is confident in the organization's ability to conduct effective environmental reviews and determinations. Therefore, where DCA activities are financed a negative determination is recommended.

General Conditions

Language in contracts and agreements should be included to ensure that the contractor/grantee is aware and complies with all environmental requirements applicable to USAID-financed activities, including those set forth in Title 22 of the United States Code of Federal Regulations Part 216. The agreement will require the design and implementation of required mitigations or other prescribed environmental management measures pertinent to Regulation 216.

In addition, all sub-grants issued under this agreement/contract shall contain a requirement that: *“Under no circumstances will funds be used for the procurement or use of pesticides, the purchase of equipment which could be used for commercial timber harvesting, nor activities, projects or programs, including management plans involving commercial timber harvesting unless the appropriate environmental assessment is conducted and is approved by the LAC BEO.”*