

JAMAICA
PROJECT PROFILE (PP)

I. BASIC DATA

Project Name:	Agricultural Competitiveness Program(ACP)	
Project Number:	JA-L1012	
Project Team:	Ricardo Quiroga (INE/RND) and Mateo Molina (RND/CJA), Co-Team Leaders; Alejandra Palma (INE/RND); Gabriel Montes (INE/RND); Carmen Fernandez (INE/RND); Diego Buchara (LEG/SGO); Magda Theodate (CCB/CCB); Burns Williams (CCB/CJA); Gregory Dunbar (CCB/CJA); Juliana Almeida (INT/INT); and Lisa Restrepo (INE/RND)	
Borrower:	Government of Jamaica	
Executing Agency:	Ministry of Agriculture and Fisheries – MOAF	
Financing Plan:	IDB: Ordinary Capital (OC)	US\$15 million
	Total:	US\$15 million
Safeguards:	Policy identified:	OP-703
	Category:	B

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. General context of the agriculture sector

- 2.1 Agriculture's contribution to the overall economy has steadily declined over time, but still represents approximately 5.0% of GDP (average, 2003-2008). Growth prospects have further weakened over the last two years due to natural disasters and external shocks. During 2008, agricultural GDP rate of growth was -5.1% due to the adverse impact of Hurricane Dean. The growth in total factor productivity was 0.2% during 2001-2006 smaller than most LAC countries. Nevertheless, the agricultural sector remains an important contributor to export earnings, with 10.5% in 2004 and 5.7% in 2008.¹ Traditional agriculture crops have included sugar, bananas, coffee, cocoa, citrus, vegetables and spices — with sugar and bananas being the most important.
- 2.2 According to the 2007 Agriculture Census, the agriculture sector is characterized by the small size of farms. The distribution of farms according to size indicates that 75 % of the holdings are less than 1 hectare, controlling 14.6 % of the land. In 2008, the sector employed about 18.7% of the total labor force, being the largest employer of labor in rural Jamaica. About half of Jamaicans live in rural areas, and approximately 80% of the poorest quintile of the population is rural.
- 2.3 An important characteristic of the Jamaican agricultural sector during the 1980s was its high level of protection through import licenses, reference prices, stamp

¹ "Visión 2030 Jamaica. Final Draft Agriculture Sector Plan." Agricultural Task Force, September 2009.

duties, and quantitative restrictions. During the 1990s and the early 2000s the sector experienced the impact of the globalization process and the loss of some preferential markets. As a result new rules and regulations were put in place to improve market access and in some cases to reduce or eliminate tariff barriers. This led to the fall of import duties from rates as high as 200% to a maximum of 40% for agricultural goods. According to preliminary results of a recent IDB study on agricultural transfers, the Total Support Estimate (TSE), which is a measure of total support financed by consumers through market price supports (MPS) and by government services and subsidies, represents about 7.8% of agricultural GDP in Jamaica, the highest level in LAC. However, about 79% of the support that farmers receive, as measured by the Producers Support Estimate (PSE), is financed by consumers, through MPS. In contrast, farm support based on general services (research, extension, inspection services, agricultural information), is well below the level of investments in comparable competitive countries, representing 0.4% of GDP.² Changes in agricultural policy aimed at reducing MPS and increasing general services will lead to efficiency gains and will increase the allocation of resources.

- 2.4 Currently, an important challenge facing the agricultural sector occurs in the international trade arena. The loss of the preferential access has resulted in the decline of some traditional export products (43.8% between 2004 and 2008, mostly associated to banana and coffee). On the other hand, the new EPA agreements as well as the upcoming Canada-CARICOM agreement are creating new opportunities and niche products that will have a direct impact on the agricultural and agribusiness sectors (non-traditional export products increased 35.7% in the last few years). This international context requires a significant improvements in the level of competitiveness at all levels, in particular regarding the public sector's capacity to deliver and offer efficient services.

B. Progress towards competitiveness

- 2.5 Over the years, the GOJ has made progress in several critical areas to address issues of land tenure, irrigation, access to credit, extension and innovation. Some of these efforts have been supported directly by the Bank.
- 2.6 The Land Modernization Program (LAMP) which ended in 2007 helped to establish a land regularization methodology which the GOJ intends to implement with local resources. The National Irrigation Development Program (LO-1562/OC-JA), which, together with a CDB program, addresses one of the main constraints of the Jamaican agricultural sector. This project, which is still in execution, will seek to strengthen management capacities in the National Irrigation Commission and to promote the adoption of sustainable financing mechanisms. The Bank has also played an important role in the sector through the Agricultural Service Support Program-ASSP (LO-1283/OC-JA), which has contributed to establish the basis for the main services offered by the MOAF (i.e.,

^{2 2} H.Pena, M. Gurria, C. Smikle and L. Stone: Structure of Supports to the Agriculture- Draft-Dec. 2009

- research, information, agricultural health and food safety), as well as to pilot a financing scheme (Productive Projects Fund) targeted to productive farm projects.
- 2.7 Under ASSP, the systems to acquire and disseminate technologies were improved and the capacity to do research and extension was expanded through the upgrading of the main research stations and extension facilities. In addition, a draft of a National Food Safety Policy was developed with the goal of enacting a Food Safety Umbrella legislation and establishing a single Food Safety Agency. However, ASSP fell short of strengthen farmers' marketing organization and information systems. Food safety legislation was drafted but not implemented and significant problems remain in terms of plant pests and diseases and unsafe food. Additionally, investment in agribusiness enterprises left mixed experiences, particularly in terms of cost recovery and sustainability.
- 2.8 In addition, the Government is addressing some of the identified constraints through the implementation of its agricultural policy. The availability of credit increased 181% between 2007 and 2008; the number of RADA extension officers has been increased in 100% and with financing by the Spanish Government the MOAF launched the Centre of Excellence for Advance Technology in Agriculture (CEATA). Other international donors, such as USAID, EU and CIDA are supporting agricultural competitiveness at different levels of scale and scope, particularly at the production and farm level. MIF is also expected to make a significant contribution in the area of agricultural insurance and risk management and the GOJ is doing a substantial effort in controlling praedial larceny.

C. Conceptualization and priority needs

- 2.9 Building upon the Bank's experience in the sector, in particular through the work initiated under the ASSP, and taking into account the GOJ fiscal constrains and the context of the international trade arena, a significant challenge is the urgency for the agricultural sector to adapt and integrate itself into dynamic market conditions that requires high level of competitiveness. While the Government continues to advance in reducing structural bottlenecks on the production side (e.g, irrigation, road infrastructure, rural credit, land tenure), there are a number of public goods and services that need to be provided in an efficient manner to help farmers survive and succeed in a market driven system. In particular, there are still a number of challenges to be met in terms of providing opportunities for small and medium size farmers to access markets through different points in the value chains, ensuring food quality trough internationally certified systems and promoting investments in profitable agricultural enterprises.
- 2.10 The Strategic Agricultural Sector Plan designed by the Government, as part of a national 2030 development vision, identifies the following priority areas that build directly from the ASSP and justifies the continued support of the Bank: (i) development of agricultural information system to improve decision making both at the policy level as well as at the farm level, particularly to help small and medium farmers with relevant production and market information; (ii) strengthening farmers' organizations in the context of agricultural value chains and the need to effectively link producers and consumers; (iii) ensuring the

adoption of food quality standards in terms of animal health, plant health and food safety as a requirement to access markets; and (iv) developing financial mechanisms to support business plans and initiatives that will improve productivity and market access conditions for small and medium size producers. The new Country Strategy to be completed during the first half of 2010 will address the competitiveness of the agricultural sector as a main issue.

- 2.11 Small farms make about 75% of total number of farms. For this type of farmers the combination of dissemination of market and price information and farmers' organization, will promote better productive decisions and will facilitate small producers access to markets, will encourage the clustering of activities to take advantage of shared knowledge, technology and methods of production; It facilitates, procurement, certification and traceability; it will also increase their bargaining power and facilitate their access to credit, and instruments to manage risks, leading to a bigger agricultural income. Also, the elimination of barriers that arise from the country's inability to ensure international quality standards and food safety, as well as the development of sound financial instruments targeted to small and medium size farmers will greatly increase the potential to unleash a wide array of products on a competitive basis across markets.

D. Project objective and description

- 2.12 The objective of the Program is to support the efforts of the GOJ to restore competitiveness in the agricultural sector, through activities that promote small and medium farmer's access to markets and stimulate private investment in agriculture. The Program includes the following components:
- 2.13 **Support farmer's access to markets.** The objective is to develop within MOAF an Agricultural Information System to generate and disseminate information about market conditions, input and output prices, costs of production, supply and demand trends, and market opportunities. This system will contribute to and widen the services provided by the Agricultural Business Information System (ABIS) managed by the Rural Agricultural Development Authority, RADA. This component will also support the conformation of marketing organizations, involving a diverse range of producers; and the strengthening of marketing skills and management capacities to integrate farmers into value chains. During 2008, RADA registered around 800 community farmer's groups, called Production and Marketing Organizations (PMOs) with a membership of about 30,000 farmers. The project will strengthen and expand the reach of such organizations. Technical assistance will be offered, on a competitive basis, to eligible beneficiaries to support the conformation of these marketing organizations and to expand the services supplied by them, including the improvement of storage facilities and compliance with labeling and packaging requirements.
- 2.14 **Implementation of quality and safety management systems.** This component will consolidate the strengthening process of food quality management systems that started during the execution of ASSP, promoting the adoption of standardized and verifiable processes that will enable farmers to meet quality and safety requirements. This component will contribute to: (i) finish the policy, legislation,

and institutional framework for food safety, plant health and animal health, started during ASSP and contribute to its implementation, through personal training, upgrading of facilities and the establishment of surveillance, evaluation, traceability and control systems; (ii) harmonizing the Good Agricultural Practices (GAP) protocol and traceability systems, including training and management capacity related to the adoption and application of GAPs and traceability which will take into account related requirements such as EUREPGAP and USGAP, among others; (iii) validating GAP protocols and traceability system through their adoption in pilot cases, in particular root crops, fruits, vegetables, cattle and small ruminants; and (iv) potential investments in Plant Health and Veterinary laboratories consistent with OIE and IICA baseline methodology.

- 2.15 **Promotion of private investments in competitive, sustainable enterprises.** Building on ASSP experience, the GOJ joined the ASSP Fund with the Agricultural Development Corporation and created the Agro Investment Corporation (AIC). The MOAF plans to strengthen AIC ability to provide services to the investor through all the stages of the investment process, from the preparation of the business plan up to the implementation of specific projects. Specifically, the objective is to support AIC in the set up of the operational tools and regulations, the design of incentives and financial instruments, identification of projects and beneficiaries and the mechanisms of evaluation and control. Cost-sharing mechanisms and full cost recovery criteria will be essential in the design. As a pilot, the Program may finance three to five investment projects in the agribusiness sector, using several alternative mechanisms.

III. SECTOR KNOWLEDGE AND TECHNICAL DESIGN ISSUES

- 3.1 The technical design issues will be based on the sector knowledge acquired through several Bank operations in Jamaica, as well as through detailed [lessons learned](#) on key considerations, such as: (i) transparent mechanisms for resource allocation among targeted beneficiaries; (ii) the development of baseline information; (iii) the development of monitoring and evaluation capacities to show performance; (iv) sustainable financing and full cost recovery mechanisms; and (v) viable execution arrangements.

IV. SAFEGUARD SCREENING

- 4.1 This operation does not present significant environmental and social risks. An environment strategy will be developed to ensure that the loan meets adequate social and environmental standards. The category for this operation is “B”.

V. PREPARATION RESOURCES AND SCHEDULE

- 5.1 A non-reimbursable technical cooperation (JA-T1052), for US\$350,000 will be accessed from IDB’s Food Price Crisis Response Strategic thematic Fund, which will finance the design and feasibility studies for the Program. The POD will be distributed to QRR on May 12, 2010. The amount of US\$44,850 from administrative resources will be needed for the financing of two consultancies and three missions.

SAFEGUARD SCREENING FORM

This Report provides a summary of the project classification process and is consistent with Safeguard Screening Form requirements. The printed Report should be attached as an annex to the PP or PCD (or equivalent) and sent to ESR.

1. Save as a Word document. 2. Enter additional information in the spaces provided, where applicable. 3. Save new changes.

PROJECT DETAILS	IDB Sector	[Not Set]
	Type of Operation	Investment Loan
	Additional Operation Details	
	Country	
	Project Status	
	Investment Checklist	Agribusiness Crops
	Team Leader	[Not Set]
	Project Title	Toolkit: JA-L1012
	Project Number	[Temporary Project]
	Safeguard Specialist(s)	RicardoQ
	Assessment Date	2009-11-12
	Additional Comments	

PROJECT CLASSIFICATION SUMMARY	Project Category: C	Override Rating: B	Override Justification: Elevate: other (add details in final report)
			Comments: This project finances mainly technical assistance with some minor investments that will need to be mitigated as appropriate. Also, pro-active activities will be promoted to foster environmental sustainability.
	Conditions/ Recommendations	<ul style="list-style-type: none"> • Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). • The Project Team must send to ESR the PP or PCD (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. • These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary. <p style="text-align: center;"><i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i></p>	
SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	Identified Impacts/Risks	Potential Solutions	

ASSESSOR DETAILS	Name of person who completed screening:	
	Title:	
	Date:	2009-11-12

SAFEGUARD SCREENING FORM

This Report provides a summary of the project classification process and is consistent with Safeguard Screening Form requirements. The printed Report should be attached as an annex to the PP or PCD (or equivalent) and sent to ESR.

1. Save as a Word document. 2. Enter additional information in the spaces provided, where applicable. 3. Save new changes.

PROJECT DETAILS	IDB Sector	[Not Set]
	Type of Operation	Investment Loan
	Additional Operation Details	
	Country	
	Project Status	
	Investment Checklist	Agribusiness Crops
	Team Leader	[Not Set]
	Project Title	Toolkit: JA-L1012
	Project Number	[Temporary Project]
	Safeguard Specialist(s)	RicardoQ
	Assessment Date	2009-11-12
	Additional Comments	

PROJECT CLASSIFICATION SUMMARY	Project Category: C	Override Rating: B	Override Justification: Elevate: other (add details in final report)
			Comments: This project finances mainly technical assistance with some minor investments that will need to be mitigated as appropriate. Also, pro-active activities will be promoted to foster environmental sustainability.
	Conditions/ Recommendations	<ul style="list-style-type: none"> • Category "B" operations require an environmental analysis (see Environment Policy Guideline: Directive B.5 for Environmental Analysis requirements). • The Project Team must send to ESR the PP or PCD (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports. • These operations will normally require an environmental and/or social impact analysis, according to, and focusing on, the specific issues identified in the screening process, and an environmental and social management plan (ESMP). However, these operations should also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.) where necessary. <p style="text-align: center;"><i>Policy Directives can be accessed from the Resources tab on the Toolkit home page.</i></p>	
SUMMARY OF IMPACTS/RISKS AND POTENTIAL SOLUTIONS	Identified Impacts/Risks	Potential Solutions	

ASSESSOR DETAILS	Name of person who completed screening:	
	Title:	
	Date:	2009-11-12

JAMAICA
Agricultural Competitiveness Program
JA-L1012

ENVIRONMENT AND SOCIAL STRATEGY

I. PROJECT OBJECTIVE AND DESCRIPTION

The overall objective of the Program is to support the development of a modern, efficient, internationally competitive and sustainable agricultural sector which will open domestic and international market access and opportunities to Jamaican products. In particular, the Program will finance priority lines of actions established under the Sector Plan for Agriculture, which is part of the *Vision 2030 Jamaica-National Development Plan*. The thrust of the Plan centers on the need to reposition the role of the MOA&F to be in tune with the challenges and opportunities of a global market- driven economy, characterized by streamlined and modern service delivery systems. In this context, the Program is expected to include the following components:

Implementation of a System to support market development (Marketing System). The objective of this component is to support MOAF in the development of a nation-wide marketing support system that will facilitate farmer's access to competitive value chains and to national and international markets. The Agricultural Information System contemplates a state-of-the-art capacity to generate and disseminate information about market conditions, input and output prices, costs of production, supply and demand trends, market opportunities, trade regulations, and international standards, among others, as well as targeted research on domestic and international markets to assess the relative competitiveness of Jamaican products and to identify economically sound opportunities for public investment and private/public partnerships. This component will also support the conformation of marketing organizations, involving a diverse range of producers; and the strengthening of marketing skills and management capacities to integrate farmers into value chains.

Implementation of Quality Management Systems. The purpose of this component is to consolidate the strengthening process of food safety, animal health and plant health systems, promoting in particular the adoption of standardized and verifiable processes that will enable farmers to meet established technical requirements for the local market, European Union and United States markets. In particular, this component will contribute to: (i) strengthening the policy, legislation, and institutional framework for animal health, plant health and food safety; (ii) improving relevant public infrastructure, such as laboratories and abattoirs; (iii) harmonizing the Good Agricultural Practices (GAP) protocol and traceability systems, including building human resources, training and management capacity related to the adoption and application of GAPs and traceability; and (iv) validating GAP protocols and traceability system through their adoption in pilot cases, in particular root crops, fruits, vegetables, cattle and small ruminants.

Promotion of private investments in competitive, sustainable enterprises. Under this component MOA&F will strengthen the Agro Investment Corporation (AIC), which is the arm of the MOA&F, set up to promote investments in the agricultural sector. The AIC is expected to

provide services to the investor through all the stages of the investment process, from the preparation of the business plan up to the implementation of specific projects. Specifically, the objective of the component is to increase the level of investments and initiatives designed to: (i) adopt new technologies to raise farm productivity; (ii) to set up competitive enterprises with market access plans; and (iii) to foster innovative marketing approaches, among others. Cost sharing mechanisms and financial sustainability criteria will be essential in the design. Also, adequate incentives will be imbedded for land regularization, access to credit markets and insurance mechanism.

II. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS

This operation poses limited social and environmental risks, as it will be designed mainly to strengthen management capacities with no physical investments on the ground. Nevertheless, adequate considerations will be given to incentive frameworks and management and policy decisions to promote social and environmental sustainability.

III. ENVIRONMENT AND SOCIAL STRATEGY

As part of the project design and with resources of a technical cooperation an environmental consultant will be hired with the task to ensure that every component of the program meets the required environmental mitigation activities, as well as to identify in a proactive manner measures for increasing environmental and social additionality.

In particular, the following considerations will be made:

1. At the level of the marketing component: The consultant will identify a set of incentives to include environmentally friendly process for agricultural marketing, including considerations about green certification, fair trade, and organic premiums. Environmental sustainability will be made part of the marketing strategy.
2. At the level of the food safety and quality management component, the consultant will ensure that international standards and best practices are applied in the design of animal health and plan health activities, ensuring consistency with proper environmental standards, taking into account issues that may arise from the use of agricultural chemicals.
3. At the level of the Agro Investment Corporation and the investment mechanisms to be developed, the Program will help to establish environmental and social criteria as part of the design of any fund directed to promote agricultural investments and marketing services.

Existing Documents and Proposed Studies

Studies	Description	Expected date	References and links to technical Archives
Agricultural Support Services Project, ASSP-1283/OC-JA-Final Evaluation- August 7, 2009	The document prepared by MOAF and IDB evaluated the design, implementation and results of ASSP and presented the findings and lesson learned during Project execution.	Completed - August 2009	
Structure of Support to the Agriculture: Jamaica. Draft prepared by INE/RND_August 2009	The document examined the structure of support measures to the agriculture sector and try to divide them between the support through price mechanism and general support measures(research, extension, inspection measures etc)	To be completed on December 2009	
Measuring the Competitiveness of Jamaica's Agricultural Commodities- IDB-MOAF, Reed Hertford, Editor- 2001	The document studied the competitiveness indexes of 18 commodities and the factors that affected the situation of each of them	Completed October 2000	
Statistical Institute of Jamaica: The Census of Agriculture 2007- Preliminary Report	The document presents the preliminary report about the number and area of holdings for parishes and size groups, land use, main activity, age, sex and education of individual holders.	May 2009	
Government of Jamaica: Vision 2030-Final Draft Agricultural Sector Plan –September 2009	The Plan presents the “vision for a dynamic transformation of the Jamaican agricultural sector, through a research oriented, technological, market driven and private sector led revolution.... and put the focus on production of high value commodities and contributes to national food security”	September 2009	
Ministry of Agriculture: Agricultural Development Strategy-2005-2008	The document presents the long term vision of MOAF about the transformation of the Jamaican Agricultural Sector by the year 20020.	June 2005	
Ministry of Agriculture: National Animal Health Policy; National Plant Health Policy and National Food Safety Policy	The documents presents the policy drafts of policy in these fields prepared by ASSP to be presented to Cabinet	September 2007	
IDB/INE/RND- Jamaican Agricultural Sector Note	This document prepared in the framework of the Jamaica's Country Strategy present the main lines of work of IDB in the agricultural sector in Jamaica	July 2009	IDB Docs 2067731
Design of the 3 components of the program: Marketing System; Food Quality Management System and Support of the Jamaican Agricultural Investment Corporation	<p>A Technical Cooperation will finance three studies to design components of the Program JA-L1012: i) Implementation of a System to support market development (Marketing System); ii) Implementation of Quality Management Systems component; and iii) Design and support for Agricultural Investment Corporation.</p> <p>These consultancies will analyze: a) a revision of current Systems and the viability and requirements, to implement reforms; b) MOA&F capacity and needs to perform these Systems; c) current Jamaican models, experiences and guidelines to implement a repositioning exercise for streamlining and modernizing processes and services; d) current instrument of the MOA to promote investment in agricultural sector Agro Investment Corporation (AIC) and its mechanisms and financial sustainability criteria and incentives.</p>	To be conducted in the first semester 2010	
Economic and Financial	A Technical Cooperation will finance a study to	To be conducted in	

Analysis	elaborate economic and financial analysis of the Agricultural Competitiveness Program, including: a) economic justification for the use of public funds to finance different components; b) fiscal evaluation; c) economic evaluation; and d) the corresponding sensitivity analysis.	the first semester 2010	
Financial and institutional Management	A Technical Cooperation will finance a study to review the Institutional capacity building (SECI). This consultancy will analyze: a) Planning and Organization, Activities Systems; b) Execution, which includes the Personnel Management System, the Goods and Services Management System and the Financial Management System; and c) Control, which includes the Internal Control System and the External Control System. Eventually, this consultancy will provide information about measures that constitute recommendations for a more efficient, effective and transparent administration of the project and loan resources.	To be conducted in the first semester 2010	
Environmental Analysis	An Environmental Analysis will be conducted and financed by a Technical Cooperation to consider any environmental or social impacts associated with the proposed investments in the three components: Marketing System; Food Quality Management System and Support of the Jamaican Agricultural Investment Corporation for the Program JA-L1012.	To be conducted in the first semester 2010	
Design of the Monitoring and Evaluation System	Following the Logical Framework (LF) methodology, the consultant will identify the purpose and indicators, the baseline values, means of verification and sources of information to monitor and evaluate the program JA-L1012. The study will analyze and propose an alternative and methodology to evaluate the impact of the program.	To be conducted in the first semester 2010	
Base Line of the Animal Health, Plant Health and Food Safety- Contracted with OIE-IICA	This study will be analyze the implementation of the base line with the methodology of OIE-IICA in order to identify requirements to the third component of the JA-L1012: a) strengthening of policy, legislation and institutional framework for animal health, plant health and food safety; b) improvement of relevant public infrastructure; c) harmonizing and implementing good agricultural practices and traceability systems, that will enable farmers to meet established technical requirements for the local market, European Union and United States markets; d) validate protocols and traceability system in pilot cases, in particular products.	To be conducted in the first semester 2010	