

PROFILE II

JAMAICA

APRIL 18, 2002

Project Name: South Coast Sustainable Development Program

Project Number: JA-0112

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Date of Profile I: January 28, 2000¹

Borrower: Government of Jamaica (GOJ)

Executing Agency: Ministry of Environment of Tourism and Sports through the Tourism Development Company (TPDCo).

Financing Plan:

IDB: (OC)	US\$14.0 million
Borrower:	US\$ 2.0 million
GEF ² :	<u>US\$ 4.0 million</u>
Total:	US\$20.0 million

Tentative Dates:

Next mission:	May 2002
Loan Committee:	August 2002
Board:	September 2002

PTI: No

SEQ: No

¹ The Profile I-Update Note was considered by the Programming Committee on April 17, 2002.

² Global Environmental Facility (GEF).

I. BACKGROUND

A. The South Coast development challenges

- 1.1 Jamaica's South Coast contains some of the least developed areas of the country and some of the most outstanding ecosystems. The South Coast region of Jamaica extends from the Hellshire Hills just west of Kingston to the eastern boundary of Negril (see Annex I – Area Map). It covers five parishes: Westmoreland, St. Elizabeth, Manchester, Clarendon and St. Catherine, and stretches over 320 Km of coastline. The population of approximately 1.1 million (40% of total population) derives its income from fishing and agriculture (9%), manufacturing (15%), construction (15%), mining (29%), and other services (31%).
- 1.2 The economy of the region has been under performing. The agricultural sector is affected by continuing decline in the sugar industry. The manufacturing sector is declining, with continuing downsizing of major businesses particularly in the garment industry along the South Coast. The long-term decline in the marine catch has undermined the fishing sector. Tourism has expanded in many areas, but occupancy rates have been generally low, the upgrading of existing facilities has been sporadic. Construction has been patchy in most of the area with the exception of the Old Harbour by-pass and the new Highway 2000 project, a 74-kilometer expressway between Kingston and Williamsfield in Manchester. Only mining is expected to expand providing some employment relief.
- 1.3 Some of the important ecosystems of the South Coast include: coastal wetlands, limestone forests, rivers, springs and blue-holes, swamps, near-shore cays, sea grass beds and coral reefs. These natural resources have been exploited in varied ways such as agriculture, fishing, mining, and water abstraction. In many cases predatory practices, with insufficient or ineffective protection of sensitive areas, are leading to increasing levels of environmental degradation. With appropriate management, the area's natural endowments could play a significant role improving the income earning capacity and quality of life of the South Coast inhabitants, and enhancing the area's contribution to the national economy.
- 1.4 Despite this mixed economic performance, some urban areas and fishing communities are growing in the South Coast. There has been a rapid expansion of informal housing, both in sporadic development along major roads and in some more prosperous rural areas. At the same time, there has been stagnation in some remote rural areas causing migration of people of working age. Infrastructure is inadequate throughout the region, mainly due to poor connections between the region, inadequate water distribution networks, lack of sewerage in the main urban areas, periodic flooding in some towns, and overcrowded schools. There are concerns with the quality of health and education.

B. Institutional framework

- 1.5 The main public agencies involved in the development of the South Coast are the Ministry of Land and Environment, the Ministry of Tourism and Sports, the Ministry of Local Government, Youth and Community Development, Parish Councils, the Planning Institute of Jamaica (PIOJ), the Urban Development Corporation (UDC), the National Environment and Planning Agency (NEPA), and the Tourism Product Development Company (TPDCo). A summary description of those participating in the Program follows.
- 1.6 The National Environment and Planning Authority (NEPA) was created in 2001 from the merger of the Natural Resources Conservation Authority (NRCA), the Town Planning Department (TPD), and the Land Utilization, as a specialized agency of the Ministry of Land and Environment. NEPA is the lead government agency responsible for the sustainable management and protection of Jamaica's natural resources and it is the national focal point for environmental information in Jamaica. NEPA exercises authority under the following Laws: the Natural Resources Conservation Act, the Beach Control Act, the Wildlife Protection Act, the Watersheds Protection Act, and the Town and Country Planning Act.
- 1.7 TPDCo, a specialized planning and implementation agency of the Ministry of Tourism and Sports, is responsible for the development of tourism through establishment of standards, licensing, training and implementation of special projects. Its main strength lies in its ability to work with local operators through the Tourism Resort Boards. Within the region, the South Coast Resort Board set up in 1994, has been a positive vehicle for community involvement in tourism marketing and product development issues.
- 1.8 The role of the central government has been complemented by a local government administrative system in existence since colonial times. The parishes' role in local government has undergone three marked transitions since independence. First, parishes assumed responsibility for a wide range of local services. Later, in 1985, the Central Government limited the parishes' authority and responsibility for provision of services and revenue generation, and centralized activities in national government agencies. The decline in the quality of services and the condition of parochial infrastructure, led to the decision in 1993 to decentralize many public sector responsibilities through a Local Government Reform Program (LGRP).
- 1.9 Under the LGRP a number of functions and powers have been gradually restored to the parishes. A large effort to strengthen the capacity of the parishes and the Parish Councils is under way, including the Bank's support through the Parish Infrastructure Development Program (Loan 1177/OC-JA). Laws and regulations that govern every aspect of local government are under review. The LGRP is moving forward clarifying the responsibilities of the Parish Councils vis-à-vis central government.

- 1.10 A welcome development has been the establishment of local environmental non-governmental organizations (NGOs). The most active within the South Coast are: the Caribbean Coastal Area Management Foundation (CCAM), formally incorporated in 1998 and dedicated to the management and sustainable use of the natural resources of the Portland Bight protected area; St. Elizabeth Environmental Protection Association (SEEPa), based in Black River; and the recently established Manchester Environmental Protection Agency (MEPA). The GOJ has adopted a policy to utilize NGOs to manage protected areas, with the expectation that it will allow leverage of additional resources for coverage of recurrent costs of protection and management.
- 1.11 Legislation provides for the protection of fisheries, especially endangered species, through a licensing system of fishermen and vessels, closed seasons and penalties for illegal fishing. Nevertheless, access to fisheries is still open due to the lack of appropriate regulations and enforcement. Plans to deal with the limitations of the regulatory framework through controls on fish net size and mesh size for fish traps, as well as the establishment of quotas have proved difficult to implement. New initiatives in co-management with the participation of fishermen associations and local environmental NGOs have achieved encouraging results. In addition, a promising model of community-based participation has been identified in the study area and was supported through a pilot technical cooperation (ATN/CP-6673-JA) approved in September 1999. This pilot serves as a basis for generating and extending stakeholder involvement to other areas in the South Coast.
- 1.12 As in most integrated, multi-sectoral programs the institutional and legal framework is complex. Interagency coordination within the public sector needs to be improved to overcome problems resulting in overlapping functions and the duplication of efforts and resources.

C. The South Coast Sustainable Development Master Plan (SCSDMP)

- 1.13 Responding to a government request to facilitate a planned approach to the expected growth in the tourism industry and to explore environmentally sustainable pathways to economic growth, the IDB financed a US\$2.4 million study of the physical and socio-economic characteristics of the South Coast. Financed through the Multisectoral Preinvestment Loan (835/OC).
- 1.14 The SCSDMP identified projects and programs in each of the key development sectors for the South Coast. A package of core projects³, likely to cost US\$700 million has been proposed as a long-term goal for the region. The projects aim to address critical infrastructure and human resources constraints, as well as to secure the environmental assets of the region and promote economic growth. The projects were evaluated taking into consideration economic, social and environmental criteria, as well as consistency with the concept of sustainable

³ 175 projects were identified and assessed during preparation of the SCSDMP

development and stakeholder support. The projects selected were of a public nature and in support of private sector industrial or social sector development and complementary to GOJ efforts already under way or committed. Through a process of extensive community meetings and consultations, the study produced 11 technical reports. They include detailed mapping (at 1:50,000) of the entire study area in a geographic information system, a Sustainable Development Plan, and pre-feasibility analyses for three investment projects ranked on top. Two of the top three ranked projects⁴ —tourism and fisheries management— have been submitted by the government for consideration to the Bank as the core investments for the Program.

- 1.15 The SCSDMP presents a vision shared by the GOJ and community leaders for the development of the region. This vision is based on the following principles. Economic growth and diversification are essential if basic human needs are to be satisfied. Appropriate development of infrastructure is a prerequisite for such a growth. All sections of the community should be empowered and encouraged to participate in planning decisions that will affect their livelihoods. Rich environmental assets underpin the sustainable development of the region. Policies and strategies must protect and manage the diversity of the natural and man-made environment, including marine and terrestrial environments, as well as cultural heritage resources. Surface and underground water resources must be maintained in sufficient quality and quantity to sustain human needs and the integrity of natural ecosystems that depend of the resource. Development activities should be carefully planned and implemented, and adequate steps must be taken to minimize environmental impact of development activities.
- 1.16 The South Coast Sustainable Development Master Plan aims to provide a framework for the management of the natural and man-made environment and to achieve orderly and sustainable development of the South Coast. The Plan includes land use designation to promote: best use and sustainable development of natural resources; protection and conservation of the terrestrial and marine environment; conservation of the cultural heritage; community development and improved health conditions; and diversification of economic activities.
- 1.17 The Plan envisages sustained development based on adding value to the natural and human resources of the region through the growth of community-based services. The key environmental assets which will support sustainable growth are: the high quality of coastal and upland landscapes; the rivers and groundwater resources; the prime agricultural land; extensive forests and wetlands; the beaches, reefs and fish nursery areas; and the distinctive cultural heritage of the region. Building on these resources, strong protection and management of critical natural resources is at the core of the Plan's vision.

⁴ The third project is the Savanna La Mar sewage treatment project, The GOJ, decided to postpone the execution of this project.

- 1.18 The scale of future tourism growth on the South Coast will be related to the capacity of the physical, environmental and social infrastructure. A phased, incremental approach, with an emphasis in low-density development is recommended.
- 1.19 Some of the activities of the Plan will fall under the responsibility of the Parish Councils, as is the case of solid waste management and disposal and local road access. The Parish Council participation will follow the criteria established by the Parish Infrastructure Development Program and a close coordination will be followed with the efforts of local government reform, enhancing local capacity to cover costs with increased revenue streams and improved financial administration.

D. Government and private development initiatives in the South Coast

- 1.20 The Government of Jamaica, recognizing the tourism sector as one its principal growth areas, created the Ministry of Tourism in 2000 to spearhead the sector at the cabinet level. As part of this push, the Ministry of Tourism (now Ministry of Tourism and Sport) developed the Tourism Strategy Master Plan, completed in 2001. This Plan called for the diversification of the tourism product on offer from the traditional sun, sea and sand to include nature, community, and cultural heritage tourism. In this context, the Ministry has enthusiastically embraced the concepts developed in the South Coast study as a tangible way of advancing the policy goals laid out in this Tourism Master Plan.
- 1.21 In addition, the South Coast Sustainable Development Program represents a forward step in the planning process that has been underway on the South Coast for the past decade. In 1993, the GOJ launched the Southwest Development Program focusing on developing the resources of the South Coast for tourism and industry. This program emphasized regional integration, through enhanced transportation networks and better land use planning and was supplementary to other Township Plans. The South Coast Development Study built on this effort and widened its scope to include environmental conservation as the basis for a diversified tourism product.
- 1.22 The proposed investment project will therefore present the country with the opportunity to plan for development in an integrated sustainable way, with tourism as a potential engine of growth, whilst ensuring proper land use planning, and preservation of the natural and cultural heritage of the area.
- 1.23 The GOJ has been promoting investment within the South Coast. The road improvements between Kingston and Williansfield in Manchester will contribute significantly to shorten the travel time from Kingston to the proposed recreational sites around Portland Bight. From the industrial perspective the steel mill at Salt River will be the largest investment (US\$76 million) and in the tourism sector the Beaches Whitehouse Resort in the parish of Moreland (350-bed hotel) is schedule to open during 2003.

- 1.24 There are now three safari tour companies in the Black River area that attract around 70,000 visitors per annum. Visits are mostly part of a day trip from the north coast resorts. However, the day visitor is only one element of Black River's potential tourist market. Greater economic benefits can be secure from tourists staying in the town or the immediate vicinity. Jamaica Tourist Board figures show that 3.6% of Jamaica's stop over visitors express intention on arrival to stay within the South Coast. This represents 39,137 tourists, or 470,000 tourist days at the average length of stay of 12 days. Another potential market for the south coast is the 180,000 passengers arriving at Montego Bay. The main resident market for the South Coast is the population of Kingston and Spanish Town. Hotel accommodations have expanded to provide around 110 bedrooms within the town. Occupancy rates are particularly low though, as with the rest of the South Coast which reports less than 40% occupancy.

E. Project rationale

- 1.25 The economic development strategy proposed by the SCDMP and adopted by the GOJ gives priority to the steady growth in tourism accommodation through the development of well design, low density hotels, guesthouses and cottages in attractive natural locations. It also calls for upgrading of nature and heritage based attractions for visitors, including a network of protected areas, and stronger marketing of those attractions.
- 1.26 Therefore, the proposed program builds on the resources and distinctive character of the south coast. The emphasis is on nature and heritage based tourism, community involvement and local economic linkages. To this end the revitalization of Black River Town is strategically important to the development of the South Coast area of Jamaica as a whole. Since it provides a physical link between the centers of Negril and Montego Bay from where access to central and eastern parts of the south coast area is not possible in a single day. The planned investments in Black River aim at enhancing the qualities and values of the town as a place to live and work and as a vibrant and thriving community. These aspirations are compatible with a model of sensitive conservation and fostering of the heritage aspects of Black River.
- 1.27 The attraction of a place like Black River lies not only in an understanding of its history and an appreciation of its architecture, but in the experience of an aspect of Jamaican life that is both real and genuine. A stroll through the town or a meal in a local restaurant allows engagement with the local community. The heritage buildings provide a back drop and setting for the everyday life which give it a value and interest that lifts it above the scope of the majority of towns in Jamaica. The activities are aimed to create an enabling environment for private sector investment in tourism services and to attract potential demand from north coast visitors expanding the amenities and services in the south.

- 1.28 Establishment of new protected areas is consistent with the priorities set by the Policy for the National System of Protected Areas securing and protecting important coastal habitats including wetlands, beaches and sensitive marine adjacent areas, dry limestone forest and upland forest areas. The aim in the fisheries sector is to restore and sustain the productive capacity of marine and freshwater fisheries. The fisheries management activities will draw from the co-management initiatives, already initiated in the Portland Bight area with a very positive response from the fishers' community, as they have proven to improve yields from overexploited shelf and bank areas, prevent degradation of marine and freshwater habitats and aim to integrate fisheries with other development activities, particularly tourism.

II. BANK STRATEGY AND RATIONALE FOR INVOLVEMENT

- 2.1 The Country Paper for Jamaica (GN-2025) defines two overriding objectives. The first to support the establishment of a satisfactory macroeconomic environment; the second, to support a process of structural adjustment and reform aimed at promoting an improved environment for long-term private sector-led growth and development. The Bank will seek to attain these objectives by concentrating its activities in five priority areas: (i) financial sector restructuring and reform; (ii) private sector development; (iii) public sector modernization; (iv) social development; and (v) environmental management.
- 2.2 By supporting improvement in infrastructure, and the necessary environmental and social conditions for the continued and enhanced growth of economic activities, this Program is consistent with the priority areas of private sector development, social development and environmental management. The operation will complement the strategy and proposed activities in the sectors of land management, included in the Land Administration and Management Program (1219/OC-JA), solid waste management, included in the Solid Waste Management Program (1185/OC-JA), and local government development, included in the Parish Infrastructure Development Program (1197/OC-JA).

III. OBJECTIVES AND PROJECT DESCRIPTION

- 3.1 The purpose of the program is to improve the management of the South Coast natural and cultural heritage attractions in order to increase sustainable income generating opportunities for its inhabitants (see Annex III – Logical Framework). The Program will finance strategic investments in protected areas, fisheries management and light tourism infrastructure. In addition, institutional support to regional and local governments, community organizations and NGOs working in

aspects related to resource use and management is proposed. It is envisaged that the Program will be composed of the following components:

A. Components

1. Protected Areas Management and Infrastructure Development (US\$6.0 million)⁵

- 3.2 Management plans will be updated or prepared for the South Coast's terrestrial and marine protected areas. Three protected areas are under consideration: Portland Bight, the Black River Morass, and Canoe Valley. Basic infrastructure — administration buildings, visitor centers, gates, lookout towers, trails— will be constructed to be the locus of administration, research, conservation and community education activities. Equipment and training for enforcement capability will be provided.
- 3.3 A visitor center and related facilities will be constructed at the Portland Bight protected area. The complex, to be located at Salt River, Clarendon, will include facilities for administration, the enforcement staff, canteen, clinic, community radio station, audio-visual meeting room, marina, and a Resource Center including museum, marine lab and visitor facilities. The Hellshire Hills Botanical Garden and Biodiversity Conservation Center will provide a locus for nature tourism and educational outreach activities, as well as providing in situ species conservation.
- 3.4 At the Black River Morass and Canoe Valley protected areas works and improvements will include administrative offices, centers for research and conservation, upgrading of access and trail routes, provisions for community environmental education activities, ranger stations, and equipment and training for enforcement capabilities. The recurrent costs of operating and maintaining these facilities will be partially covered through counterpart financing secured through the Global Environmental Facility (GEF). Additional funding will be achieved through user fees, donations and GOJ contributions.

2. Tourism Development (US\$8 million)

- 3.5 This component would stimulate tourism growth on the South Coast (and diversify the national tourism product) through development of nature, heritage, and community-based tourism. The project will support improved public services such as: local access, water and sanitation, solid waste management and disposal, beach-front development and other limited service infrastructure. This component would also finance community-based tourism development, technical assistance for website marketing and improved standards of service, and trail upgrades and facilities in selected areas. The works will include rehabilitation and improvements of existing systems.

⁵ Preliminary direct cost figures. The amount of US\$6.0 million includes GEF financing of US\$4.0 million.

- 3.6 Two main projects are proposed: The South Coast Heritage Trail and the Black River Heritage Restoration. Both projects will create a context within which development is commercially viable; they will enhance the amenity value of the area creating an appealing environment for private sector investment to provide tourism services. Consultations with all leading tour organizers have established their welcome to the proposed projects and their willingness to invest in the new services to attend the increasing demand from visitors. The project, through the Tourism Resort Boards will cooperate with the private sector promoting work shops, research, improving marketing, provision of performance benchmarking data, advisory visits and direction to other services. The use of the Jamaica Heritage Trust Fund will be promoted to make better use of available matching funds for the rehabilitation of historic buildings. These activities will be part of the institutional strengthening of the local entities with a preliminary cost of US\$ 400,000.
- 3.7 The South Coast Heritage Trail will be designed to reach from Portland Bight and Hellshire in the east to Savannah-la-Mar and Westmoreland in the west, and will be designed within the following areas: Portland Bight, from Hellshire to Milk River; Canoe Valley, from Milk River to Alligator Pond; South St. Elizabeth, from Alligator Pond to Black River; Westmoreland, from Black River to Little London.
- 3.8 The trail will include the development of the following attractions and heritage sites: Salt River Museum, Hellshire Beach Recreational Area, Peake Bay Board Walk and Recreation Area, Little Goat Island Recreation Area, and Cockpit Salt Marsh Boardwalk. In addition, selected natural and historic sites will be upgraded and a Taino Museum will be constructed (site selection pending), based on projected demand and utilization rates.
- 3.9 The Black River Heritage Restoration will include: a waterfront promenade; upgrade of heritage sites such as Hodges Great House Ruin, Fyffes Pen, Holland Bamboo, Lacovia Tombstone and Cemetery; a refurbished area for seafood restaurants; upgrade of embarking area for Black River boat trips; a new craft market; proposals for the creation of new public spaces and pedestrian links; a walking urban trail including heritage education and interpretation components; and landscape and townscape improvements particularly to heritage districts on North and High Streets. It is envisaged that the historical port of Black River will provide an important gateway for nature-based and cultural heritage tourism on the South Coast.

3. Fisheries Management (US\$3 million)

- 3.10 The specific goal of the fisheries component is to increase the economic yields from marine fisheries on the shelf and banks. This would be accomplished by rehabilitating overexploited resources, eliminating unsustainable fishing practices and replacing them with income-generating alternatives, improving the economic efficiency of harvesting; reducing post-harvest losses, and improving the working

conditions of fishermen at sea and onshore. The activities supported by the component will aim at reducing over-fishing and protecting marine habitats through: (i) improving fishing community capacity to take part in co-management; (ii) supporting the Fisheries Division capacity to co-manage fisheries and enforce existing regulations; and (iii) supporting improvements at landing sites, enhancement of fisheries production, fish distribution and marketing.

3.11 The specific activities t will include:

- a. A system of licenses for fishermen and vessels aimed at reducing the numbers of licensed fishermen and vessels over time to a sustainable level.
- b. A recommended schedule of closed seasons for each selected fishing area based on the species and habitat characteristics of each area.
- c. A recommended regime of fish trap and net mesh sizes based on the species and habitat characteristics of each area.
- d. Fishing safety standards to be adopted by the fishing communities.
- e. Establishment and monitoring of special management, limited-take and no-take zones.
- f. Buy-back program for fishing nets of below minimum net mesh sizes.

3.12 Landing sites improvement of the infrastructure at the seven major fishing sites in the Portland Bight region are proposed, namely Old Harbour Bay, Rocky Point, Portland Cottage, Alligator Pond, Calabash Bay, Frenchman's Bay and Hellshire for those areas with a demonstrated capacity for collective organization and management.

3.13 The development of regulatory reforms will be supported to provide legal instruments for the protection of fisheries and endangered species, through review of penalties for illegal fishing practices and environmentally harmful activities, revision of criteria for duty-free incentives of fishing gear based on recommended regime of fish trap and net mesh sizes, and definition of protected areas and habitats.

4. Institutional Support and Regulatory Reform (US\$1 million)

3.14 This component would provide technical assistance to integrate the activities between the central and local government institutions (i.e. regional zoning regulations by the Town Planning Department will be applied by the Parish Councils as local land use planning), as well as to integrate the activities between the public and private sector. Capacity building will be created among the participating parish governments thorough the support of local land use and

management, enforcement capacity strengthening, and strategic planning of local governments.

- 3.15 The activities supported by the Program will also include: training in bed and breakfast and community tourism accommodation standards to selected local communities; and co-management techniques and organizational skills for NGOs in selected fisheries areas, the Fisheries Division and their fishery instructors, and for fishermen groups, with emphasis on providing the necessary capabilities for the development and implementation of fisheries management plans, project implementation and facilitation at local levels, organizational management, and distribution and marketing systems. In addition, training will be provided for co-management techniques and organizational skills for NGOs, with emphasis on providing the necessary capabilities for the development and implementation of protected areas management and operations plans, preparation of environmental regulations, data collection, monitoring, resource mapping, analysis of environmental issues, identification of environmental best practices, management of environmental resources, financial sustainability and cost recovery, enforcement, and management of infrastructural facilities. Finally, training and business development support programmes to assist diversification of income generating activities and to indicate requirements for implementation will be supported.

B. Execution mechanism

- 3.16 The Tourist Product Development Company (TPDCo), a specialized planning and implementation agency of the Ministry of Tourism, will execute the project and will be the lead agency responsible for overall implementation. To this end, TPDCo will organize a Program Coordinating Unit (PCU), which will carry out the overall planning and financial administration functions for the project, as well as serve as a liaison with the Bank. The PCU will work closely with a number of line agencies in the execution of the project, in particular NEPA for the first component and the Fisheries Division for component 3. While technical functions will be coordinated with responsible line agencies, the PCU will have overall responsibility for ensuring that the execution of the delegated investments proceeds according to plans and that contractual clauses are fulfilled.
- 3.17 In order to maintain an efficient structure, and in accordance with Jamaican law, TPDCo has the legal authority to delegate to specialized units or agencies the execution of investments. Thus, the following delegation for the execution of the Program's investments is expected: (i) Component II - NEPA will coordinate and supervise the work of three NGOs (CCAM for the Portland Bight area, MEPA for the Canoe Valley area, and SEEPa for Black River Morass area); and (ii) Component 3 - the Fisheries Division, which will work closely with CCAM. Each of these units/agencies to which execution will be delegated is specialized in the nature and area of work required. Nonetheless, during project preparation care will be taken in assessing the execution capacity of these units/agencies and to insert the necessary strengthening, if required.

- 3.18 The PCU will administer the disbursement of funds to the different components and consolidate the accounting. A simple standard accounting system for the Program will be set up in all the participating units/agencies and the necessary operating and financial procedures will be laid out in an Operating Manual. Work to be executed by delegation will be supported by agreements establishing duties and responsibilities of TPDCo and the unit/agency receiving the delegation. An external audit will be carried out by a CPA or chartered accounting firm.

C. Environmental and social aspects

- 3.19 A Strategic Environmental Assessment (SEA) was prepared as part of the SDMP. The study evaluates the environmental consequences of the proposed policies and program initiatives in order to assure that they are fully included and appropriately addressed at the earliest stages of decision-making. The SEA was fully integrated with the planning process and followed an intensive agency and community consultation. The SEA included: the appraisal of relevant base-line information; selection of appropriate criteria for policy evaluation; evaluation of generic plan alternatives; and appraisal of the draft plan.
- 3.20 Stakeholder participation was a vital component of the development of the plan. The aim was to develop a strategy which: reflects a wide range of community aspirations; harmonizes with the requirements of all the key government interests; and draws investment and cooperation from the private sector. The consultation process progressively grew with the development of the plan, surveys, comments and meetings were carried at central and local level, as well as significant informal contacts along the process.
- 3.21 The conclusions of the SEA indicate that the policy framework of the plan gives rise to potentially extensive benefits throughout the economic, social/community and environment sectors. Some policies could lead to adverse social and environmental impacts notably those relating to mining, aquaculture and infrastructure construction. These adverse impacts are usually related to air, soil and water pollution and can be addressed with environmental management plans. The prefeasibility analysis indicates that the economic benefits of the operations outweigh the potential adverse environmental impacts.
- 3.22 During project preparation an Environmental Impact Assessment of the proposed works and infrastructure will be prepared as part of the feasibility and design studies. An environmental management plan is under preparation to avoid, minimize or mitigate significant negative impacts. An environmental monitoring plan will be part of project implementation. As was carried out during the preparation of the SDMP an extensive stakeholder consultation is under way for project preparation.

IV. ISSUES AND RISKS

A. Organizational structure for execution

- 4.1 Due to the number and nature of organizations involved, execution will be a complex process. In setting up the structure to execute the Program careful consideration should be given to: (i) the need for coordination at a regional level with Parish governments, tourist boards and NGOs; (ii) the evolving role and capacity of the parishes as a result of the Local Government Reform Program supported by the Bank; (iii) the ways and means to strengthen interaction between the public and the private sector; (iv) the fact that some NGOs are of recent creation and still relatively inexperienced; and (v) the fact that no national or regional institution has overall responsibility for a multi-sectoral program. As a result, a tailor-made institutional framework is being developed as part of the feasibility studies. This framework will be complemented with the necessary assistance to strengthen capacity of participating local governments, NGOs and other stakeholders.

B. Global Environmental Facility contribution

- 4.2 Taking advantage of the agreement between the GEF Secretariat and IDB under the GEF expansion of opportunities policy, the GOJ requested a grant of US\$4 million to finance eligible activities for the Portland Bight protected area. The GEF and the Bank approved a US\$330,000 (ATN/PD-7343-JA) technical cooperation to develop the GEF proposal. The Program will be the first operation for the IDB as implementing agency of the GEF. Although there is an umbrella agreement between the Bank and the GEF, guidelines and procedures for the processing of the operation are currently being developed. This situation may cause some delays in the approval process.

C. Tourism demand

- 4.3 The events of September 11, 2001 affected most of the tourism-related business globally. Specially impacted was the Caribbean region, which is heavily dependent on US visitors. The sector will continue to be affected until consumer confidence in air travel returns. The immediate effect of tourism in Jamaica was a 20% drop in visitor arrivals over the following two months. However, there are signs that specialized markets —such as special interest tours and adventure— nature related activities are more resilient in the face of events such as September 11th, thus reinforcing the need for Jamaica to diversify the nature of its tourism product from simply sun and sand. Sensitivity analysis will be carried out so that the projects selected bring greater resilience to fluctuations in tourism demand.

D. Sustainability of the program's investments

- 4.4 The projects are of public nature aimed to protect important ecosystems, as well as to create an enabling environment for private sector investment in tourism services. The GOJ strategy is to develop partnerships with the private sector and the communities for the management of the protected areas through the delegation of the management to the NGOs. The proposal includes the establishment of user fees, license fees and the establishment of a Protected Areas Trust Fund with seed money from GEF resources, an important effort in managing the fund will be to seek for additional funding from donor contributions. The work of the Tourism Resort Boards has proven to be effective in the South Coast, joining the efforts of the local governments with the local entrepreneurs to secure matching funding to properly operate and maintain the projects that are endorsed by the boards. The resources needed for operation and management of the facilities will receive careful consideration during project preparation.

V. PROJECT PREPARATION STATUS

- 5.1 The GOJ contracted the feasibility and design studies with resources of the Pre-investment Loan 835/OC-JA. The international consulting firm awarded with the contract initiated activities in December 2001. The studies are expected to conclude in June 2002. An intensive consultation process with stakeholders will continue. A normal development of the studies will allow an analysis of the Program during the third quarter of 2002. The tentative processing schedule is as follows:

Next Mission:	May 2002
Pre- Analysis Mission:	July 2002
Loan Committee:	August 2002
Board:	September 2002