



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 20-Oct-2020 | Report No: PIDISDSA29235



BASIC INFORMATION

A. Basic Project Data

Country Jamaica	Project ID P173165	Project Name Jamaica Foundations for Competitiveness and Growth Project Additional Financing	Parent Project ID (if any) P147665
Parent Project Name Jamaica Foundations for Competitiveness and Growth	Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 07-Oct-2020	Estimated Board Date 15-Dec-2020
Practice Area (Lead) Finance, Competitiveness and Innovation	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Planning	Implementing Agency Planning Institute of Jamaica

Proposed Development Objective(s) Parent

To strengthen the business environment in Jamaica for private sector investment.

Components

- Enhancing competition in the business environment
- Facilitating strategic private investments
- Supporting SME capabilities and finance
- Project implementation and M&E

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	10.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	10.00
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Environmental Assessment Category

B-Partial Assessment

‘Have the Safeguards oversight and clearance function been transferred to the Practice Manager?’ Yes

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

1. Following a long period of low and volatile growth coupled with large fiscal deficits and deteriorating debt dynamics, the Government of Jamaica (GoJ) embarked on a program of fiscal consolidation which has resulted in a remarkable turnaround since 2013. Over the last five years, real GDP growth rate averaged about 1.2 percent, and public debt was trending downward estimated at about 90 percent in 2019. Unemployment dropped from 13.2 percent in 2015 to reach an historic low rate of 7.8 percent in 2019. However, poverty rate remains relatively high at about 20 percent in Jamaica, the largest island in the English-speaking Caribbean, and the most populated with 2.93 million people.

2. The COVID-19 crisis is now posing new challenges for the Government which has adopted a series of measures to address the deteriorating economic and social situation. Overall, the pandemic is negatively affecting the economy and the private sector through several channels including: (i) falling demand, (ii) disrupted input supply, (iii) tightening of credit conditions and (iv) rising uncertainty. As a response to crisis, the government is implementing several fiscal and monetary stimulus packages. These short-term measures are expected to contribute to alleviating the immediate burden of the crisis but will not be sufficient to accelerate the recovery. This post-COVID recovery will require a more comprehensive package of support together with further reforms in the investment climate which has improved in the recent past.

3. The GoJ has been strongly committed to improving its business environment and has accelerated its investment climate reform efforts with the aim to boost growth and jobs. Jamaica’s National Competitiveness Council (or NCC) has openly embraced the country’s investment climate/business environment reform agenda. In recent years NCC has become the country’s main platform for public-private dialogue, a forum to discuss and agree action on critical new legal, regulatory, and institutional change. Despite recent progress, there is still room to improve the business environment and attract investments going forward.

C. Proposed Development Objective(s)

Original PDO

To strengthen the business environment in Jamaica for private sector investment.

Current PDO

To strengthen the business environment in Jamaica for private sector investment.



Key Results

4. **The Jamaica Foundations for Competitiveness and Growth original loan (FCGP) is satisfactory.** After 6 years, progress towards achieving the Project Development Objective (PDO) and the Overall Implementation Progress (OIP) is rated “Satisfactory” per the latest Implementation Supervision Report (ISR) of June 2020.

5. **Under the proposed Additional Financing, the result framework will be revised, and new indicators added.** The proposed new indicators to be validated with the Government include:

- Reduction in time spent to comply with payroll tax requirements (Hours);
- Quality of the land administration index (Number)
- Time to connect to a new electricity connection in Kingston (Days)
- Percentage of shipments fast-tracked based on new risk management protocols (Percentage)
- Extent of conflict of interest regulation index (Number)
- Percentage of cases referred to mediation by the commercial court initiated via the online portal (Percentage)
- Number of firms participating in new linkages/Supplier Development Program (Number)
- Number of commercial applications facilitated via the Jamaica Development Application Portal (Number)
- Sex-disaggregated firm-level data on business constraints collected by PIOJ; and the sub-indicator Yes/No
- Global benchmarking assessment of Jamaica’s regulatory environment to identify gender disparity issues Yes/No
- Based on the sex-disaggregated data, and the conduct of the benchmarking exercise, PIOJ identifies regulatory adjustments to reduce business constraints faced by female-owned firms. Yes/No
- Impact evaluation study done (Yes/No)

D. Project Description

6. **Following the Government’s request letter dated July 17, 2019,** the proposed AF was designed to support the government’s effort to improve the investment climate. This will also scale up the country’s recent positive performance under the original loan. This AF will provide resources to component 1 (Enhancing competition in the business environment) and component 4 (Project implementation and M&E) of the original loan. A new component 5 (Contingent Emergency Response Component) will also be added as part of the AF.

Component 1: Enhancing competition in the business environment (U\$8.5million AF).

7. **The AF will expand its support to the investment climate reform program.** Under the original loan, the investment climate program provided support to four areas: (i) trading across borders, (ii) dealing with construction permits, (iii) registering a property, and (iv) resolving insolvency. The AF will continue to provide support to these four areas. In addition, the AF will provide TA to new investment climate areas: (i) paying taxes, (ii) getting credit, (iii) starting a business, (iv) enforcing contracts, (v) getting electricity, and (vi) protecting minority investors. The AF support to the reform program is expected to be complemented by an IFC technical assistance (TA) currently under preparation.

8. **The AF will also finance communication and sensitization campaigns** as needed for all investment climate reforms.



9. **The AF will also finance TA to expand the activities started under the original loan to improve market penetration through expansion of the Export Max III.** This is intended to support SME expansion into global markets and develop linkages through capacity building, market penetration, mentorship and digitization support. These will be accompanied by a new Business Linkages Policy and a National Supply Chain and Market Penetration Strategy.

10. **Lastly, under component 1, the AF will provide TA to scale support to investment facilitation** in line with the government's effort to attract Foreign Direct Investments.

Component 4: Project implementation and M&E (US\$ 1.5 million AF).

11. **The AF will provide resources to component 4 to continue to fund all the management and operational costs associated with the project and its implementation arrangement (US\$1 million).** These costs will include technical and fiduciary staff at PIOJ under the Project Implementation Unit (PIU) and routine project audit and evaluation expenses. As part of the agenda to promote gender equality, this component will also finance a study to help address, among others, employment of women in MSMEs, new business licenses granted to women, understanding sectoral differentiations, male/female access, and ownership to assets and credit (constraints). Finally, as part of the citizen engagement agenda, this component will finance an impact evaluation study to collect data on impact of regulatory reforms on firm performance.

Component 5 - Contingent Emergency Response Component (US\$0).

12. **The AF project will also add a new US\$0 Contingent Emergency Response Component (CERC).** The CERC is a project component that is designed to provide swift response in the event of an eligible crisis or emergency, defined as "an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters."

E. Implementation

13. **The AF's technical design and implementation arrangements remain the same as originally approved for Component 1 of the original loan.** There will be no change to the implementation arrangements, with the Planning Institute of Jamaica (PIOJ) continuing to be the main implementing body and with the Jamaica's investment and trade agency (JAMPRO) as the lead implementing agency for component 1. In turn, JAMPRO will work closely with all relevant ministries, departments and agencies. The Financial Management and Procurement responsibilities for the project will continue to be carried out by the Project Implementation Unit (PIU) within PIOJ.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

As is the case with the original project, investments can be made across the island of Jamaica. Most of the Additional Financing is earmarked to continue business climate reform activities under Component 1. The CERC if triggered may focus on technical assistance under component 2, and loans and grants under



component 3. The same safeguards management framework and clients will manage the AF and the CERC if triggered.

G. Environmental and Social Safeguards Specialists on the Team

Gibwa A. Kajubi, Social Specialist
Michael J. Darr, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	OP/BP 4.01 was triggered under the original project mainly due to component 3 (SME-related with possible activities with direct impact). It is also triggered for the Additional Financing OP/BP 4.01 to address potential environmental and social risks under certain Component 1 actions (the creation of a process framework for a national food safety lab). The risks from this action are indirect and can be addressed by developing an Environmental Assessment (EA) and/or an Environmental Management Plan (EMP). In addition, the CERC component may engage any of the previous activities under Component 2 such as technical assistance actions (privatization or transaction advice) also potentially requiring EAs or EMPs; or, direct lending or grants to MSMEs (particularly in the tourism sector) requiring the application of screening, permitting, and other due-diligence actions for environmental and social management. The Environmental Management Framework (EMF) developed for the original project, and modified for the AF, describes these procedures and protocols
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not triggered
Natural Habitats OP/BP 4.04	No	This policy is not triggered, as the project will not finance activities that have a direct impact on



		natural habitats. As part of the EMF, all environmental analyses conducted related to studies to support subsequent private investment activities (PPF-related or SME-related) will exclude those with any significant potential impacts on natural habitats.
Forests OP/BP 4.36	No	This policy is not triggered, as the project will not finance activities that have a direct impact on the management of forests or forest-dependent communities. As part of the EMF, all environmental analysis conducted related to studies to support subsequent private investment activities will exclude those with significantly potential impacts of the investments on forests.
Pest Management OP 4.09	No	This policy is not triggered, as the EMF will include provisions regarding the procurement or use of pesticides. All EIAs conducted related to studies to support subsequent private investment activities, and the environmental considerations regarding loans to SMEs, will adhere to requirements in the EMF regarding the investments to purchase or use pesticides.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered, as the project will not finance activities that have a direct impact on physical cultural resources. All environmental analysis conducted related to studies to support subsequent private investment activities will consider the potential impacts of the investments on physical cultural resources as appropriate, including chance finds procedures as described in the EMF.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered, as there are no indigenous peoples as defined under OP 4.10 in Jamaica.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered, as the project will not finance activities that will directly cause involuntary resettlement or require land acquisition. All social analysis conducted related to studies to support subsequent private investment activities will consider the potential need for land acquisition associated with the investments, as well as the situation of land ownership and occupation.
Safety of Dams OP/BP 4.37	No	This policy is not triggered, as the EMF will exclude any project related to large or high hazard dams.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered, as the project will not finance activities that have a direct impact on international waterways. All analysis conducted



related to studies to support subsequent private investment activities will consider the potential impacts of the investments on international waterways as appropriate.

Projects in Disputed Areas OP/BP 7.60

No

This policy is not triggered, as the project will not finance any activities in disputed areas as defined under the policy.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The AF activities are the same as those originally undertaken under the original project and will not trigger any additional safeguards policies. Impacts would be indirect through MSME loans or grants, technical assistance, or business climate reforms. There are no large scale, significant, or irreversible impacts identified. The project remains categorized as “B” and impacts will be addressed through the existing EMF as updated for the AF and CERC.

AF Social Risk Rating: The project did not trigger any social safeguards and continues to present only indirect risks. The Additional Financing deals with Component 1 and will not trigger any social safeguards policies.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

There are no anticipated direct long-term impacts that could be attributed to the project. Potential indirect impacts of the project would be addressed through a review of component 1 activities, scoping and ESIA's funded by Component 2, and the DBJ Environmental Policy and Management System for loans and grants under component 3.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The technical assistance studies under component 2 include alternative analysis in the case of feasibility studies or ESIA's funded by the project. Loans and grants under component 3 require compliance with national permitting requirements and may include alternative analysis if so stipulated by the authority.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The project Environmental Management Framework (EMF) includes separate environmental management elements for each component and will be updated to include the AF and CERC. For Components 2 and 3, the development bank of Jamaica DBJ has developed an Environmental Policy and Management System for the FCG project as well as another World Bank project (Access to Finance) and internal risk management systems and will continue to staff a dedicated Environmental and Social Specialist. For Component 1, the Planning Institute of Jamaica (PIOJ) will maintain its role as the Project Implementation Unit (PIU) and manage the Grievance Redress Mechanism and work with JAMPRO to address any potential environmental and social impacts under Component 1.

The safeguards capacity for the original project has increased throughout implementation, and will now be further



improved with the addition of an Environmental and Social Specialist at DBJ. The Specialist will be responsible for environmental and social risk management of DBJ’s portfolio and implementation of their Environmental and Social Management System (ESMS), including safeguards for the Access to Finance Project (another World Bank-funded project), and any ongoing or CERC activities from the Foundations for Competitive Growth FCG project. Further, the PIOJ will maintain the project-wide Grievance Redress Mechanism.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The EMF for the parent project was disclosed and a public consultation held prior to appraisal and updated to include on-line DBJ procedures. The EMF will be updated to include the AF and CERC and redisclosed on the websites of DBJ, PIOJ, and JAMPRO, as well as the World Bank. A Grievance Redress Mechanism is managed by PIOJ.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
29-Oct-2020	30-Oct-2020	

"In country" Disclosure

Jamaica
05-Nov-2020

Comments

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
No



The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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