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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
AND
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

COUNTRY PARTNERSHIP STRATEGY

FOR

JAMAICA

FOR THE PERIOD FY2014-2017

April 2, 2014

Caribbean Country Management Unit
Latin America and Caribbean Region

International Finance Corporation
Latin America and Caribbean Region

Multilateral Investment Guarantee Agency

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The last Country Partnership Strategy (CPS), Report No. 52849-JM, was discussed by the Board of Executive Directors on March 23, 2010.

CURRENCY EQUIVALENTS

Exchange Rate Effective as of February 24, 2014

Currency Unit = Jamaican Dollar

US\$1.00=107.7

FISCAL YEAR

April 01 to March 31

WEIGHTS AND MEASURES

Metric System

ABBREVIATIONS AND ACRONYMS

| | | | |
|------|--|--------|---|
| AAA | Analytical and Advisory Activities | LAC | Latin America and the Caribbean |
| CDB | Caribbean Development Bank | MGDs | Millennium Development Goals |
| CIDA | Canadian International Development Agency | MIGA | Multilateral Investment Guarantee Agency |
| CGF | Caribbean Growth Forum | MSMEs | Micro, Small and Medium sized Enterprise |
| CPPR | Country Portfolio Performance Review | MTDSP | Medium Term Development Strategic Plan |
| DB | Doing Business | NCD | Non-communicable Diseases |
| DFID | Department for International Development | NLTA | Non-lending Technical Assistance |
| DPL | Development Policy Loan | PFM | Public Financial Management |
| DRM | Disaster Risk Management | PPCR | Pilot Program for Climate Resilience |
| DSA | Debt Sustainability Analysis | PPP | Public Private Partnership |
| EPIC | Entrepreneurship Program for Innovation in the Caribbean | SBA | Stand-By Agreement |
| ES | Enterprise Survey | SDR | Special Drawing Rights |
| ESC | English Speaking Caribbean | SEMCAR | Supporting Economic Management in the Caribbean |
| ESW | Economic Sector Work | SMEs | Small and Medium Enterprises |
| FDI | Foreign Direct Investment | SOEs | State Owned Enterprises |
| GDP | Gross Domestic Product | TA | Technical Assistance |
| GEF | Global Environment Facility | TFP | Total Factor Productivity |
| IBRD | International Bank for Reconstruction and Development | UK | United Kingdom |
| IDA | International Development Association | UNDP | United Nations Development Program |
| ICT | Information and Communications Technology | UNICEF | United Nations Children's Fund |
| IDF | International Development Fund | UN | United Nations |
| IEG | Independent Evaluation Group | US | United States |
| IFC | International Finance Corporation | WBG | World Bank Group |
| IFIs | International Financial Institutions | WDR | World Development Report |
| IMF | International Monetary Fund | | |

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**COUNTRY PARTNERSHIP STRATEGY FOR
JAMAICA**

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EXECUTIVE SUMMARY

1. **For over two decades prior to the 2008 global economic slowdown, Jamaica’s small, open island economy had been stuck in a cycle of low growth and high debt.** The country’s high level of public debt and associated high debt service obligations resulted in costly risk premiums, crowded out and distorted private sector investment and left the country highly vulnerable to shifts in market sentiment. Moreover, like many other Caribbean countries, Jamaica suffered recurring natural disaster related shocks that exacted heavy tolls on Jamaican households and the economy as a whole.

2. **Jamaica was hit hard by the 2008 global financial crisis and economic slowdown, which exposed large vulnerabilities that had been building up for several years.** Real GDP declined by 1.6 percent in FY2008/09, with economic conditions deteriorating sharply in the second half of the year and contracted further in 2009/10, registering a decline of 3 percent just in the latter half of 2009. Bauxite production and exports fell by about 60 percent, while remittances—a traditional source of support to households and the balance of payments—declined by 33 percent.

3. **The poorest Jamaican households were disproportionately affected by the economic contraction.** Poverty rose sharply to 17.8 percent, eroding previous progress, and disparities in the well-being of households and communities across the country increased, particularly between rural and urban areas, leading to weakened social cohesion. Households in the lowest two quintiles of the income distribution lost income share (contributing to the observed rise in inequality) and unemployment soared. Overall unemployment stands at 16.3 percent *versus* 9.8 percent in 2007, and youth unemployment is now about 30 percent—with about 38 percent of young women currently unemployed.

4. **Government efforts to stabilize the economy in 2009-11 showed initially some positive results but were ultimately inadequate; the failure to address persistent fiscal and debt issues, coupled with the impact of Hurricane Sandy in October 2012, led to a crisis of confidence by early 2013.** The Government prepared and entered into a Stand-By Arrangement (SBA) with the IMF in 2010, but the program was interrupted just a year or so later due to missed fiscal targets. In turn, the cancellation of the SBA, and the consequent cessation of official flows to Jamaica, contributed to a crisis of confidence, fuelling an increase in already rising interest rates and a significant depreciation of the Jamaican dollar, thus compromising Jamaica’s ability to refinance the large public debt.

5. **Recognizing that reversing Jamaica’s trajectory requires wide-ranging and deep reforms, the Government of Jamaica (GoJ) has embarked on a comprehensive and ambitious program of fiscal adjustment and structural changes for which it has garnered national and international support.** In May 2013, the GoJ and IMF reached agreement on an Extended Fund Facility (EFF) for SDR 615.4 million (about US\$932.3 million) covering April 2013 to March 2017. The first and second reviews of the EFF program, which supports debt restructuring, fiscal consolidation, and financial sector reforms, were successfully completed in September and December 2013 respectively, demonstrating the GoJ’s serious commitment to the reform agenda. Complementing the

IMF program, the World Bank Group (WBG) and the Inter-American Development Bank (IDB) are coordinating their assistance around a range of key structural and institutional reforms aimed at laying the foundations for growth and competitiveness, and strengthening social protection, public sector management, and resilience. Although the fiscal consolidation included in the program will inevitably constrain growth outcomes in the short-term, vigorous implementation of the reforms should help build conditions for economic recovery, growth and greater shared prosperity in the medium term (especially if accompanied by strategic investments).

6. **In the above context, the overall aim of this Country Partnership Strategy (CPS) for FY14–17 is to support Jamaican efforts to help build the conditions for sustained and inclusive growth.** The strategy’s design recognizes that Jamaica is presently at a juncture where decisive actions to achieve fiscal consolidation and stabilize the economy in the short term must be paired with equally critical structural reforms in order to move to a path of growth, reduced poverty, and enhanced shared prosperity. The CPS program is concentrated in three strategic thematic areas: (i) public sector modernization; (ii) enabling environment for private sector growth; and, (iii) social and climate resilience. The CPS areas of focus were identified through a selectivity filter aimed at maximizing impact. Selectivity criteria focused on areas that: (i) address binding constraints to Jamaica’s development agenda and where government demand and commitment are strong; (ii) align fully with the WBG’s comparative advantage; and (iii) have the highest likely influence on poverty reduction and shared prosperity.

7. **The total financing envelope for the program is US\$510 million,** to cover a series of Development Policy Operations (DPOs) and selective new investment operations focused on creating conditions for growth and resilience. For quicker results in protecting the poor and vulnerable, the CPS scales up successful interventions in social protection, early childhood development and community development through Additional Financing. With an active portfolio of US\$262 million, and the authorization to leverage up to US\$500 million in local capital markets, IFC investments and advisory services will target infrastructure, financial sector, small and medium enterprises (SMEs) and growth-related sectors. MIGA will continue to facilitate FDI and private sector development, offering its traditional political risk insurance products across all sectors, with a focus on infrastructure, energy, agribusiness and other growth related sectors. A joint business plan (IBRD/IFC/MIGA, government and private sector) will support implementation of the CPS’s second thematic area: enabling environment for private sector growth. The program will also benefit from strong coordination with other development partners. Despite relatively large front-loading, the program provides flexibility in the mix of instruments and interventions to allow adaptation to changing circumstances.

8. **Risks associated with this CPS are high, particularly in light of Jamaica’s variable track record on macro and structural reforms.** The country is entering a demanding transition period, where tough reforms may result in significant adjustment costs before they yield results in terms of growth acceleration, improvements in shared prosperity, and poverty reduction. However, the potential rewards in terms of accelerated poverty reduction and opportunity for growth are also high and the GOJ’s recent actions to tackle tough issues and build broad public support bode well for successful

implementation. The three types of risks that could affect successful implementation of the CPS are: (i) *macroeconomic*, the interruption of reforms also due to new exogenous shocks (economic or natural, including lack of FDI for critical projects) could result in a still unstable macroeconomic framework; (ii) *governance and political*, if growth is slow to materialize, the political capital of the government to support the heavy reform agenda could weaken further; and, (iii) *capacity*, with the capacity to support the reform agenda stretched to its limit, the government may not be able to operationalize fully some of the reforms also slowing down the overall reform program.

9. **To address capacity deficiencies, the WBG program will be accompanied by technical assistance in critical reform areas to build capacity and will include vulnerability management as a key area of engagement.** Although risks cannot be entirely mitigated, they are reduced to some degree by GoJ's recognition that the country is at a turning point and by its actions to date *vis a vis* upfront implementation of a number of difficult reforms, establishment of supervisory arrangements to ensure high-level attention to the reform agenda, and the unprecedented social compact it has established with key stakeholders to maintain broad support for the reform program. Most of the reforms that are being undertaken aim at addressing supply side bottlenecks to growth in a challenging global environment and uncertain demand response, exposing Jamaica to risks of a delayed growth pick-up and underscoring the importance of sustaining the reform effort. Notwithstanding these risks, the successful implementation of the WBG program could help Jamaica to create conditions to bring the country back on the path to growth, reversing the negative trajectory of economic stagnation, rising poverty and inequality.

I. COUNTRY DIAGNOSIS

A. RECENT ECONOMIC DEVELOPMENTS AND PROSPECTS

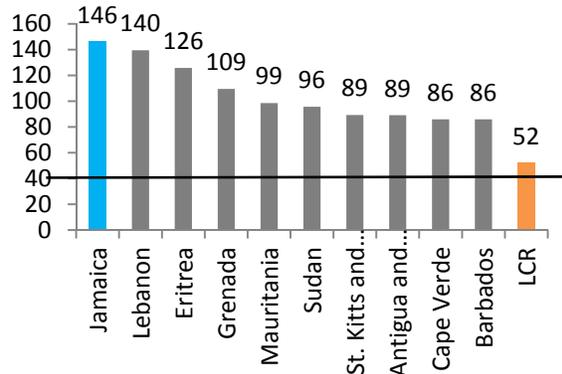
10. **For decades, Jamaica has struggled with low growth, high public debt and a number of external shocks that further weakened the economy.** Over the last 30 years real per capita GDP increased at an average of just 1 percent per year, making Jamaica one of the slowest growing developing countries in the world. Weak macroeconomic discipline and poor policy choices eroded competitiveness and resulted in economic stagnation. Rising fiscal deficits hampered the ability of the Government of Jamaica (GoJ) to respond to periodic external shocks including natural disasters, creating

a vicious cycle of high debt and low growth which has persisted over the years. **Jamaica was hit hard by the global financial crisis**, as bauxite revenues plummeted, Foreign Direct Investments (FDI) and remittances declined, and the economy contracted by 1.9 percent on average per annum between 2009 and 2011. This contributed to the debt to GDP ratio rising to 146.2 percent by end-March 2013, making Jamaica the most highly indebted developing country in the world (Figure 1). The debt service ratio averaged 85 to 90 percent of revenue in recent years, leaving the GoJ with no option but to refinance maturing obligations and with very little fiscal space for productive expenditures.

12. **Macro stabilization efforts initiated in January 2010, including an International Monetary Fund (IMF) Stand-By Arrangement (SBA) and a domestic debt exchange, were halted in late 2011.** A 27-month IMF SBA included an ambitious plan for fiscal consolidation and other policy reforms that included the Jamaica Debt Exchange (JDX). Complementing IMF and Inter-American Development Bank (IDB) financing, the Bank provided a US\$300 million DPL for budget support. The Government had initial success with divestment efforts and made progress in the area of tax administration, but the program was interrupted in 2011 due to missed fiscal targets in the IMF agreement, thus halting official flows to Jamaica, just as interest rates were turning upwards and rescheduled payments coming due.

13. **Persisting macroeconomic weaknesses, coupled with the impact of Hurricane Sandy in October 2012, created a crisis of confidence in early 2013.** By February 2013, the Jamaican dollar had depreciated by 15 percent over 12 months and foreign exchange reserves barely hit less than half their level in 2010, compromising Jamaica's ability to service its large debt service payments. The current account deficit had declined since 2011, when it hit a peak of 14.8 percent, but remained high at 10 percent of GDP, keeping the economy vulnerable and exposed to exogenous shocks.

Figure 1. Top 10 most indebted emerging & developing countries end-2012
General government gross debt as percent of GDP

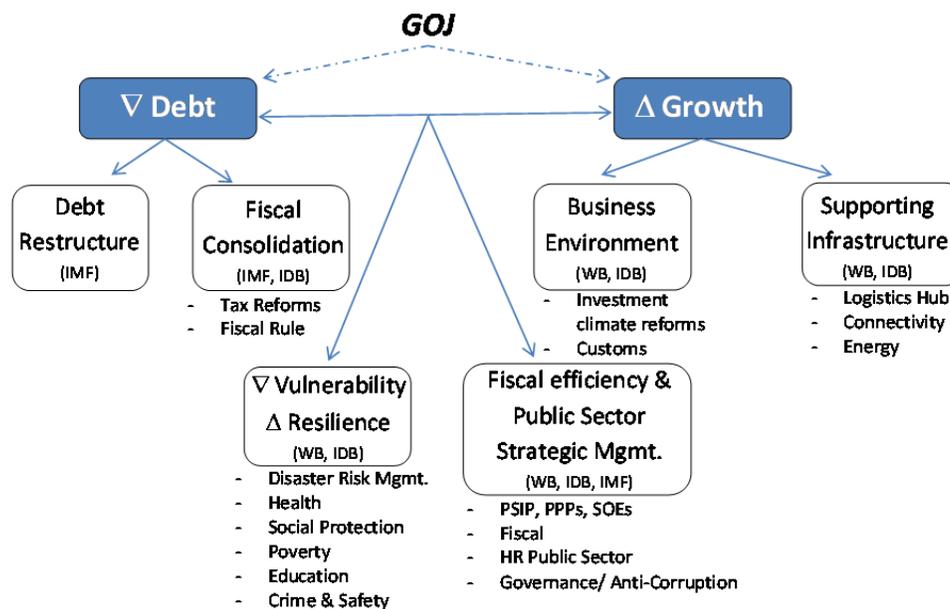


Source: IMF-WEO

14. In April 2013, the International Financial Institutions (IFIs) agreed on a comprehensive package of assistance, comprising an IMF Extended Fund Facility (EFF), and financial support from the Bank and the IDB. The GoJ signed the EFF for SDR 615.4 million (about US\$932.3 million) for the period of April 2013 to March 2017, which was approved by the IMF Board on May 1, 2013. The Bank and the IDB each allocated US\$510 million to Jamaica for the same period.

15. Together, the three IFIs are supporting a set of structural reforms designed to stabilize the economy, reduce debt and create the conditions for growth and resilience (Figure 2). IMF support focuses on reforms expected to have a more short-term stabilizing impact, such as debt restructuring, fiscal consolidation, and financial sector reforms. The Bank and the IDB are supporting, in close coordination, structural and institutional reforms in the areas of competitiveness, social protection, public sector management, and resilience.

Figure 2. An Overview of IFIs supported Reforms in Jamaica



16. Early macro and fiscal reforms adopted by the authorities in 2013 have worked to start restoring confidence in the Jamaican economy. In the run up to the IMF agreement, three important actions were carried out: (i) a second comprehensive domestic debt exchange, which restructured 65 percent of GDP worth of debt and contributed to a fall in interest payments from 25.5 percent of revenues and grants in FY12/13 to 18.5 percent in FY13/14; (ii) a multiyear wage agreement with trade unions; and, (iii) an upfront new tax package that significantly curtailed the use of discretionary tax waivers. Since then, the economy has begun a slow path to stabilization as reserve losses were contained and the exchange rate, while depreciating slightly, stopped its free fall. The fiscal stance improved (Figure 3) as the central government primary surplus reached 5.4 percent in FY2012/13 (compared to an average of 3.9 percent for the previous two years). The financial sector absorbed the second debt restructuring well,

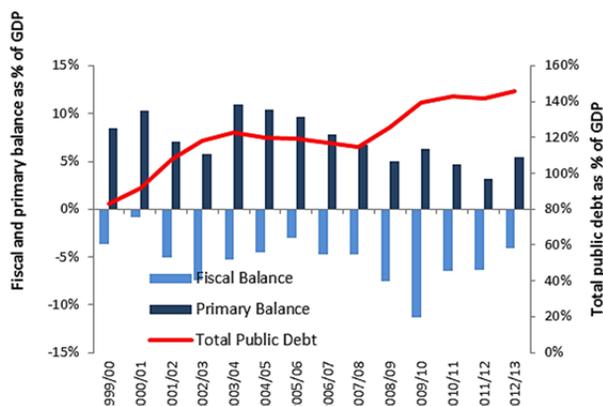
despite its high exposure to government debt, and did not utilize the US\$850 million support fund put in place at the start of the IMF-supported program.

17. **The pace of reforms has been sustained and Jamaica successfully completed the IMF Program’s first two reviews, in September and December 2013 respectively.** The reforms include a demanding fiscal consolidation effort, targeting an annual 7.5 percent primary surplus over four years and zero balance for public entities. Achieving the fiscal targets set in the program will require implementing proactive measures for expenditure reduction and revenue enhancement. At the end of the EFF third review mission in February 2014, the IMF reiterated that policy performance under the EFF remains strong. In February 2014, citing this good performance, Moody’s revised the outlook on Jamaica’s government bond rating from stable to positive and Fitch from “CCC” to “B-“ with a stable outlook.

18. **Fiscal consolidation will improve prospects for debt sustainability, but the debt overhang will persist.** Apart from the strong fiscal consolidation, bringing the debt-to-GDP ratio to the levels expected in the IMF-supported program will require the implementation of debt for asset swaps and debt guarantee reductions, and the implementation of additional measures to underpin a further three percent reduction in the debt-to-GDP ratio by 2017. However, despite a reduction in debt service payments as a result of debt restructuring, gross financing needs will remain high. The large financing needs, coupled with reduced access to domestic markets post debt restructuring, underscore the need for official creditors to play a critical role in financing Jamaica this fiscal year.

19. **Growth has so far remained elusive.** In the short term, growth is expected to remain subdued (in the range of 0.5 to 1.5 percent for FY13/14), partly due to the initial adverse impact of fiscal consolidation. In addition, growth prospects continue to be obstructed by structural challenges affecting productivity and competitiveness. The Country Economic Memorandum (CEM) highlights that Jamaica’s disappointing economic performance is traceable to low productivity. While Total Factor Productivity (TFP) in Jamaica was growing above the world and regional averages in the 1960s, since the 1970s performance collapsed despite high investment and has been lagging significantly behind most other countries in the LAC region. A combination of: (i) weaknesses in human capital and entrepreneurship; (ii) an inadequate business environment, (iii) weak public sector management and discretionary tax policies; and (iv) poor and inefficient infrastructure, are the main causes for the country’s low productivity, and have resulted in low competitiveness and an enclave-based development model (especially in tourism and mining) with little spill over to the rest of the economy.

Figure 3. Primary and fiscal balance and total public debt as percentage of GDP



Source: Ministry of Finance and IMF

20. **The economic outlook for the medium term is heavily dependent on continued progress on the reform agenda.** The GOJ has taken encouraging steps towards structural reforms, including recent progress on privatization, tax policy reforms, investment climate reforms, and efforts to build new infrastructure. This is expected to gradually restore investors' confidence, contribute to restoring macroeconomic fundamentals, and create favorable conditions for economic growth (Table 1). On the external front, the recent depreciation of the exchange rate, coupled with the on-going fiscal consolidation and monetary restraint, can help improve price competitiveness and contribute to narrowing the current account deficit and redirecting domestic savings to the private sector.

Table 1: Selected Economic Indicators

| | 2010/11 | 2011/12 | 2012/13 | Projections | | | | | | |
|---|---------|---------|---------|-------------|---------|---------|---------|---------|---------|---------|
| | | | | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| <i>(Annual percent change)</i> | | | | | | | | | | |
| GDP, Prices, and Employment | | | | | | | | | | |
| Real GDP | -0.6 | 0.9 | -0.7 | 0.8 | 1.4 | 1.8 | 2.2 | 2.5 | 2.7 | 2.7 |
| Consumer Price Index (end of period) | 7.8 | 7.3 | 9.1 | 10.0 | 9.0 | 8.5 | 8.5 | 8.0 | 7.4 | 6.5 |
| Exchange Rate (end of period, J\$/US\$) | 85.4 | 86.9 | 97.9 | | | | | | | |
| End of period REER (appreciation +) | 6.0 | 4.4 | -2.1 | | | | | | | |
| Unemployment Rate (in percent) | 12.9 | 14.1 | 14.4 | 15.4 | | | | | | |
| <i>(In percent of GDP)</i> | | | | | | | | | | |
| Government Operations | | | | | | | | | | |
| Budgetary Revenue | 26.8 | 25.6 | 25.5 | 27.3 | 27.1 | 27.2 | 27.2 | 27.3 | 27.3 | 27.2 |
| <i>of which: Tax Revenue</i> | 23.9 | 23.1 | 23.7 | 24.3 | 24.4 | 24.5 | 24.6 | 24.7 | 24.7 | 24.7 |
| Budgetary Expenditure | 33.2 | 32.0 | 29.9 | 27.2 | 27.3 | 27.0 | 26.3 | 26.1 | 25.7 | 25.2 |
| Primary expenditure | 22.2 | 22.4 | 20.4 | 19.7 | 19.6 | 19.7 | 19.7 | 20.3 | 20.3 | 20.2 |
| <i>of which: Wage Bill</i> | 10.9 | 11.1 | 11.0 | 10.6 | 9.8 | 9.1 | 9.0 | 8.9 | 8.8 | 8.6 |
| Interest Payments | 10.9 | 9.6 | 9.5 | 7.5 | 7.7 | 7.3 | 6.6 | 5.8 | 5.4 | 5.0 |
| Budget Balance | -6.3 | -6.4 | -4.4 | 0.1 | -0.2 | 0.2 | 0.9 | 1.2 | 1.6 | 2.0 |
| <i>of which: Central Gov Primary Balance</i> | 4.6 | 3.2 | 5.1 | 7.5 | 7.5 | 7.5 | 7.5 | 7.0 | 7.0 | 7.0 |
| Public Entities Balance | -0.5 | 0.0 | 0.1 | -0.1 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Public Sector Balance | -6.9 | -6.4 | -4.5 | -0.1 | 0.2 | 0.6 | 1.2 | 1.5 | 1.9 | 2.3 |
| Public Debt 2/ | 143.2 | 141.6 | 146.2 | 138.3 | 132.5 | 127.3 | 122.1 | 114.4 | 107.0 | 99.9 |
| External Sector | | | | | | | | | | |
| Current Account Balance | -9.0 | -14.8 | -12.4 | -10.0 | -8.8 | -7.4 | -6.2 | -5.5 | -5.5 | -5.1 |
| <i>of which: Exports of goods, f.o.b.</i> | 10.4 | 11.5 | 12.0 | 11.5 | 12.2 | 12.7 | 13.2 | 13.2 | 13.2 | 13.2 |
| <i>Imports of goods, f.o.b.</i> | 36.4 | 41.0 | 40.4 | 39.6 | 39.3 | 38.3 | 37.3 | 36.1 | 35.2 | 34.1 |
| Net International Reserves (US\$ millions) 3/ | 2,553 | 1,777 | 884 | 1,246 | 1,451 | 1,605 | 1,761 | 1,919 | 2,021 | 2,176 |
| Money and credit | | | | | | | | | | |
| Net foreign assets | 23.3 | -15.7 | -14.7 | 6.2 | 8.1 | 6.6 | 6.8 | 6.2 | 4.6 | 5.1 |
| Net domestic assets | -21.6 | 20.9 | 28.0 | 4.7 | 3.3 | 4.3 | 4.1 | 4.8 | 6.0 | 4.3 |
| <i>Of which: Credit to the private sector</i> | 0.9 | 9.0 | 13.0 | 14.1 | 12.6 | 12.4 | 12.5 | 12.9 | 13.0 | 13.2 |
| <i>Credit to the central government</i> | -11.7 | 9.9 | 7.4 | 3.8 | 4.9 | 4.7 | 4.3 | 4.7 | 5.0 | 4.5 |
| Broad money | 1.7 | 5.1 | 13.3 | 10.9 | 11.4 | 10.9 | 10.9 | 11.0 | 10.6 | 9.4 |
| Memorandum Item: | | | | | | | | | | |
| Nominal GDP (J\$ billions) | 1,172 | 1,260 | 1,336 | 1,482 | 1,650 | 1,831 | 2,030 | 2,252 | 2,491 | 2,726 |

Source: IMF and Statistical Institute of Jamaica

1/ Fiscal years run from April 1 to March 31

2/ Central Government direct and guaranteed only, including PetroCaribe debt and projected IMF disbursements and other IFIs.

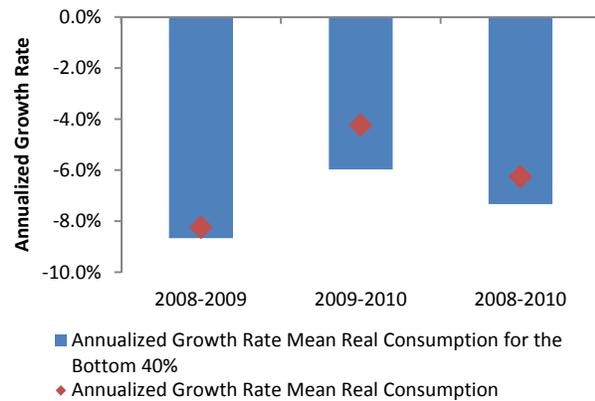
3/ Excludes the part of gross reserves to address potential FSSF-related demand.

21. **However, downside risks are high.** Jamaica is entering a demanding transition period, where tough reforms may result in significant adjustment costs before they yield results in terms of growth acceleration, improvements in shared prosperity, and poverty reduction. Furthermore, most of the reforms that are being undertaken aim at addressing supply side bottlenecks to growth in a challenging global environment and uncertain demand response—there are risks that FDI flow is reduced and investments may not materialize in critical projects—exposing Jamaica to risks of a delayed growth pick-up and underscoring the importance of sustaining the reform effort. At the same time, the lack of fiscal space rules out public funding for infrastructure and makes it difficult to cushion against exogenous shocks (natural disasters, commodity price fluctuations, and changes in global demand) which could derail fiscal consolidation and set-back the reform program.

B. POVERTY AND SHARED PROSPERITY TRENDS

22. **The impact of the global economic crisis reversed Jamaica’s advances in reducing poverty and lowering inequality.** In 2007, the GoJ estimated poverty at just under 10 percent and the official Gini coefficient was the lowest in the region at 0.38.¹ Limited ability to deliver high growth and build a diversified economy has made the country vulnerable to global shocks with little fiscal capability to shelter the poor and vulnerable. Although, good quality information on poverty determinants and shared prosperity in Jamaica is lacking, it is clear that the global economic crisis, together with increasing food and energy prices, resulted in a significant increase in poverty: the official poverty rate soared to 17.6 percent in 2010, and mean household income, particularly of the bottom 40 percent, contracted (Figure 4). The crisis impacted strongly external sectors (bauxite in particular). After an impressive decrease from 2001 to 2005, unemployment rose from 8 to 14.3 percent between 2006 and 2012 (April). Remittances from the United States and the United Kingdom decreased, especially in 2009. Going forward, improved data quality and further analysis will help better understand determinants of poverty.

Figure 4 - Evolution of income of the bottom 40 percent and mean income



Source: STATIN, JSLC 2008-2010

¹ All poverty numbers should be treated with caution since the poverty calculation methodology of Jamaica is currently under revision and its data quality under scrutiny due to the composition of the consumption aggregate used to monitor poverty, as well as the high (and rising) nonresponse rate characterizing the Jamaica Survey of Living Conditions (JSLC). In this sense, conducting a shared prosperity analysis may have limitations in the short term, since the most important indicators refers to the distribution of income/consumption (Sen Welfare Index and Gini) which can only come from living conditions surveys.

23. **The crisis hit the entire population, but the poor suffered the most, especially in rural areas.** As international and domestic prices for food and energy increased, the bottom 40 percent of the population, for whom food consumption accounts for over 50 percent of expenditures, was strongly affected. According to official data, most of the poor are concentrated in rural areas, where poverty increased the most (from 17 percent in 2008 to 23.2 percent in 2010). Today, households in rural areas are bigger, dependency ratios higher, unemployment and informal employment more widespread, and education levels lower—all characteristics associated with a higher incidence and severity of poverty. While lower than in rural areas, poverty rates more than doubled in Kingston between 2008 and 2010.

24. **Women have also experienced a particular increase in poverty and vulnerability (Annex 5).** Female-headed households, which represent 52 percent of households in Jamaica, account for 57.6 percent of the poor. Not only is the poverty rate higher for female-headed households than for male-headed households but it also rose more sharply—to 19.7 in 2010 compared to 13.3 percent in 2008—during the period (Figure 5). While the crisis affected both men and women employment strongly, unemployment rates have traditionally been higher for women across all age groups (and in particular for young women) (Figure 6). In addition, Jamaica’s Gender Inequality Index (GII) suggests that women have less access to human development opportunities compared to men. The teen pregnancy rate (70 per thousand) is more than twice the average for upper middle income countries and gender based violence is prevalent².

Figure 5 - Poverty incidence by gender of the head of the household, 2008–10

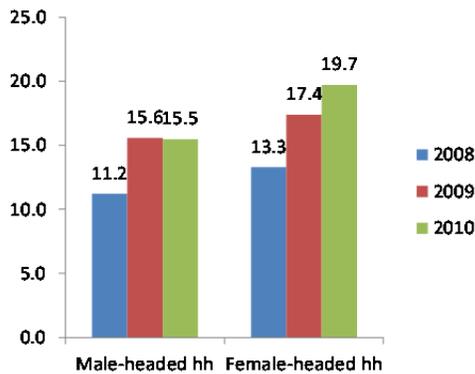
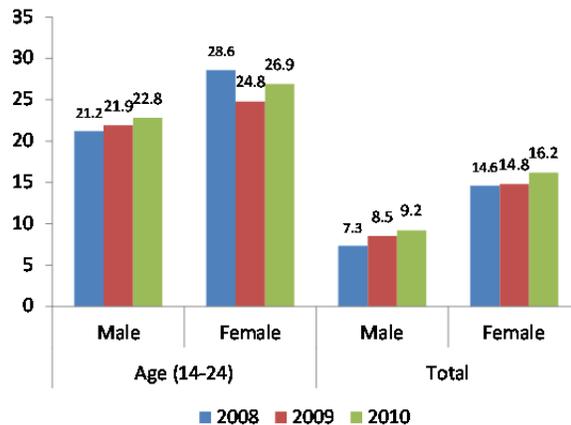


Figure 6 – Unemployment rate (%) by gender in age group, 2008-10



Source: STATIN

² Roughly 11 percent of 15 to 19 years old girls and 10.5 percent of 20 to 24 years old women reported physical or sexual violence by a partner in the last 12 months. Source PAHO (2012): Violence Against Women in Latin America and the Caribbean: A comparative analysis of population-based data from 12 countries.

25. **Jamaica's youth are among the most excluded and vulnerable segments of the population.** Unemployment is highest among young people aged 15 to 24, where almost one in three is unemployed (38 percent of women and 25 percent of men in 2010).³ Today, it is estimated that 127,000 Jamaican youth are neither in school, nor employed, nor on the labor market. As such, these youth are by far the most vulnerable to risky and violent behavior. The profile of those directly involved and affected by violent crime tends indeed to be young, unskilled, unemployed, and undereducated males aged 15 to 29 from underserved urban neighborhoods with the highest poverty rates.

C. CHALLENGES FOR POVERTY REDUCTION AND SHARED PROSPERITY

26. **Weak fiscal management and persisting structural challenges have kept Jamaica's economy trapped in a low-level equilibrium hindering sustainable and inclusive growth and poverty reduction.** Poor growth performance has occurred in spite of political stability since independence in 1962, market-oriented reforms since the 1980s, and relatively high rates of private investment over the years. As the CEM underscored, Jamaica's growth prospects have indeed been obstructed by structural challenges affecting productivity and competitiveness. To make things worse, most recently, a series of exogenous shocks has contributed to a decline in private investments and a substantive increase in public debt. To rebound, Jamaica needs to address the challenges of fiscal and debt sustainability, public sector efficiency, weak competitiveness, and economic, social and climate vulnerability and pursue policies directed at improving poverty reduction efforts.

Fiscal and Debt Sustainability

27. **Trapped in a vicious cycle of low growth, rising public debt, and limited fiscal space, Jamaica needs fiscal consolidation and better debt management.** In general terms, low growth has been a key factor leading to high fiscal deficits in Jamaica. The ensuing large borrowing needs have led in turn to financial repression and constrained private sector credit, investment and growth. The combination of continuous public sector borrowing and low growth has contributed to high and unsustainable debt ratios, leading to rising macroeconomic uncertainty. High debt ratios have been accompanied by high debt servicing costs which reduce fiscal space and limit the authorities' ability to invest in infrastructure and improve public services that could support growth. The ability to invest is curtailed further by a high and inflexible wage bill, close to 11 percent of GDP and represents 35 percent of total expenditures, and by interest payments that consume another 30 percent of total expenditures. This chain of causes and effects creates a vicious cycle that needs to be broken through fiscal consolidation and better debt management.

28. **However, fiscal consolidation alone will not eliminate funding needs.** The program supported by the IFIs is projected to sustain a progressive reduction in the public debt to GDP ratio to 122.1 percent of GDP by the end of fiscal year 2016/17 (Figure 7) and 99.9 percent of GDP by 2019/20 (Table 1). However, despite a reduction in debt service payments as a result of the debt restructuring, gross financing needs will remain high (Figure 8) with about \$600 million due in amortization payments in the last quarter

³ The World Bank Development Data Portal, 2012.

of FY13/14. The large financing needs, coupled with a reduced access to domestic markets after debt restructuring, underscore the need for official creditors to play a critical role in financing Jamaica in the short term to help address its financing needs and to support growth-enhancing investments which are critical to enable Jamaica to move out of its current low level equilibrium.

Figure 7. Jamaica Public Debt Sustainability Baseline & historical scenarios (Public Debt in percent of GDP)

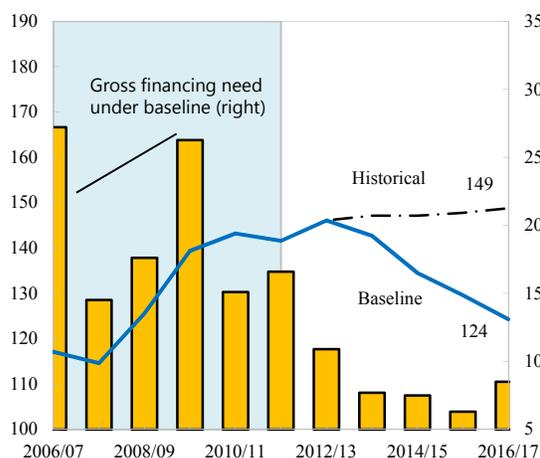
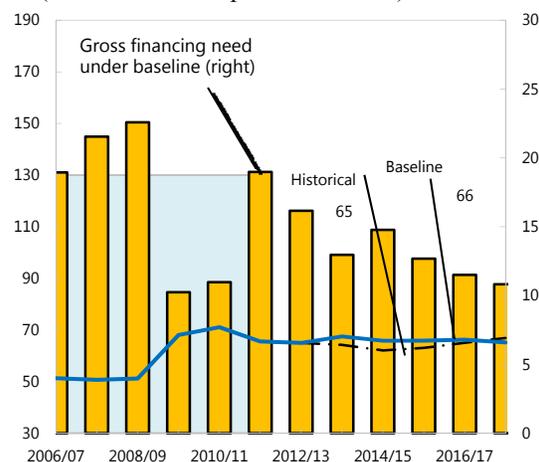


Figure 8. Jamaica External Debt Sustainability Baseline & historical scenarios (External Debt in percent of GDP)



Source: IMF Country Report No. 13/126 – 05-2013

Inefficient Public Sector

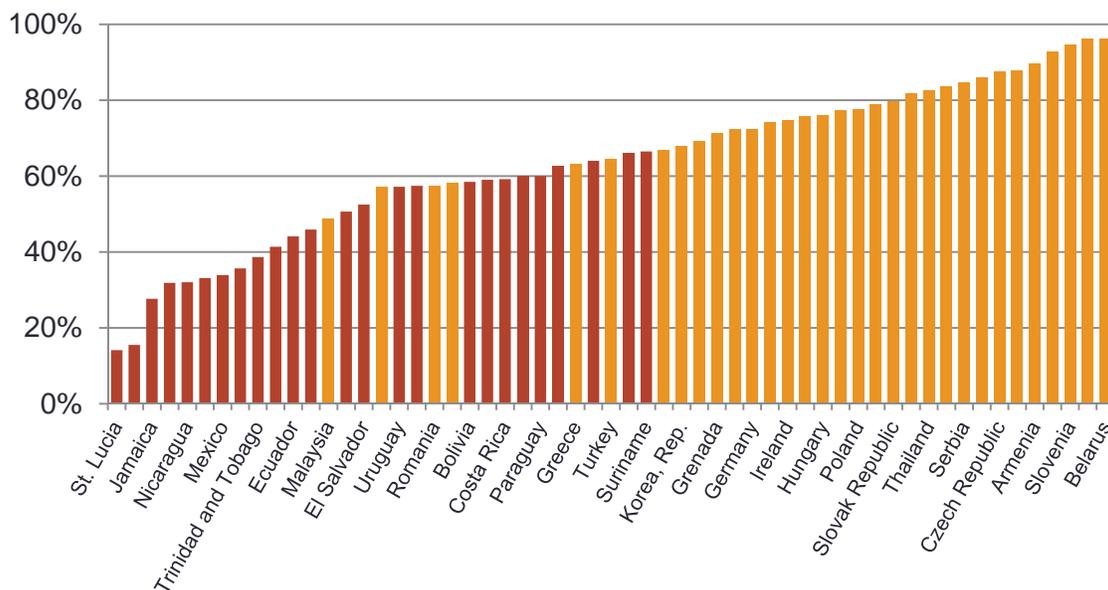
29. **Weak tax and custom administrations are an impediment to strengthening fiscal management and to private sector investment and growth.** In general, the private sector and the general public associate public sector operations with excessive bureaucracy. Flawed tax and trade policy frameworks and weak institutional capacity in tax and customs administration are obstacles to investment in sectors where Jamaica has a comparative advantage. The existing tax structure is cumbersome and plagued with discretionary waivers which lower tax revenues, create distortions in the allocation of capital and decrease the productivity of investment. Addressing these weaknesses will be essential to complement ongoing efforts at fiscal consolidation and will contribute to create the necessary fiscal space and facilitate increase investments.

30. **The operations of public entities, the public pension system, and contingent liabilities associated with Jamaica’s high exposure to natural disasters present sizable fiscal risks.** The budget cycle is a source of inefficiency in Jamaica due to the absence of clear alignment between planning and execution, making management of the Public Sector Investment Program (PSIP) challenging. The absence of realistic measurable indicators for sector programs hampers effective prioritization of public current expenditure and investment. Strengthening such functions would foster trust in the institutions of the State and provide investors with confidence in a stable and secure environment.

Weak Competitiveness

31. **Jamaica’s weak investment climate and lack of innovation are hindering private sector development and obstructing growth.** Jamaica ranks relatively low in investment climate related indexes, including the World Bank’s 2014 Doing Business Indicators. Key weaknesses include access to affordable energy (Jamaica is ranked 132 of 189 countries and the average retail tariff is US\$0.35/kWh, amongst the highest rates in the Caribbean), access to finance (private credit to GDP is 27 percent, well below the upper middle-income group average of 48 percent), a distortionary tax regime, and ingrained perceptions of corruption (in 2013, Jamaica was ranked 83 out of 177 countries in the Transparency International Corruption Perception Index). These constraints, combined with low private sector confidence, waning public infrastructure, and lack of innovation (Figure 9) are constraining competitiveness and preventing a stronger contribution of the private sector to Jamaica’s economy.

Figure 9: Percentage of Firms that Developed or Introduced a New Product, 2010

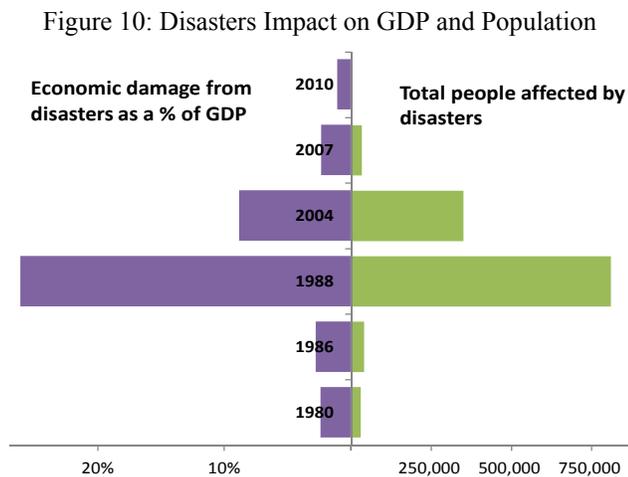


Source: World Bank Report: *Latin American Entrepreneurs, Many Firms but Little Innovation*, 2014

32. **Although Jamaica is a small, open economy that has historically relied on trade for a significant share of its GDP, structural obstacles have hindered its export performance.** Exports, which averaged 35.8 percent of GDP for the period 2003–12, have been offset by significantly larger imports, averaging 56.1 percent of GDP over the same period. The country has lost competitiveness in traditional products like sugar and bananas and has moved to an enclave model implemented through Export Free Zones (EFZs) in mining and tourism. The lack of competitiveness is linked to weaknesses in the investment climate that enhance the cost of doing business, limited adoption of new technologies, low levels of workforce training, and limited availability of specialized professional manpower. Furthermore, while EPZs can play a role in attracting FDIs by offsetting some aspects of the weak investment climate, spillovers to the rest of the economy have been limited thus far.

High Social Vulnerabilities and Risks from Climate Change

33. **The Jamaican economy is highly vulnerable to risks, including economic, natural disasters, and social risks.** Among countries of comparable per capita income, Jamaica is one of the countries with the highest percent of the population and GDP at risk (Figure 10). Economic risks result, in addition from the fiscal risks associated with exchange rate and interest rate movements, from the costs of: (i) natural hazard risk,⁴ (ii) agricultural production risk; and, (iii) import commodity price risk. Fiscal expenditure impacts of these recurring risks include large policy-driven contingent liabilities, such as the cost of agricultural insurance and emergency relief programs, as well as implicit liabilities, such as infrastructure rebuilding costs where recovery costs have not been explicitly budgeted. Simultaneously, fiscal revenues are negatively impacted by shocks through declines in tax revenues related to income, trade, and property. In the absence of appropriate buffers, these risks also represent a threat to fiscal and debt sustainability.



Source: EM-DAT-OFDA/CRED International Disaster

34. **Natural disasters represent a significant contingent liability for Jamaica, with potential high economic and poverty impacts.** More than 96 percent of Jamaica’s GDP and population are located in areas at risk to at least two natural hazards, making it the third most exposed country in the world to two or more hazards. Over the past 50 years, Jamaica has gone through a growing number of natural disasters, which have had an increasing economic impact on the country, as evidenced by Hurricane Gilbert in 1988, of which the damages amounted to approximately 65 percent of the GDP. The cumulative damage from the last three major storms (Ivan in 2004, Dean in 2007 and Gustav in 2008) totaled over US\$1 billion. Even the recent Tropical Storm Nicole (2010) is estimated to have caused a fiscal cost of 1.9 percent of the GDP. Climate change is expected to increase the impact of some of the hazards that already cause significant damage. According to the World Bank study, “Sea Level Rise and Storm Surges”⁵, the impact of sea level rise and intensified storm surges in Latin America and the Caribbean will be highest in Jamaica with 28.49 percent of the coastal population exposed and potential losses of coastal GDP projected to exceed 26.62 percent. In Jamaica as in other countries in the region, poor populations are less resilient to natural disasters and they suffer larger damages relative to their livelihoods.

⁴ Within the last 25 years, Jamaica has been hit by storms affecting over 1.8 million people and the material damages approximate 26 percent of GDP.

⁵ See Dasgupta et al. (2009), “Sea-Level and Storm Surges: A Comparative Analysis of Impacts in Developing Countries”, *Policy Research Working Paper No. 4901*, The World Bank.

35. **Young people face increasing social risks.** The largest segment of the Jamaican population is below the age of 25 and the lack of services and opportunities poses a serious risk for social and economic development. The limited access to good quality basic health and education services for young children from poor households, negatively impacts their growth and development opportunities later in life. Lack of investments in the early years of childhood can have detrimental effects on growth and productivity later in life. Furthermore, high unemployment among youth has created an urgent need for skills development, jobs and the development of youth-focused policies and programs. Youth marginalization, driven by lack of opportunities and high unemployment, is a major social issue with significant links to crime, violence and teenage pregnancy.

36. **Despite a strong government effort and a remarkable reduction in homicide, violent crime rates remain among the highest in the region.** Crime and violence in Jamaica⁶ reflect deep-rooted social and institutional problems, including organized crime, general public distrust of the police, incidences of police corruption, and lack of essential services and targeted interventions to address underlying risk factors. Crime and violence disproportionately impact residents of poor urban communities and crime victims and offenders tend to be concentrated among the poorest and among young males (about 90 percent of murder victims and more than 90 percent of offenders are male).

II. GOVERNMENT VISION

37. **The GoJ has launched a comprehensive program of structural reforms to transform the economy.** The program aims to ensure macro-economic stability through fiscal prudence, address energy sector issues, develop human capital, optimize trade and investment, advance justice and national security, resolve environmental and social challenges, and implement transformative projects in key areas with growth potential. In that context, the GoJ reform plan agreed with the IFIs includes a series of reforms aimed at ensuring fiscal sustainability and creating conditions for growth, including through investments in energy generation and efficiency, and in a number of sectors driving growth and job creation, including logistics, information and communication technology (ICT), creative industries, agriculture, and financial services. For GoJ, the development of its logistics infrastructure is a national priority which could help Jamaica take advantage of its strategic proximity to the Panama Canal whose expansion is expected to result in increased trade traffic in the region. Another key initiative is the development of ICT and creative industries that could have a significant impact on private sector competitiveness while providing jobs for the youth.

38. **Reform implementation is supported by a dedicated institutional set up.** A National Coordination and Implementation Unit charged with monitoring reforms has been established. The GoJ also established the Economic Programme Oversight Committee (EPOC) co-chaired by the Bank of Jamaica and the private sector to provide oversight and monitoring of the IMF program. A Social Partnership Agreement (SPA)

⁶ Homicides Crime Levels in Jamaica decreased from a peak of 62 per 100,000 inhabitants in 2005 to 40.4 per 100,000 in 2012, Jamaica Constabulary Force (JCF)

was signed between the Government and the private sector, trade unions and the civil society, and formed a broad coalition around the reform agenda to ensure the sustainability of reforms and mitigate against a relapse of political commitment.

39. **The Caribbean Growth Forum (CGF) provides a broader platform to engage citizens and civil society on reform implementation.** Jamaica hosted the launch of the CGF in June 2012. Since then, the Government established a CGF National Chapter, and engaged more than 200 people from private sector, government and civil society in defining 23 key reform priorities in the area of logistics and connectivity, skills and productivity and investment climate (Annex 4). The first reporting on implementation progress was held in February 2014 in a workshop organized by the Government—Planning Institute of Jamaica (PIOJ) and Jamaica Promotion Corporation (JAMPRO)—in the framework of the Doing Business Roundtable of the National Competitiveness Council.

40. **The reform program contributes to the implementation of the National Development Plan (NDP) “Vision 2030 Jamaica,” which aims to transform Jamaica into a developed country by 2030.** The Plan, presented at the May 2009 Budget Debate, is structured around four national goals: Jamaicans are empowered to achieve their fullest potential; the Jamaican society is secure, cohesive and just; Jamaica’s economy is prosperous; and Jamaica has a healthy natural environment (Table 2). It seeks to address critical development challenges and lay a foundation for inclusive and sustained growth, building conditions for increased competitiveness and private sector-led growth. The plan also aims to mitigate medium-term social effects of fiscal consolidation, build climate resilience, protect social gains while moving toward fiscal and debt sustainability, and build social cohesion. Finally, the GoJ recognizes that the failure to implement many initiatives in the past was due to a weak institutional structure and is now committed to improving the efficiency of the public administration.

Table 2: Vision 2030 Jamaica- National

| NATIONAL GOALS | NATIONAL OUTCOMES |
|--|--|
| 1. Jamaicans are empowered to achieve their fullest potential | <ul style="list-style-type: none"> 1. A Healthy and Stable Population 2. World-Class Education and Training 3. Effective Social Protection 4. Authentic and Transformational Culture |
| 2. The Jamaican society is secure, cohesive and just | <ul style="list-style-type: none"> 5. Security and Safety 6. Effective Governance |
| 3. Jamaica’s economy is prosperous | <ul style="list-style-type: none"> 7. A Stable Macro economy 8. An Enabling Business Environment 9. Strong Economic Infrastructure 10. Energy Security and Efficiency 11. A Technology-Enabled Society 12. Internationally Competitive Industry Structures |
| 4. Jamaica has a healthy natural environment | <ul style="list-style-type: none"> 13. Sustainable Management and Use of Natural and Environmental Resources 14. Hazard Risk Reduction and Adaptation to Climate Change 15. Sustainable Urban and Rural Development |

III. WORLD BANK GROUP PARTNERSHIP

A. LESSONS LEARNED FROM THE 2010-2013 CPS

41. **The Jamaica CPS FY2010-2013 Completion Report highlighted a number of lessons which were taken into account in the design of the new strategy.** *Overall, the CPS program performance is rated Moderately Satisfactory, as the WBG made substantive progress toward key expected outcomes: more than half of the quantitative indicators have been reached (or exceeded).*

Lessons from the Completion Report:

- Stronger focus on helping Jamaica in laying the foundations for economic recovery and resumption of growth. While the CPS 2010-2013 areas of engagement remain relevant, a sharper focus on increased competitiveness and private sector led growth is needed.
- The WBG contributed noticeably to Jamaica's human development and social cohesion agenda. Building on this and scaling up of successful programs will help achieve tangible results in the short term and maximize impact.
- Program flexibility is critical to provide enough space for adaption and innovation in response to Jamaica's financial and development challenges.
- The CPS program design needs to be ambitious but realistic about what can be accomplished within its time frame in an environment characterized by constrained capacity. Integrating more systematically political economy and capacity analysis in program design, improving sector and program coordination and realistic timing and sequencing of interventions would strengthen achievement of strategic outcomes.
- The combination of IFC and Bank support for reform can achieve significant positive long term results. For example, the Air Jamaica privatization is leading to fiscal savings equivalent to 1.2 percent of GDP per annum.
- An efficient monitoring for results system is needed to support CPS implementation. The CPS result framework should be reviewed systematically as part of regular WBG portfolio monitoring in conjunction with the CPPR. Building on an improved coordination between WBG, IMF, IDB, EU and bilateral partners, further collaborative efforts for joint monitoring of results should be explored.

B. CONSULTATIONS

42. **The CPS capitalizes on a wide-reaching participatory process and close coordination with other development partners (Annex 3).** The engagement strategy supported by the CPS has indeed benefited from the participatory dialogue platform provided by the CGF, on which Jamaica embarked in 2012. Furthermore, the CPS has benefited from a Country Client Survey (Box 1) and wide consultations and monitoring of the on-going stabilization and reform program, including through the SPA and the EPOC. The CPS has also benefited from the active involvement of private stakeholders through the EPOC, which was established with the objective of introducing greater transparency to the Government's Economic Reform Program while enhancing public

information and confidence. Donor coordination has also been strong, especially through coordination of the international rescue package.

43. **A general stakeholder consensus on WBG support has been formed in the areas of: (i) fiscal management and public sector reform; (ii) social and climate change vulnerabilities; and (iii) growth and competitiveness.** The consultations highlighted the need to restore macroeconomic sustainability through more effective institutions for fiscal and debt management and overall public sector modernization, and to support growth resumption through a stronger private sector and more effective investments. Representatives of the private sector, civil society, trade unions, youth and international development partners endorsed the priority areas identified by the government and the WBG. Consultations in the context of the CGF process (May-August 2013) in partnership with the IDB, the Caribbean Development Bank (CDB) and Compete Caribbean presented yet another opportunity to reflect on these issues.

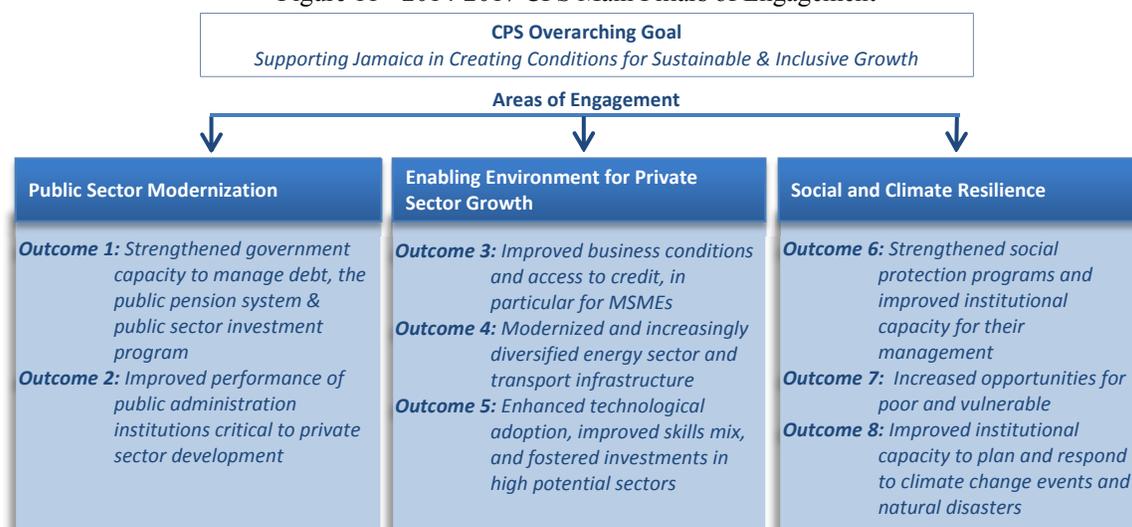
Box 1. Jamaica Country Client Survey (2013)

The 2013 Jamaica Country Client Survey (see Annex 6) assessed the relationship between the WBG Jamaica Country Team and its stakeholders (e.g., private and public sectors, academia and civil society). With a response rate of 68 percent, the most significant finding was the reported level of familiarity with the work of the WBG in Jamaica: a rating of 8.2 (on a 10 point scale) marked an upswing from the 6.6 registered in the last survey (FY10). The ratings of relevance, alignment with development priorities and strategic realism- 8.2; 7.7; and 7.6 respectively - have also increased more than one point. The WBG's technical and capacity building assistance is considered as valuable and effective as the WBG financial support.

C. PROPOSED WBG STRATEGY FOR FY14-17

44. **The overarching goal of the CPS is to support Jamaica in creating conditions for sustainable and inclusive growth.** In line with the National Development Plan and in close cooperation with other development partners operating in Jamaica, the strategy will provide selective solution-oriented support in three areas (Figure 11): (i) Public Sector Modernization (ii) Enabling Environment for Private Sector Growth and (iii) Social and Climate Resilience. The WBG program will help address some of Jamaica's chronic structural challenges, but only consistent government policies and long-term engagement with all partners would bring growth acceleration over time.

Figure 11 - 2014-2017 CPS Main Pillars of Engagement

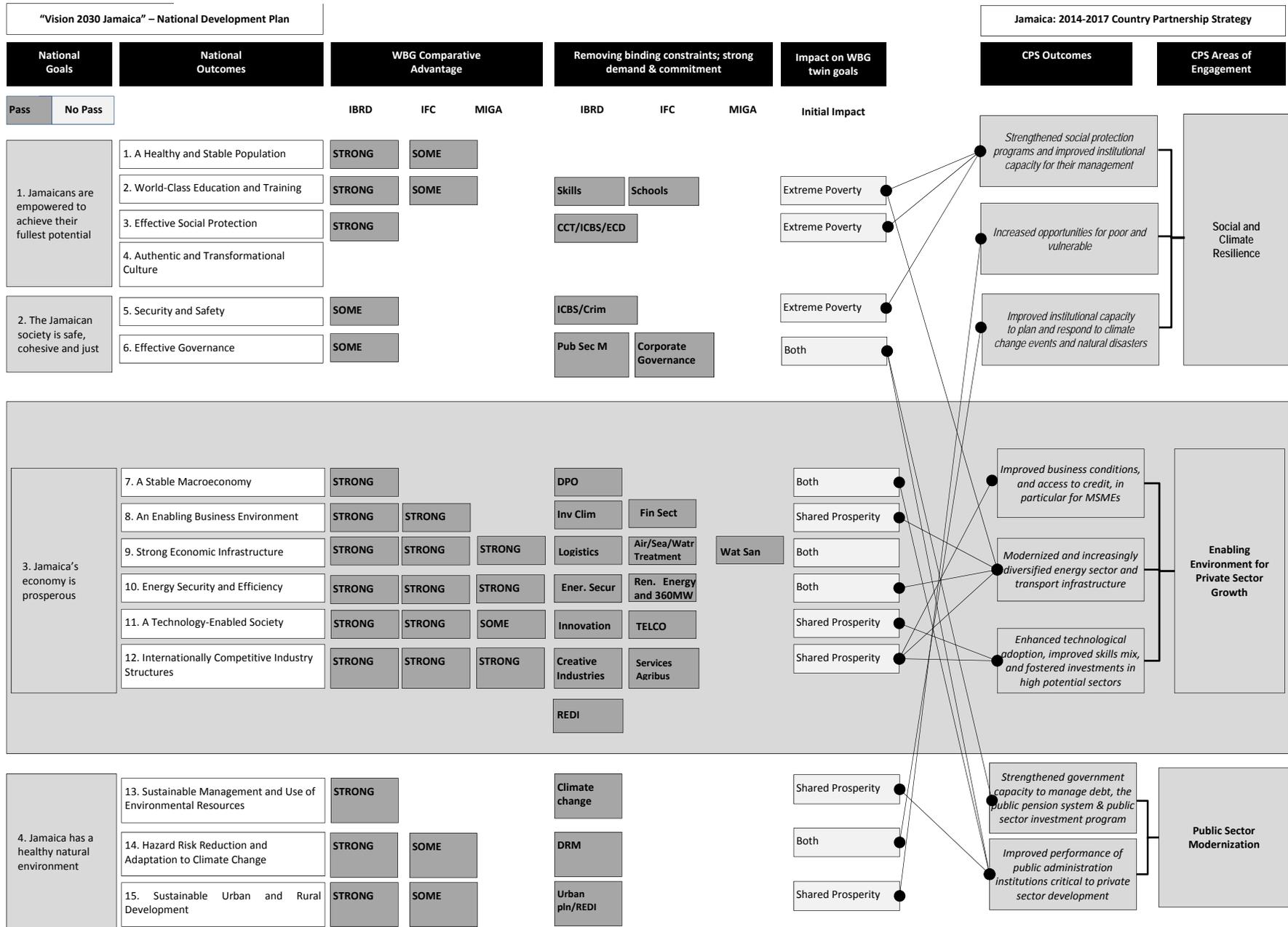


45. **The proposed CPS is aligned with the Government’s development priorities for Jamaica.** The strategy is focused on Jamaica’s third national goal: “Jamaica’s Economy is Prosperous”, and is supported by specific outcomes related to the other three national goals (National Goal One: “Jamaicans are empowered to achieve their fullest potential”; National Goal Two: “The Jamaican Society is safe, cohesive and just”; and National Goal Four: “Jamaica has a healthy natural environment”). In alignment with the WBG twin goals of reducing poverty and boosting shared prosperity, the strategy scales up successful interventions aimed at protecting the poor, creating opportunities for the vulnerable, and helping communities to reduce poverty and address crime and violence. At the same time, the strategy places an increased emphasis on helping improve the enabling environment for private sector development and growth and addressing climate change vulnerabilities as conditions for fostering sustained improvements in shared prosperity.

46. **The CPS areas of engagement were identified through a selectivity filter aimed at maximizing impact.** Selectivity criteria focused on areas that: (i) are removing binding constraints to Jamaica’s development and where government demand and commitment are high; (ii) are aligned with the WBG’s comparative advantage⁷; and (iii) have the highest likely influence on poverty reduction and shared prosperity (Figure 12). This led to the identification of three areas of engagement and eight targeted development outcomes.

⁷ Comparative advantage was defined as measuring the WBG’s global experience in a given area, its analytical understanding of the specific area in Jamaica, and the success of current WBG engagement in the area.

Figure 12: Jamaica: 2014-2017 CPS Selectivity Assessment



Thematic Area 1: Public Sector Modernization

47. **Modernization of the public service is a necessary step in the government's efforts to generate additional fiscal space for strategic investments and facilitate private sector development.** Some of the problems that have afflicted Jamaica in this regard include weaknesses in the budget process that affect the planning and execution of public spending, inefficiencies in debt management, a heavy pension system that is entirely funded by budgetary outlays, and a public sector investment program unable to deliver growth dividends in its present un-prioritized way. Furthermore, Jamaica faces challenges associated with tax and customs administration that undermine the investment climate, inefficiencies in the operation and management of public entities, and weak accountability mechanisms. The Bank will support the GoJ with activities focused on (a) strengthening capacity to manage debt, the public pension system, and the public sector investment program; and (b) improve the performance of public administration institutions that are critical to private sector growth.

Objective: Improving Fiscal and Debt Management.

Outcome 1: Strengthened Government Capacity to Manage Debt, the Public Pension System, and the Public Sector Investment Program (PSIP).

48. **The WBG will support better fiscal and debt management.** The Bank will continue to support the development of an integrated strategic planning and budgeting process, the implementation of a system of financial and nonfinancial performance indicators, and the integrated financial information system for budget and cash management. IFC will continue providing support on tax simplification. New WBG activities will focus on strengthening the strategic debt management capacity of the Debt Management Unit and the implementation of a new Debt Law, while addressing broader structural issues underlying fiscal and debt sustainability, such as the sustainability of the public pension system. In addition, in coordination with the IDB, the Bank technical support will be provided to develop a comprehensive risk assessment framework that looks at the fiscal impact of exogenous shocks.

49. **Strengthening the prioritization and alignment of budget planning with execution will remain a key area of focus.** To institutionalize the five-year PSIP, the Bank will help to unify and harmonize procedures governing public investment projects and help strengthen capacity for economic and financial analysis and prioritization of public investment projects.

Objective: Improving Public Administration Performance

Outcome 2: Improved performance of public administration institutions critical to private sector development.

50. **Boosting public sector performance and increasing accountability will take important place in the GoJ's reform agenda.** The Bank is already assisting Parliament in strengthening its public finance oversight capacity by making a more systematic use of pre-legislative (including pre-budget) scrutiny. Going forward, the Bank program will focus on strengthening capacity and improving performance in areas considered major bottlenecks to private sector development, such as Customs and standardization. Expected results include a reduction of 35 percent in the number of product certifications

and inspections for imports and services; and reduction of release time for imports at Kingston port. The Bank and IFC policy advice and capacity building will help strengthen PPP management to leverage private investments in a strategic and fiscally sustainable manner. The Bank and IFC will also continue to provide support to the Development Bank of Jamaica (DBJ)'s privatization program under a broader MOU that includes specific PPP projects (energy, transport waste water treatment and education). In consultation with the IMF, the WBG will support the authorities with the introduction of an institutional framework for PPPs. In addition, IFC will explore strengthening of public and private agencies which can support food exports from Jamaica.

51. **Demand for good governance at the local level will also be targeted.** Building on good practices in Jamaica and other countries, the WBG will systematically emphasize social accountability and demand for good governance across all areas of engagement. Lessons learned and results that emerged from the *Inner Cities Basic Services for the Poor Project* (ICBSP) on strengthening community capacity to monitor and demand better services will be replicated across interventions at the local level. Use of beneficiary feedbacks will be expanded wherever relevant. A flexible approach will be implemented with the introduction of specific accountability components in operations. The WBG engagement in this area will build on the public policy monitoring mechanisms established under the CGF's Jamaica Chapter and through the entry of Jamaica in the Global Partnership on Social Accountability (GPSA).

Thematic Area 2: Enabling Environment for Private Sector Growth

52. **Jamaica's weak business environment, limited technological innovation and inadequate skills supply impede competitiveness and business expansion.** On the DB indicators, Jamaica lags behind its regional competitors in indicators such as ease of paying taxes, enforcing contracts, registering property, and trading across borders. Jamaica's taxation on profits is particularly high when compared with its neighbors. Surveys of Jamaican businesses point to tax rates, electricity, access to finance, practices of the informal sector as well as crime, theft and disorder as the most burdensome constraints on their operations.⁸ At the same time, SMEs in Jamaica with potential to grow lack knowledge and skills to increase productivity, sell more competitive outputs and generate jobs. They lack capabilities to integrate into dynamic value chains, precluding them from high potential job growth business opportunities. The absence of services for business development and support, standardized production and processing capacities limits access to formal and higher value added domestic and international markets and the longer term viability of small Jamaican enterprises. The education system has failed to impart relevant skills for the private sector labor market.

53. **The WBG program will aim to help Jamaica tangibly improve the enabling environment for private sector while focusing support in sectors that can be drivers of growth** through: (i) "horizontal" support to strengthen the general business environment; and (ii) help foster the development of specific sectors with high or higher potential ("vertical" support). The work will go beyond general DB indicator-based reforms and will focus on industry level interventions aimed at removing gaps in the

⁸ See World Bank (June 2013), *Overcoming the Binding Constraints to Growth in Jamaica, Caribbean Knowledge Series*.

value chain. Analytical work and stakeholder consultations, including through the CGF, identified the sectors of tourism, agribusiness, logistics, creative industries, energy and ICT, as potential sources of increased competitiveness, jobs, and ultimately growth for Jamaica. In these sectors, with the support of a Joint Business Plan (JBP) with the IFC, the WBG program will target improvements in the business environment, infrastructure gaps (with a focus on energy and transportation, and leveraging local capital markets), higher entrepreneurship and innovation, and attraction of private investment.

Objective: Improving the business environment

Outcome 3: Improved business conditions and access to credit, in particular for MSMEs.

54. **The WBG will work with the National Competitiveness Council and other stakeholders on improving key areas of the business environment** highlighted in the 2014 DB report. Particular emphasis will continue to be placed on tax regime, enforcing contracts, trading across borders, customs regulations, electricity, and logistics services and construction permits. To help improve access to credit, IFC will continue advising on Credit Bureau legislation, as part of a regional harmonization plan, and will support microfinance institutions to better adapt loan products to the local market, opening access to finance to previously underserved market segments, such as small business owners. The Bank will support financial inclusion work through a Development FSAP, the improvement of credit information systems, and support a credit line and a credit guarantee facility. Going forward, the WBG will assist the GoJ in developing a Logistics Hub Initiative aimed at establishing Jamaica as a major hub in the global trading system. This work will include assistance to the development of a Master Plan and the design of legal and regulatory reform for economic zones, the development of logistics and the removal of trade barriers, with specific attention to ensuring backward linkages to the Jamaican economy. IFC will work with food sector SMEs and their public and private institutions to help improve their investment climate and access to finance and markets. IFC will also pursue its efforts to develop SME credit lines and trade financing lines

Outcome 4: Modernized and increasingly diversified energy sector and transport infrastructure.

55. **To support infrastructure upgrade, IFC will mobilize private investment by leveraging local capital markets** for qualified projects, while the Bank will help establish a PPP project preparation facility, to identify and study new investments and subsequent attraction of FDI in key sectors. In an environment of fiscal consolidation, IFC advisory services on PPPs will complement the Bank efforts. In an environment of fiscal consolidation, local capital markets and PPPs offer alternatives to address infrastructure needs by tapping the private sector resources. A more efficient energy sector is important to alleviate the drain on the country's fuel import bill, and the burden of high electricity rates on businesses and consumers. The WBG will continue to provide TA on policy and institutional support to the energy regulator and the energy ministry, in particular for the development of policies and to expand clean and renewable energy generation. Going forward the WBG will aim at mobilizing private sector investment for fuel source diversification, including potential IFC support for natural gas and large-scale energy efficiency improvements. IFC will remain active in supporting the upgrading of the transport network, especially airports, via investment and advisory services.

Objective: Fostering Entrepreneurship, Skills and Innovation

Outcome 5: Enhanced technological adoption, improved skills mix, and fostered investments in high potential sectors.

56. **WBG support will target technological adoption and innovation, and improvement of the supply of skills in growth sectors, namely agriculture/agribusiness and ICT.** In collaboration with InfoDev, the WBG will help the GoJ foster entrepreneurship, with particular focus on women, through public policies and public-private funded incubators that stimulate technology-enabled innovation, exchange of knowledge, and expand the supply of skilled labor. Building on the successful experience of Digital Jam 2.0 and KingsTOON, the WBG, in collaboration with various development partners, will provide support to entrepreneurship in ICT and climate change mitigation, and the development of creative industries. This work will help increase youth employability and create some opportunities for jobs, especially for young people, in the virtual global economy and in labor-intensive non-traditional sectors (e.g., animation industry). In the agriculture/agribusiness sector, the WBG will continue working with the GoJ to enhance productivity, by providing support to groups of small producers who represent a large share of the "bottom 40 percent", and by strengthening alliances between groups of small producers and larger processors/wholesalers/markets, thus creating linkages to domestic and foreign markets. This support will continue to cover a range of issues, including sanitary and phytosanitary systems, market and weather information, certification and standardization, and post-harvesting/processing to create stronger links with the tourism industry and export markets. Going forward, the WBG will help to attract large anchor investors with backward linkage potential as a critical source of value-added, know-how, finance and linkage to more sophisticated markets. With EU support, IFC will assist food sector SMEs (exports, food security).

57. **Implementation of activities in this thematic area will be supported by a Joint Business Plan leveraging WBG support (Annex 7).** The JBP will combine WBG support for horizontal policy reforms of the business environment, with IFC investments and advisory services and potential MIGA insurance in infrastructure, agribusiness, energy and other sectors that have the potential to be future drivers of growth.

Thematic Area 3: Social and Climate Resilience

58. **Jamaica has embarked on an ambitious fiscal consolidation and structural reform agenda, whose success depends on the country's capacity to protect the poor, reduce social vulnerability and enhance climate resilience.** Austerity measures in the short run could hurt the poor and vulnerable and lead to a potential increase in transient poverty. Effective social safety net programs, targeted at the poor with the capacity to identify, capture and protect those at risk present a critical social cushion during the economic adjustment. Building human capital, starting from early childhood, provides the foundations for a more resilient, stronger, and more prosperous society. Improved management of climate risks and climate resilience will reduce productive losses in the future, as well as the cost of infrastructure rehabilitation. Poor communities are hit harder by natural disasters and strengthening disaster management will contribute to poverty reduction and improvement of livelihood.

Objective: Enhancing resilience and reducing socio-economic vulnerabilities

Outcome 6: Strengthened social protection programs and improved institutional capacity for their management.

59. **The Bank will continue its support to GoJ’s social protection program** (Program of Advancement Through Health and Education, PATH) by building on the successful implementation of the conditional cash transfer flagship. Specifically, additional support to the Social Protection Program (PATH2) will: (i) ensure continued investment in human capital; (ii) strengthen the PATH institutional capacity and programming; and, (iii) invest in opportunities for “graduation” of PATH beneficiaries, by improving their skills and employability through the *Steps to Work* program. IBRD will also continue to support the improvement in access to, and quality of, early childhood services particularly for vulnerable households with focus on improved screening and intervention for at risk children, increasing the number of early childhood institutions that meet minimum standards of quality; support to certified parenting education programs; and, scaled-up nutritional programs.

Outcome 7: Increased opportunities for poor and vulnerable.

60. **The WBG will continue to support strengthening social protection programs, protecting and improving human capital, and fostering a more inclusive and sustainable urban and rural development.** These programs will help to create opportunities for poor and vulnerable groups by improving: (i) quality of early childhood education as a critical factor for improved education and labor market performance; (ii) access to health, education and employment opportunities for poor and vulnerable beneficiaries of the conditional cash transfer program; and (iii) services and community-based social cohesion through increased access to basic services in selected vulnerable communities and strengthened capacity to implement and monitor programs for crime prevention. Building on the successes of the Jamaica Social Investment Fund to improving quality of life and reducing violence in vulnerable communities, the Bank will scale up interventions in support of the GoJ’s program of “Community Renewal”.

61. **Support will also continue aimed at improving public safety in targeted communities** by increasing the ability to design evidence-based policies and programs on crime and violence prevention and strengthening the capacity of the National Violence Observatory to collect, analyze, and disseminate data and statistics.

Objective: Increasing resilience to climate change and natural disasters.

Outcome 8: Improved institutional capacity to plan and respond to climate change events and natural disasters.

62. **The WBG will support the development of a comprehensive framework for disaster and climate risk management** and help Jamaica move from policies and instruments focused on responding to natural disasters to a comprehensive risk management strategy integrating risk reduction and disaster risk financing. Environmental degradation and the impact of natural disasters pose particularly urgent challenges to Jamaica’s economic and societal sustainability. Institutional strengthening and provision of climate resilient infrastructure are critical to ensure sustainable development. In particular, the WBG will contribute to: (i) building institutional

capacities to identify, assess and understand disaster and climate risks in terms of their economic and fiscal (expenditure and revenue) impacts; (ii) improving the understanding and cost-efficient use of financial protection instruments and mechanisms against disaster, supporting Jamaica in building a cost-effective sovereign disaster risk financing and insurance strategy; (iii) implementing priority risk reduction investments and disaster risk management policies using customized financial solutions; and, (iv) strengthening the catastrophe risk insurance framework. In addition, the Entrepreneurship Program for Innovation in the Caribbean (EPIC) is establishing a Caribbean Climate Innovation Center in Jamaica to fund climate change initiatives of start-up companies.

IV. WBG FINANCING AND PROGRAM MANAGEMENT

A. FINANCING PROGRAM FOR FY14-17 CPS

63. **The financing framework for the CPS FY14-17 period provides for up to US\$510 million in IBRD resources.** In light of the magnitude of the country’s financing needs and the WBG commitment to support GOJ fiscal adjustment and reform efforts, IBRD has committed to provide US\$510 million over the four-year period of the CPS, in conjunction with the IMF and IDB program of support. Given Jamaica’s fiscal constraints in the short term, delivery of the program will be frontloaded in the first two to three years, including though scaling up successful existing operations.

64. **About half IBRD’s commitment will be provided as Development Policy Loans (DPLs) and the remainder through investment project financing (IPF).** A series of DPLs will support policy and institutional reforms in the WBG areas of strategic engagement. The remainder will be mostly IPF, including three additional financing or scale up operations (i.e., the Inner Cities Basic Services now called Integrated Community Development, Social Protection and Early Childhood projects) to enable faster disbursements and quicker impact in areas related to social safety net and poverty reduction for vulnerable communities (Table 3). New projects will focus on growth, competitiveness, public sector modernization, and DRM.

Table 3: World Bank Financing Program FY14-16

| Fiscal Year | Project | Amount (USM) |
|---------------------------|--|--------------|
| FY14 | Integrated Community Development Project | 42.0 |
| | Foundations for Competitiveness & Growth | 50.0 |
| | Youth Employment in Creative Industries | 20.0 |
| | Strategic Public Sector Transformation | 35.0 |
| | Programming DPL | 130.0 |
| | Social Protection (AF) | 40.0 |
| | Early Childhood Development (AF) | 12.0 |
| Sub-Total for FY14 | | 329.0 |
| FY15 | Jamaica Disaster Vulnerability Reduction | 40.0 |
| | JM DPL First Programmatic | 65.0 |
| Sub-Total for FY15 | | 105.0 |
| FY16 | Tentative: JM DPL Second Programmatic | TBD |
| FY17 | TBD | TBD |
| Total FY14-15 | | 434.0 |

65. **The WBG contribution to results in Jamaica in the early years of the CPS implementation will be primarily through the existing portfolio; managing portfolio for results is a key priority.** The current portfolio, Table 4, consists of five investment lending operations with a commitment of \$153 million and one development policy loan of \$130 million. The largest investments are in the sectors of Economic Policy and Social protection followed by Education, Agriculture and Energy which aligns well with the focus of the CPS in the areas of growth and reducing social vulnerabilities. Portfolio performance to date has been satisfactory, despite Jamaica’s fiscal space constraint and all projects are expected to achieve their Development Objectives. The disbursement ratio for Jamaica maintained a solid 29 percent from FY08-FY14. Currently, the only problem project, Rural Economic Development Initiative, is being restructured to ensure satisfactory performance. Since 2008, IEG has evaluated 8 projects of which 7 were rated “satisfactory” and 1 “moderately satisfactory”.

Table 4: World Bank Portfolio FY08-FY14 (As of February, 2014)

| Fiscal year | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| # Proj | 7 | 6 | 7 | 7 | 7 | 6 | 6 |
| Net Comm Amt | 156.8 | 116.8 | 135.3 | 140.3 | 140.3 | 130.3 | 283.0 |
| # Prob Proj | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| % IPDO: Actual | 0.0 | 0.0 | 14.3 | 14.3 | 0.0 | 0.0 | 16.7 |
| # Pot Proj | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| % Potential | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| # Proj At Risk | 0 | 0 | 1 | 1 | 0 | 0 | 1 |
| Comm At Risk | 0.0 | 0.0 | 15.0 | 15.0 | 0.0 | 0.0 | 15.0 |
| % Commit at Risk | 0.0 | 0.0 | 11.1 | 10.7 | 0.0 | 0.0 | 5.3 |
| Tot Disb | 51.3 | 29.6 | 39.7 | 52.8 | 81.9 | 94.0 | 208.0 |

66. **Bank projects in Jamaica partially use country FM systems.** For example, funds flow to projects through normal budget processes, but the country's lack of a functioning Integrated Financial Management Information System (IFMIS) means that specialized hardware/software is used to manage project accounting, financial reporting and related processes. The Office of the Auditor General has audited four IBRD projects, and this is expected to increase going forward. Project FM staff (like other PIU staff) are often contracted specifically for project implementation; this is an area where greater use of normal country processes (civil servants) could increase. GOJ has stated its strong interest in greater use of country systems during the CPS period, and the Bank will support this through a portfolio-level approach and through analysis during the design of new operations. FM performance in the portfolio has generally been satisfactory. Project FM staff participate in the Bank's annual fiduciary training, which has helped to fill capacity gaps. No significant FM issues were identified during the last CPPR.

67. **With a current portfolio of US\$262 million in investments and eight projects valued at US\$10.7 million in advisory service under implementation, IFC engagement in Jamaica is focused on private sector development and shared prosperity (Table 5 and Annex B3).** Key areas include infrastructure (energy, transport), access to finance (MSMEs, trade financing, and local capital markets), growth sectors (agribusiness, and ICT), and education. Going forward, a special emphasis will be on PPPs in infrastructure and education. With an authorized amount of up to US\$500

million, the introduction of local currency instruments further leverages IFC resources mobilization capacity. IFC’s advisory services are focused on access to finance, investment climate, PPPs and value chain support in the food sector.

Table 5: IFC Portfolio FY08-FY14 (As of February 15, 2014)

| Variable | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 |
|---------------------------------------|-------|-------|-------|-------|------|-------|------|
| Number of Projects Committed | 1 | 2 | 0 | 4 | 0 | 1 | 1 |
| Commitments (US\$ M) | 17.5 | 25 | 0 | 111.4 | 0 | 7.5 | 16 |
| Mobilization (US\$ M) | 0 | 0 | 0 | 37.1 | 0 | 7.5 | 0 |
| Own account + Mob (US\$ M) | 17.5 | 25 | 0 | 148.5 | 0 | 15 | 16 |
| Portfolio (net outstanding) | 231.6 | 224.7 | 188.6 | 316.3 | 299 | 280.2 | 262 |
| Number of clients in portfolio | 5 | 6 | 6 | 8 | 8 | 8 | 8 |

68. **MIGA’s net exposure in Jamaica, as of January 31, 2014, amounts to US\$56.5 million and enables on-lending by the financial sector to an infrastructure project.** The continuing support to this transaction signals MIGA’s efforts to continue to underwrite projects in Jamaica, facilitate inward FDIs, and contribute to the WBG’s strategy of encouraging private sector development.

69. **A well-targeted program of AAA and convening services, including at regional level, will inform policy dialogue and investment operations, and provide support to reforms (Annex B4).** Drawing on the inputs from multiple stakeholders—GoJ, the private sector, and communities—the WBG will support the GoJ with customized solutions that integrate global knowledge and expertise with financial services including support work on poverty analytics. An important segment of the program implementation will continue to be based on Caribbean regional studies and collaboration through South-South exchanges. A cross-sector programmatic program of NLTA, financed mostly through TF, will support the design, implementation and monitoring of the policy and institutional reforms in the areas of debt management, public sector reform, public finance and PPPs, social service delivery, poverty monitoring, gender, and shared prosperity.

B. MANAGING PROGRAM IMPLEMENTATION

70. **Reflecting lessons from the previous CPS, the timing, sequencing and composition of IBRD financing will be managed flexibly,** allowing for adjustments in the choice of instruments and in the program weight across the three main areas of engagement in response to evolving global or country conditions and priorities, including progress under the IMF EFF. If necessary, in close partnership with other stakeholders, the program could be adjusted. Frequent monitoring of portfolio implementation and annual CPPRs will take stock of achievement of milestones and progress towards results and will inform program implementation and adjustments as needed. To allow for greater leveraging of expertise and products across the WBG institutions, the second strategic area of the CPS will be based on the JBP. The JBP will be coordinated through a steering committee with participation of the GoJ and private sector representatives and its periodic reviews will complement the regular IBRD, IFC and MIGA portfolio reviews. Beneficiary assessments will be used where feasible. A CPS progress report will be prepared within 18 months of CPS implementation.

71. **The CPS program covers a small part of Jamaica’s development needs and the WBG will continue building partnerships to leverage resources and enhance impact.** The WBG’s contribution is targeted at providing catalytic support, sharing global development knowledge and expertise. Thus, coordination with, and leverage of, other development partner financing will be important elements of success of the WBG program. Bank support for policy and institutional reforms in the CPS areas of engagement will be closely coordinated with the IMF, the IDB and the EU to maximize impact and leverage. Coordination with the IDB will be strengthened further in the social sectors, agriculture risk insurance and value chain support to small farmers, support for customs reforms, public sector modernization, tax administration, and public investment programming. Grant financing from DFATD and DfID will continue to support technical assistance in public sector modernization. The WBG will also work jointly with the IDB, CDB and DFATD on two on-going initiatives: (i) public-private sector dialogue on growth through the CGF; and (ii) youth empowerment through creative, digital (Digital Jam 2.0) and animation industries (KingsTOON). With support from DFADT, InfoDev will continue supporting entrepreneurship, innovation, and start-ups through the ongoing EPIC program. IFC will continue to work with donors including DFATD, SECO and the EU that are supporting IFC advisory services (PPPs, Investment Climate, Access to Finance, SME and Sustainable Business Advisory).

V. RISKS

72. **The overall risk of the CPS program is high and while some risk mitigation measures can be taken, not all risks can be mitigated.** Jamaica is entering a demanding transition period, where major reforms may result in significant adjustment costs before they yield results in terms of growth acceleration and shared prosperity. There is a risk that political commitment weakens and social tensions increase, and the country is still vulnerable to external shocks and natural disasters. Materialization of any of or all of these risks which could derail fiscal consolidation and set back the reform program. More importantly, while the CPS program might succeed in achieving the objectives of building the conditions for growth, growth might take longer to materialize. Demand response to the structural, supply side reforms might not materialize if the global environments remain constrained and/or demand rebounding may be limited by the lack of competitiveness in the exchange rate. However, there is recognition that the country could be at a turning point and the GoJ acknowledges the need to demonstrate credibility and sustainability of its reform efforts to improve markets’ perception, while sustaining social acceptability of the program and protecting vulnerable populations who are the most likely to suffer the social and economic costs of adjustment.

73. **The CPS program faces three types of risks: *macroeconomic, governance and political, and capacity risks.***

(i) Macroeconomic risk. The economic situation continues to be fragile, and the Jamaican economy remains highly vulnerable to external shocks and natural disasters. The combination of a large current account deficit, low foreign exchange reserves, high unemployment and tight fiscal space significantly reduces the Government’s flexibility to

adapt to unforeseen shocks which would put the fiscal and debt situation under pressure. Even in the absence of shocks, meeting the ambitious fiscal targets will require sustained effort and continued commitment from the authorities. Growth targets are ambitious, and require both good policy and a favorable global economic environment. Going forward, resumption of growth will continue to depend on the global economic environment, and good progress on structural reforms alone may not translate into growth. Should macro fragility cause the economic reform program to go off track, the country would likely face substantial balance of payment and budget financing problems, the possibility of debt default, sharp exchange rate depreciation and a spike in inflation. This would result in a deep contraction of the economy and a rise in unemployment and poverty levels, leading to a possible crisis. If this risk were to materialize, the programmatic DPL series would be jeopardized and private sector investments be delayed.

Mitigation: While the Bank is coordinating closely with the IMF program to mitigate macro risks, the CPS areas of investment lending and AAA would remain highly relevant including by providing monitoring and supervision and providing on-demand technical assistance. The program may require adjustment due to exogenous shocks or other factors that cannot be anticipated at the outset. In that case, Bank financing would need to be adjusted in coordination with the IMF and the IDB. In case of a program failure, the Bank could reallocate the resources of the DPL series to social mitigation interventions that would be scaled up. The IFC, in this scenario, while limited in its ability to commit new investments due to negative private sector confidence, would increase its efforts to provide support for the investment climate agenda. With IFC support, leveraging local markets may provide some alternative financing options, especially in the absence of FDI. The WBG would also explore opportunities for alternative entry points on the policy and institutional agenda, as feasible, through convening services, knowledge work, South-South exchanges, and sector level interventions.

(ii) Governance and political risks. Jamaica faces a heavy reform agenda which could lose steam if negative impacts of reform begin to reduce political and popular support, and if vested interests come in the way. The difficult reforms underway under the IMF EFF have virtually exhausted the government's political capital, harmed vested interests, reduced spending and solicited heavy debate in Jamaica on the potential benefits of these reforms. Reform fatigue and weakened political support may have a negative impact on the structural reforms supported by the CPS. Moreover, if growth is slow in materializing the political environment will not be conducive to further fiscal adjustment should it become necessary.

Mitigation: While this risk can only be marginally mitigated, the WBG will work with the government to accompany the reform process with policy dialogue and good communication, and maintain close relations with the private sector. Efforts will also be made to deepen the WBG's understanding of the political economy in important reform areas to inform the nature and scale of its engagement and adjust accordingly. Overall, the large multilateral package may help maintain confidence that financial support is available should the Government continue on the path of tough reforms. Under the DPO series, the WBG will strive to balance the predictability of its financing with the strength of the program implementation. Furthermore, the WBG will aim at supporting the supply and demand sides of good governance through the CGF process, the GPSA for

strengthened social accountability, PFM-related activities, South-South exchanges, and other interventions under Strategic Objective 3.

(iii) Capacity risks. The multi-faceted reform agenda raises the risk that government capacity is stretched thin and implementation is delayed. Legislative capacity has been stretched given the large amount of new legislation that needs to be drafted and approved over the next few years. In addition, an ongoing public sector wage freeze has greatly hampered the government's ability to attract and maintain talent and made it difficult to create new positions. Several of the reforms require the government to hire personnel with scarce skills (e.g., debt managers, PPP transactions specialists). There is a risk that the government will not be able to fully operationalize some of the reforms within the envisaged timeframe and the limited fiscal resources could hinder the full execution and roll out of the CPS agenda and action plans supported by the DPL. This risk also applies to GOJ's capacity to implement the large investment projects envisaged. In the past, programs supported by IFIs have sometimes failed to achieve results because of lack of capacity.

Mitigation: For the investment lending operation, the WBG will focus on scaling up existing, well performing projects and programs that have demonstrated government commitment while continuing its support for strengthening implementation capacity. The DPL series will likely include some landmark legislation, in the areas of energy, customs, telecommunications and disaster risk management that will set the framework for change. To support policy actions underpinning the DPL, the WBG has secured financing for training opportunities for existing staff in the MoF as well as for technical assistance, including in the form of special advisors focused on design and implementation of key reforms so that they might be able to take on some of these tasks without additional hiring requirements. On-going TA is being provided in access to finance, doing business, PPP, regulations for the debt law, non-communicable diseases and other areas.

ANNEX 1. RESULTS MATRIX

| Country Development Goals and Outcomes (Vision 2030) | Development Results | Indicators | WBG Program |
|--|--|---|---|
| Theme 1: Public Sector Modernization | | | |
| Objective: Improving Fiscal and Debt Management | | | |
| <p>Second National Goal: <i>The Jamaican Society is Safe, Cohesive and Just</i></p> <p><i>Outcome 6:</i> Effective governance</p> <p>Third National Goal: <i>Jamaica's Economy is Prosperous</i></p> <p><i>Outcome 7:</i> Stable Macro Economy</p> | <p>Outcome 1: Strengthened government capacity to manage debt, the public pension system and public sector investment program</p> | <p>Employee social security contributions are introduced and homogenized across the Civil Service</p> <p><i>Baseline (2013):</i> Cost of public pensions is 1.5 percent of GDP <i>Target(2017):</i> Cost of public pensions is maintained at 1.5 percent of GDP</p> <p>Unified procedures for the governance of all public investments, irrespective of source of funding and origin, are in place</p> <p><i>Baseline (2014):</i>no unified procedures <i>Target: (2016)</i> unified procedures in place</p> <p>The Debt Management Branch (DMB) is restructured and trained <i>Target:</i> end 2015</p> <p>Domestics and Foreign Debt consolidated data base in place <i>Target</i> end 2015</p> | <p>Financial Services Lending: Ongoing Social Protection Project (FY08)</p> <p>Lending: Pipeline DPO series (FY14-16) Public Sector Modernization (FY14)</p> <p>Knowledge Services ROSC (FY14) Financed by Grants: Ongoing TA for DPO series (FY14-16) DfID for Debt Management (FY14-16) DfID TF, Bank executed, for Public Finance (FY14-16) SEM CAR (FY14)</p> <p>IFC Mandate for structuring 2 PPPs</p> |
| Objective: Improving Public Administration Performance | | | |
| <p>Second National Goal: <i>The Jamaican Society is Safe, Cohesive and Just</i></p> | <p>Outcome 2: Improved performance of public administration institutions critical</p> | <p>Number of product certifications and inspections for imports and services reduces</p> <p><i>Baseline (January 2014):</i> approximately 350 <i>Target (end 2016):</i> reduction by 35 percent</p> | <p>Financial Services Lending: Pipeline DPO series (FY14-16) Public Sector Modernization (FY14)</p> |

| | | | |
|---|---|--|--|
| <p><i>Outcome 6:</i> Effective governance</p> <p>Third National Goal: <i>Jamaica's Economy is Prosperous</i></p> | <p>to private sector development</p> | <p>PPP institutional framework in place <i>Baseline</i> (2014): no institutional framework <i>Target</i>: (end 2016): PPP unit in DBJ is operational and the Project Preparation Facility for PPP is in place</p> | <p><u>Knowledge Services</u> Improving social service delivery and accountability (FY14)</p> <p>Financed by Grants: Ongoing SEMCAR (FY14) DfID Parliamentary Oversight (FY12)</p> |
| <p>Theme 2 : Enabling Environment for Private Sector Growth</p> | | | |
| <p>Objective: Improving the Business Environment</p> | | | |
| <p>Third National Goal: <i>Jamaica's Economy is Prosperous</i></p> <p><i>Outcome 8:</i> An enabling business environment</p> <p><i>Outcome 9:</i> Strong Economic Infrastructure</p> <p><i>Outcome 10:</i> Energy Security and Efficiency</p> | <p>Outcome 3: Improved business conditions and access to credit, in particular for MSMEs</p> | <p>Improving the time for a company to register, obtain a construction permit, and pay taxes</p> <p><i>Baseline</i>: time for construction permit, 135 days (DB 2014) <i>Target</i>: end-2015, 90 days</p> <p><i>Baseline</i>: time for a company to register, 6 days (DB 2014) <i>Target</i>: end-2015, 3 days</p> <p><i>Baseline</i>: 36 tax payments per year (DB 2014) <i>Target</i>: end-2016, 24 tax payments per year</p> <p>IFC SME loans disbursed and TF guarantees issued: <i>Baseline</i> (2013): 0 <i>Target</i> (by end 2017): US\$ 120 million</p> <p>IBRD/IFC New generation capacity constructed and/or rehabilitated <i>Base line</i>: 0 <i>Target</i>: 292 MW</p> <p>IFC <i>Baseline</i> (2012): Trans-Jamaica highway serves 1 million passengers per year <i>Target</i> (end 2016): Trans Jamaica toll road serves 2 million passengers per year</p> | <p><u>Financial Services</u> Lending: Ongoing Rural Economic Development Initiative (FY10) Energy Efficiency (FY11)</p> <p>Lending: Pipeline Competitiveness and Growth (FY14) DPO series (FY14-16) Energy II (FY15)</p> <p><u>Knowledge Services</u> Development FSAP</p> <p><u>IFC</u> Business Edge Program Small Business Advisory</p> <p><u>Financial Services:</u> Lending: Ongoing Energy Efficiency and Security Enhancement (FY 11) Lending pipeline: Energy II (FY 15)</p> <p>IFC About 2 new infrastructure operations Portfolio energy & transport sectors operations</p> |

| | | | |
|--|---|--|--|
| IFC | | | |
| Norman Manley International Airport expanded and renovated, passenger service capacity increased to 1.5 million per year | | | |
| Objective: Fostering Entrepreneurship, Skills and Innovation | | | |
| <p>Third National Goal: <i>Jamaica's Economy is Prosperous</i></p> <p><i>Outcome 11:</i> Technologically enabled society</p> <p><i>Outcome 12:</i> Internationally Competitive Industry Structures</p> <p><i>Outcome 2:</i> World class Education and Training</p> | <p>Outcome 5: Enhanced technological adoption, improved skills mix, and fostered investments in high potential sectors</p> | <p>Number of agricultural producer MSME producers trained on food safety compliance with focus on exports <i>Baseline (2013): 0</i> <i>Target (end 2016): 1500</i></p> <p>Number of supported agricultural MSME producers that market products through formal agribusiness channels <i>Baseline (2013): 0</i> <i>Target (end 2016): 2500</i></p> <p>Mobile and climate innovation incubators established with regional presence functioning <i>Baseline (2013): 0</i> <i>Target (end 2015): 2</i></p> <p>Number of youth graduating from academic digital, animation or ICT related programs <i>Baseline(2014):</i> no bachelor or Masters degrees on animation; 75 participants in the UWI short course per year <i>Targets (end 2016):</i> a bachelor's degree is in place and offered in at least 1 educational institution; (end 2015) 300 graduates per year in the UWI short course of which at least 25 percent are female</p> <p>IFC Local Currency bond to finance new investments in high potential sectors such as ICT, logistics, and agribusiness, is issued <i>Baseline (2013): 0</i> <i>Target (by end 2017): 3</i></p> | <p><u>Knowledge Services</u> Supply Chain Analysis for the agricultural sector (FY15)</p> <p><u>Financial Services</u> Lending: Ongoing Education Transformation (FY10) Rural Economic Development Initiative (FY10)</p> <p>Lending: Pipeline Creative Industries and ICT (FY14) Competitiveness and Growth (FY14) DPO series (FY14-16)</p> <p><u>Knowledge Services</u> Financed by Grants: Ongoing EPIC Entrepreneurship (FY14)</p> <p><u>Convening Services</u> Financed by Grants: Ongoing Caribbean Growth Forum (FY14)</p> <p>IFC Support to food export sector</p> |

| Theme 3: Social and Climate Resilience | | | |
|--|--|--|---|
| Objective: Enhancing resilience and reducing socio-economic vulnerabilities | | | |
| <p>First National Goal: <i>Jamaicans are Empowered to Achieve their Fullest Potential</i></p> <p><i>Outcome 3:</i> Effective Social Protection</p> | <p>Outcome 6: Strengthened social protection programs and improved institutional capacity for their management</p> <p>Outcome 7: Increased opportunities for poor and vulnerable</p> | <p>Number of people with improved coverage, adequacy, and targeting of social assistance programs targeted to poor and most vulnerable</p> <p><i>Baseline (2013):</i> 418,000 people <i>Target (end 2016):</i> 520,000 people</p> <p>Steps to Work is implemented and number of beneficiaries participating in employment activities</p> <p><i>Baseline (2013):</i> 0 <i>Target (year 2016):</i> 1,000 of which at least 50 percent are female.</p> <p>Percentage of children enrolled in early Childhood institutions that have a permit to operate</p> <p><i>Baseline (2013):</i>53 <i>Target (end 2017):</i> 65 percent</p> <p>Number of households with access to water, electricity, and regular solid waste collection</p> <p><i>Baseline (2013):</i> 60,000 <i>Target (end 2016):</i> 140,000</p> | <p>Financial Services Lending: Ongoing Social Protection Project (FY08) Inner Cities (FY06). Energy Security and Efficiency (FY11) ECD (FY08)</p> <p>Lending: Pipeline Energy Security and Efficiency 2 (FY16) DRM (FY15)</p> <p>Trust Funds: Ongoing PHRD Disability (FY14)</p> <p>Knowledge Services TA on Poverty measurement (FY13) TA on Youth Inclusion (FY15)</p> <p>IFC Investment in energy (FY12) Potential education, energy and wastewater treatment operations. Portfolio of energy operations</p> |
| Objective: Increasing Resilience to Climate Change and Natural Disasters | | | |
| <p>Fourth National Goal: <i>Jamaica has a Healthy Natural Environment</i></p> | <p>Outcome 8: Improved institutional capacity to plan and respond to climate change events and natural disasters</p> | <p>National climate data gathering network/infrastructure of the Meteorological Services, Jamaica (MSJ) upgraded</p> <p><i>Baseline (2013):</i> network and infrastructure obsolete <i>Target (end 2016):</i> network and infrastructure upgraded</p> <p>Sectoral management plans which consider disaster risk reduction and/or climate change and use data from the MSJ</p> <p><i>Baseline(2014):</i> 0 <i>Target (2017):</i> 3 sectoral plans</p> | <p>Financial Services Lending: Ongoing Improving Climate Data and Information Management (FY16)</p> <p>Lending: Pipeline Disaster Risk Management (FY15)</p> |

ANNEX 2: JAMAICA - CPS COMPLETION REPORT (CPSCR) FY2010-2013

Date of CPS February 23, 2010 (Report No.52849-JM)

Date of CPS Progress Report: August 28, 2012 (Report No. 70275-JM)

I. INTRODUCTION

This Country Partnership Strategy Completion Report (CPSCR) assesses the World Bank Group CPS for Jamaica (FY2010-FY2013). It reviews the support provided to the country through an integrated package of financing, technical assistance, knowledge products and partnerships; and evaluates (i) the achievement of CPS program outcomes; (ii) the WBG performance; and (iii) draws lessons for the preparation of the forthcoming CPS (2014-2017). A CPS Progress Report (CPSPR) took stock of the Bank's strategy implementation in August 2012. The CPSPR validated continued relevance of the CPS objectives; identified emerging risks; and made appropriate adjustments to the original CPS program and results framework where warranted. This CPSCR uses the updated CPSPR Results matrix as the benchmark for evaluating CPS program performance⁹.

A. JAMAICA'S ECONOMIC AND SOCIAL CONTEXT

1. *During the CPS implementation period, Jamaica was hit hard by the global crisis:* tourism and bauxite revenues plummeted, Foreign Direct Investments (FDI) and remittances declined. The economy contracted by 1.2 percent on average per year between 2009 and 2011, and the economic recovery has been subdued. Poverty increased from 9.9 percent in 2007 to 17.5 percent in 2010. The contraction of economic activity, combined with low productivity led to a rise in unemployment and informality, affecting especially women and the youth – 38 percent of young women and 25 percent of young men were unemployed in 2013. The adverse economic environment led the Government of Jamaica (GoJ) to adopt a more relaxed fiscal policy stance in order to maintain key social services and avert further deterioration in living standards. This compounded the effect of the crisis on public debt which rose precipitously to 147 percent of GDP by December 2012.

2. *In order to improve the debt profile, and boost the economy, the GoJ launched an ambitious reform program in January 2010* which included a successful domestic debt exchange (JDX) backed by a 27-month IMF Stand-By Arrangement (SBA) and support from the multilateral partners, including Inter-American Bank (IDB) and the WBG. However, the SBA was abandoned in mid-2011 when the GoJ missed targets to adequately address key reforms and meet agreed fiscal benchmarks. This resulted in halting official flows to the country and loss of investors' confidence leading to further contraction of the already weak economy.

⁹ The changes throughout the program are presented in CPSCR Annexes 1, 2 and 3.

3. ***Early elections were called at end 2011 that led to a change in government.*** The opposition People National Party won the elections with a mandate to restore macroeconomic stability and rebuild the conditions for private-sector led growth. By end 2012, however, a number of negative economic outcomes created a crisis of confidence. Economic activity remained slow and investor confidence eroded further partly due to the delays in negotiating a new agreement with the IMF. Continued macroeconomic challenges were compounded by the lingering negative effects of Hurricane Sandy (October 2012). To avert a crisis and return to macroeconomic stability and growth, an agreement was eventually reached in May 2013 with the IMF on an ambitious macroeconomic program also supported by the WBG and the IDB.

4. ***By early 2013, the GoJ and key multilateral partners reached agreement on a new fiscal and growth agenda,*** supported by a SDR 615 million (about US\$932 million) IMF Extended Fund Facility (EFF), approved on May 1st, 2013 and commitments by the WBG and the IDB to make available US\$510 million each in support of the reform effort over a four year period. Announcement of these agreements and early success in meeting agreed benchmarks have begun to restore confidence in the economy. The EFF program includes critical steps and policy reforms to significantly improve the fiscal and debt positions while also supporting growth-enhancing reforms. The economy has begun a slow path to stabilization as reserve losses have been contained and the rapid devaluation of the exchange rate has been arrested while continuing on a slower pace. The fiscal stance has also improved and the central government primary surplus reached 5.4 percent in 2012/13, indicating that Jamaica could meet the ambitious target of 7.5 percent for the following fiscal year and beyond as part of its commitments under the IMF Program.

B. WORLD BANK GROUP PROGRAM OF SUPPORT

5. ***The CPS (FY2010-2013) was demand-driven and highly selective.*** The WBG focused on two sets of challenges: addressing Jamaica's immediate needs to weather the external shocks while attending to the needs of most vulnerable populations; and laying the foundations for longer term sustainable growth through broad-based and inclusive development. During the CPS implementation, IFC increased significantly its role of strategic advisor and investor for GoJ and private sector. Coordination between IFC and IBRD around common strategic goals was strengthened and expanded. The CPS implementation has benefited from partnering with and leveraging other partners' funds, knowledge and innovation capacity.

6. ***The CPS was aligned with Jamaica's Vision 2030 and GoJ priorities articulated in the Medium Term Socio Economic Policy (MTSEP).*** It was organized around three strategic pillars: (i) Supporting Economic Stability, (ii) Promoting Inclusive Growth, and (iii) Promoting Sustained Growth. Strengthening Governance was highlighted as a key cross-cutting issue and key element of pillar III. The CPS was also based on extensive consultations with the Government, other development partners, the private sector, and civil society. The mid-term CPSPR validated continued relevance of the CPS objectives, and made specific adjustments to the results framework. The conclusions and recommendations of the CPSPR have been reflected in improved intra-Bank coordination, and collaboration with development partners.

II. KEY LESSONS LEARNED AND RECOMMENDATIONS

7. ***The CPS areas of engagement remain relevant for the new CPS (FY2014-2017). However, stronger emphasis should be placed on improving Jamaica's economic competitiveness.*** The WBG made positive strides in the areas of social protection, early childhood development, education, agriculture, urban security, and climate resilience. Yet, to unlock Jamaica's growth potential, the strategy needs a sharper focus on private sector-led growth and increased competitiveness, while building on the success of its contribution to Jamaica's shared prosperity agenda.

8. ***The WBG strategy incorporated sufficient flexibility to provide space for adaptation and innovation in response to Jamaica's financial and development challenges.*** The combination of policy-based and investment lending allowed continued financing for critical social programs when reforms stalled and foreign investments and official development flows decreased. IBRD was able to leverage resources (mainly through TF financing)¹⁰, and public-private partnerships to develop innovative development initiatives addressing youth unemployment, crime and violence, education and skills upgrade. Relying on its convening power and extensive knowledge base, the WBG was able to introduce groundbreaking solutions, such as those in support of creative industries that should be scaled-up in the future.

9. ***The CPS program design should have been more realistic about what can be accomplished in an environment of fiscal and capacity constraints.*** Integrating political economy analysis more systematically in the design of the program and improving intra-Bank coordination could strengthen the results framework and the relevance of its outcome indicators. Going forward the WBG's program needs improved sector and program coordination, simplified project/program design and realistic timing and sequencing of interventions. In addition, given Jamaica's vulnerability to external shocks and natural disasters, a comprehensive yet flexible approach to help tackle short term crises while contributing to long term goals is needed.

10. ***An efficient WBG monitoring system is needed to support CPS implementation.*** The monitoring and evaluation of the results framework should be based on a joint WBG business plan and reviewed systematically as part of the WBG's portfolio monitoring in conjunction with the CPPR. In order to avoid disconnect, the results framework needs to be fully aligned with the timing and scope of the WBG program, with activities, indicators and outcomes forming a logical results chain, and realistic CPS outcomes. Building on the improved coordination between the WBG, IMF, IDB, EU, and some bilateral partners, further collaborative efforts for joint results monitoring are warranted to enhance the development impact of all operations.

III. CPS PROGRAM PERFORMANCE

11. ***Overall, the CPS program performance is rated Moderately Satisfactory,*** as the WBG made substantive progress toward key expected outcomes: more than half of the quantitative indicators have been reached (or exceeded). The overall CPS rating is based on the evaluation of the specific outcomes and their contribution to the Pillars ratings (Table 1). Out of 20 objectives,

¹⁰ Due to the precarious debt situation, the GoJ was not in a position to borrow for vital climate adaptation. IBRD leveraged Climate Investment Funds (100 percent grant) and Jamaica was the first country in the Caribbean to benefit from TA in the area of agriculture production risks.

11 key outcomes were achieved; 3–mostly achieved; 3–partially achieved; and 3– not achieved. The CPS outcomes, status and evaluation summary, and WBG interventions that contributed to the CPS outcomes are summarized in the Annex Table 1. Summary of CPS Self-evaluation.

Table 1: Summary of CPS Pillars and Results Clusters Ratings*

| | |
|---|-------------------------------------|
| Pillar 1. Supporting Economic Stability – Moderately Satisfactory | |
| Results Area 1: Fiscal and Debt Sustainability | Moderately Satisfactory (MA,MA,A) |
| Pillar 2. Promoting Inclusive Growth – Highly Satisfactory | |
| Results Area 2: Strengthening Human Capital | Highly Satisfactory (A,A,A) |
| Results area 3: Crime and Violence Prevention | Highly Satisfactory (A,A,A) |
| Results Area 4: Promoting Rural Development | Moderately Satisfactory (NA,A) |
| Pillar Promoting Sustained Growth – Moderately Unsatisfactory | |
| Results Area 5: Strengthening Non-Labor Competitiveness | Unsatisfactory (NA,PA) |
| Results Area 6: Climate Resilience and Vulnerability Reduction | Moderately Satisfactory (A,MA,NA) |
| Results Area 7: Strengthened Governance | Moderately satisfactory (A,A,PA,PA) |

*Objective Ratings: A – Achieved; MA – Mostly Achieved; PA – Partially Achieved; NA – Not Achieved.

Pillar/Overall Outcome Rating: HS – Highly Satisfactory; S – Satisfactory; MS - Moderately Satisfactory; MU – Moderately Unsatisfactory; U – Unsatisfactory; HU – Highly Unsatisfactory.

A. Overview and Principles of Engagement

12. *The main thrust of the WBG Strategy was to support the GoJ in its efforts to: (i) mitigate the medium-term effects of the global economic crisis; (ii) protect social gains while moving towards fiscal and debt sustainability; and (iii) lay the foundations for inclusive and sustained growth over the medium to long term.*

13. *The Bank followed three principles of engagement: responsiveness; adaptability; and leverage and partnerships.* These principles were derived from the experience of implementing the last CPS and confirmed through Government and stakeholder consultations for the preparation of the CPS 2010-13. Applying these principles, the CPS program built on existing operations and relationships, and relied on development partners’ operations to maximize impact while minimizing demands on the Government and WBG resources.

B. PROGRESS BY STRATEGIC ENGAGEMENT PILLARS

PILLAR I. SUPPORTING ECONOMIC STABILITY

14. *Overall, the program implementation under this Pillar was moderately satisfactory in meeting the stated CPS objectives.*¹¹ Of the three CPS outcomes in the Fiscal and Debt Sustainability Results Area one outcome was fully achieved; two were mostly achieved. Despite the challenging implementation environment, major policy and institutional changes have been accomplished. The legal and institutional foundations for structural reforms have been put in place and serve as a basis for fiscal and debt sustainability along the lines of what the current arrangements with the IMF are supporting.

¹¹ The CPS outcome of achieving a reduction in Jamaica’s debt-to-GDP ratio from 139.7 percent of GDP in 2010 to 124.2 percent in 2013 was dropped from the Results Matrix during the CPSPR, as it was difficult to attribute the result, even if it was realized, to Bank interventions alone.

Results Area 1: Fiscal and Debt Sustainability

15. ***Improving fiscal and debt sustainability in order to reduce debt overhang and reverse the weak growth trajectory was one of the key objectives in Jamaica during the CPS period.*** This objective was supported with a programmatic series of DPLs¹² (Table 2), focused on three interrelated challenges: (i) fiscal and debt sustainability; (ii) transparency and efficiency of public financial management and budget processes; and (iii) efficiency of the tax system. Due to the long term nature of the program goals, lags in implementation (especially in FSDPL2), and a combination of internal and external events, including change in government, and a court ruling reversing the civil service wage freeze, progress was mixed. Of the 21 indicators in the DPLs results framework, 10 targets were met, 7 were partially achieved and 4 were not met.

Table 2. Overview of DPO series – Fiscal and Debt Sustainability DPL (FSDPL) and Programmatic Debt and Fiscal Sustainability DPLs (FSDPL)

| Name | Approval Date | Effectiveness | Approved and Disbursed Amount | Closing Date |
|----------|---------------|---------------|-------------------------------|--------------|
| FSDPL | 01/15/2009 | 01/27/2009 | US\$100m | 01/15/2010 |
| FSDPL I | 02/23/2010 | 02/25/2010 | US\$200m | 12/31/2010 |
| FSDPL II | 09/08/2011 | 11/23/2011 | US\$100m | 03/31/2012 |

16. ***Key success of the program is the establishment of the Fiscal Responsibility Framework*** (FRF) and associated regulations that allowed for the application of prudent fiscal management, and the creation of a sustainable institutional setup for managing debt. Supported by a Bank team, the newly created Debt Management Unit is developing a debt management strategy using Medium Term Debt Strategy (MTDS) tool designed by the WB and IMF¹³. The 2011/12 and 2012/13 budget included for the first time a medium term debt management strategy and a borrowing plan. Improved fiscal reporting discipline and accountability, and more strategic debt management were introduced successfully and have enhanced the medium term fiscal and debt sustainability.

17. ***The program made significant impact by eliminating deferred financing of public bodies.*** Some public bodies were divested or restructured, including several sugar producers and the expected savings materialized. Working together with IBRD under its crisis response operation IFC provided advisory services for the privatization of Air Jamaica, relieving the Government’s fiscal accounts of a monthly average expense of US\$15 million.

18. ***Efficiency of public financial management and budgeting processes was improved.*** For the first time, the Fiscal Policy Paper submitted to Parliament (FY12/13) included detailed accounts of both central government and the public bodies (although not presented in a fully

¹² The program was evaluated by IEG and rated as Moderately Satisfactory.

¹³ These capacity development efforts are supported by a DFID US\$1.6 million grant to strengthen debt management, improve parliamentary oversight of the budget, upgrade the Government’s communication strategy on policy reforms, and advance recent efforts at medium-term budgeting and public investment prioritization.

consolidated manner), and the fiscal responsibility statement specified the level of fiscal balance and debt. While progress has been made on prioritizing capital investments, some headway was made in introducing Medium Term Expenditure Frameworks (MTEFs) in public sector agencies. Six pilot ministries and agencies had produced estimates of their current costs and medium term expenditure projections, although not entirely integrated into the budget preparation process.

PILLAR II: PROMOTING INCLUSIVE GROWTH

19. ***The results achieved under this pillar are rated Highly Satisfactory.*** Significant progress in promoting inclusive growth was achieved through targeted programs in the areas of education, health and social development. New approaches to delivery of social services in most vulnerable and poor communities have been pioneered. All outcomes have been achieved or exceeded in two of the results areas, while in the third area, in spite of changed Objective by the GoJ, the agreed interventions achieved visible progress in supporting micro and small producers.

Results Area 2: Strengthening Human Capital

20. ***Quality of social services in Jamaica was put on a sustainable path.*** This was achieved through the introduction of decentralized decision-making, particularly in the area of resource management in the school system; establishment and enforcement of minimum service standards in early childhood development; provision of conditional cash transfers to poor and vulnerable groups to increase access to education and health services, and opportunities for skills development. All CPS objectives in this cluster were achieved and the overall rating is Highly Satisfactory.

21. ***IBRD supported the transformation of the education sector*** by focusing on establishing the necessary infrastructure for a more decentralized system, with a view to eliminate the shift system and to improve quality and access to secondary education¹⁴. New institutions in charge of improving quality of education delivery – the National Education Inspectorate (NEI), Jamaica Teaching Council (JTC) and National Education Trust (NET), have been set up and operationalized. The newly established Department of School Services (DSS) is ensuring the execution of the education sector policies and enforcing performance and accountability. About 65 percent of teachers have met professional standards for licensing; NEI established the inspection system; and 100 percent of schools are implementing school improvement plans. All new agencies have been allocated resources in the ESTP budget to operate.

22. ***Under the GoJ National Strategic Plan (NSP), the Bank financed a pilot results-based disbursement approach¹⁵ to improve early childhood development (ECD).*** In collaboration with other development partners (CDB, IDB, OAS, UNICEF and USAID) implementation and coordination across sectors was established. A system for monitoring child development and screening for risks has been introduced for all children (0-3 years of age) using a Child Health Passport. A management information system has been developed to improve the quality of ECD services through registration and inspection of early childhood institutions (ECI) and

¹⁴ The cooperation between IFC and CIDA offered an opportunity for expanded advisory services in this area.

¹⁵ The results-based financing was an appropriate instrument for this sector as disbursements were clearly linked to preset targets and results.

enforcement of minimum service standards. The 20 percent target (2013) for registering and issuing operational permits for ECI under the new system has more than doubled – reaching 52 percent. More importantly, this highly successful pilot in the Caribbean is expected to serve as a replicable blueprint in the region.

23. ***Significant strengthening of social safety nets was accomplished*** through the IBRD-financed national Conditional Cash Transfer Program (PATH – Program of Advancement through Health and Education). Coverage of targeted beneficiaries increased to more than 400,000 – higher than the initial target. The ongoing *Jamaica Social Protection Project* and the Japan Social Development Fund (JSDF) Grant “*Jamaica Scaling Up the PATH Conditional Cash Transfer Program for Poor Elderly and Disabled*” contributed to the overall success of the program that has encouraged beneficiary households to send their children to school regularly and increase the number of their health care visits. Notwithstanding the undeniable success of the program, the second phase should focus on improving benefits adequacy, and on increasing opportunities for graduation of beneficiaries, in particular by upgrading youth employability.

24. ***Innovative initiatives to reduce youth exclusion from economic activity and labor market participation were introduced during the CPS implementation.*** The Bank supported the design and implementation of policies and programs to improve youth employment by facilitating access to the global digital market place and creative industries. The non-lending technical assistance “*Youth Development through ICT Solutions*” (also known as the *Digital Jam 2.0*) provided direct support to the youth through partnerships with the Jamaican and the international private sector. Achievements include: (i) employment creation for about 4,000 youth that are working (on part-time and full time basis) on micro works through global online platforms; (ii) establishment of a funding window for start-up companies; (iii) introduction of internship opportunities for young Jamaicans at leading international and national telecommunication companies; and (iv) growing international commercial interest in the applications developed as part of the Digital Jam 2.0. Another such example is the “KingstOOn” initiative (see Box 1) which aimed at supporting the development of the animation industry also as a source of employment for the youth. Future Bank interventions focusing on youth employment

Box 1. KingstOOn – Animating Jamaica Creativity

Jamaica has a large pool of talented youths, many of whom are active in the creative industries albeit in an informal manner. KingstOOn is an initiative that serves as a bridge between this pool of talent and the international animation industry to create opportunities for employment. The animation industry is labor intensive and requiring large quantities of unskilled but creative talent, making it an ideal industry to foster with the objective of increasing youth employment opportunities in Jamaica. The ultimate goal is to position Jamaica as a Caribbean hub for the animation industry.

KingstOOn was organized jointly by the Ministry of Investment, Industry and Commerce (MIIC), the Ministry of Science, Technology, Energy and Mining (STEM), JAMPRO, and the Canadian High Commission of Jamaica. It was launched in June 2013 with a conference and competition (total of 135 entries) in four categories: Best Final Product, Best Character Design, Best Script/Storyboard Design, Best Experimental Animation clip.

As a follow-up, the first animation training program in collaboration with the University of the West Indies and ToonBoom, a Canadian animation software company, was initiated. Currently, the WBG is supporting the Government of Jamaica to draft a “white paper” addressing the development of this industry. Collaboration with PREM Gender on the realization of an animated series for a campaign against gender based violence is under way.

and empowerment could assist Government build a well-targeted and resilient social protection system by integrating and coordinating policies and programs focused on improved skills and employability. These are two examples of small on-the-ground initiatives that can provide substantial impact on reducing poverty and exclusion among younger generations.

25. ***Key policy decisions in Jamaica were shaped through a number of analytical and diagnostic studies in the area of human development.*** The Country Economic Memorandum (CEM, FY11 May 2011) presented recommendations to the GoJ to address economic growth with special focus on the deficient human capital. A Bank-led study on Financial Sustainability of National HIV/AIDS Program provided policy options to ensure future sustainability of the programs. The analytical work on Managing Nurse Migration II and Non-Communicable Disease (NCD) provided detailed recommendations to improve NCD and Human Resources for Health (HRH) policies and helped Jamaica and other Caribbean countries to determine their positions prior to the UN High Level Meeting on NCDs. The Bank's regional assistance program continues a policy dialogue on implementing the recommendations on NCDs.

26. ***With the Bank's support, Jamaica became a champion for the first phase of the HRH work which focused on nurse migration.*** In this context, broad consensus was reached in priority policy areas of strengthening workforce monitoring, improving and expanding training capacities, managing migration, and the need for a regional Caribbean approach. Jamaica is one of the focus countries of a regional HRH study (that the Bank is leading), to examine policies and practices that generate incentives and accountability mechanisms for health workers in the LACR. The Bank helped the GoJ develop the national NCD strategy and action plan¹⁶.

27. ***In education, health, and community development, the Bank program addressed gender as a key driver for fighting poverty, crime and exclusion.*** Jamaica is part of an innovative regional knowledge exchange program—Keeping Boys out of Risk Initiative. It addresses boys' underperformance at school as well as policies and programs to prevent and tackle the issue. This initiative was funded by the South-South Trust Fund. Activities included a Regional high level conference in May 2009, a good practices contest, and the preparation and dissemination of a resource kit. Through the Social Development Trust Fund, the Jamaica Country Office organized a call for proposals to improve Monitoring and Evaluation for grass roots organizations working on youth at risk, including a gender perspective. In addition, the Office organized training sessions via Video-conference on the fundamentals of Monitoring and Evaluation for Non-Government Organizations. As complement to KingTOON and in collaboration with the animation industry supporting Jamaica's strategy on creative industries, the Bank developed a Next GENDERation initiative designed to promote awareness for young women groups on gender based violence. These groups use animation and other social media to reach out to young women across the island with targeted messages on prevention and group based initiatives for social support.

¹⁶ The report "Jamaica's Effort in Improving Universal Access with Fiscal Constraints" addressed the issues Jamaica faces in reaching universal health coverage.

Results Area 3: Crime and Violence Prevention

28. ***All three objectives in this cluster have been achieved and the overall rating is highly satisfactory.*** The Bank’s flagship program “Inner Cities Basic Services for the Poor” improved quality of life in 12 Jamaican inner-city areas and poor urban informal settlements through increased access to basic urban infrastructure, financial services, land tenure regularization, enhanced community capacity and improved public safety. The improved infrastructure and financial services have reached more than 60,000 residents (above planned target) in the respective communities and is an example of a multi-sector initiative that has been successful in addressing infrastructure gap, public safety and community capacity building.¹⁷

29. ***The Bank was successful in applying an innovative approach to citizens’ safety.*** The new methodology was evidence-based, and subject to rigorous process monitoring and ex-post evaluation. It links the monitoring of crime patterns to programming facilitated by the development of a cutting-edge crime and violence information platform and early warning system – the National Crime and Violence Observatory.¹⁸ The Observatory aims at increasing the capacity of the GoJ to collect and analyze data and design successful evidence-based policies, and programs. This work is considered best practice in the Latin American Region.

30. ***An essential element of the success of the program was the linkage between improved social services and crime and violence prevention*** strategies that helped strengthen social cohesion and public safety. As a result, public safety in targeted inner city communities has improved through diverse interventions: mediation and conflict resolution; training on alternative livelihoods; skills development; and linking groups at risk with existing family support programs.

Results Area 4: Promoting Rural Development

31. ***The specific outcome “medium-sized farms move up the supply chain” was not achieved, because it was replaced on the GoJ’s request*** with “micro and small producers and tourism service providers” during the CPS implementation. This made the specific outcome non-observable, but significant positive outcomes have been accomplished under alternative indicators. The second outcome related to capacity training of small-scale producers and service providers was achieved. The overall rating for this results area is moderately satisfactory.

32. ***To help improve market access for micro and small-scale rural agricultural producers and tourism service providers,*** the Rural Economic Development Initiative (R.E.D.I.) is providing matching grants to groups of producers in the tourism and agricultural sectors, to introduce new technologies into the value chain. The number of direct jobs created in communities receiving technical assistance has almost twice surpassed the expected target. About 5,500 small scale farmers have benefited from capacity building initiatives and 5,200

¹⁷ The number of people who participated in education and employment programs or activities reached 29,777, which is 6 times higher than the planned target; More than 1000 households above the targeted number received access to water, and more than 100 households above target have improved access to sewer networks. More than half of the beneficiaries in these inner-cities have participated in programs or activities for community-based crime and violence prevention and reduction. A survey and evaluation of the program impact has been carried out at end 2013 and will provide credible data about the level of improved security.

¹⁸ A JSDF Crime and Violence prevention grant continues to support the National Crime and Violence Observatory/Integrated Crime and Violence Information System of the Ministry of National Security.

farmers are being trained in good agricultural practices. For example, the new practices in growing yams resulted in 80 percent of the crop meeting export quality. Currently, R.E.D.I. supports more than 1,500 small producers/entrepreneurs, about half of which are women and 19 percent youth. It is expected that it will increase the earning potential of rural communities through the enhancement and development of agricultural supply chain linkages and community-based tourist initiatives.

PILLAR III. PROMOTING SUSTAINED GROWTH

33. *The Bank's assistance has focused on promoting sustained growth through strengthening non labor competitiveness; improved access to energy; reduced vulnerability and climate resilience; and strengthening governance.* Of the 9 outcomes under this pillar, 3 have been achieved; 1 – mostly achieved; 3 – partially achieved, and 2 – not achieved. However, the formal ratings ‘partially achieved’ and ‘not achieved’ do not provide justice to the actual results on the ground. Since objectives other than those in the Results Matrix have been pursued (on the GoJ request) and achieved, the overall pillar is rated Moderately Unsatisfactory.

Results Area 5: Strengthening Non-Labor Competitiveness

34. *The non-labor competitiveness results area is rated unsatisfactory.* The specific outcome of reduced electric utility losses cannot be observed and, in reality, does not reflect the nature of WBG's intervention (during the CPS implementation) that focused mostly on regulatory reform. The outcome related to ease of paying taxes was partially achieved.

35. *Exploiting synergies of respective comparative advantages, IBRD and IFC are helping Jamaica improve its competitiveness in the energy sector.* The Energy Security and Efficiency Enhancement Project (ESEEP)¹⁹ is supporting Jamaica's long-term goal to reduce its reliance on high and volatile oil imports. By supporting policy development and institutional capacity building in the energy sector, the WBG is helping the GoJ to diversify the supply of electricity through import of natural gas and development of domestic renewable energy resources (hydro, wind, and solar). The IFC has been investing in generation capacity, while IBRD expects to support public sector investments in efficiency and clean energy generation through public-private partnerships.²⁰

36. *The Bank has been successful in supporting the GoJ in developing policy and regulatory reforms for the provision of natural gas, energy efficiency and the expansion of renewables that could reduce dependence on imported oil.*²¹ Strengthening the regulatory framework for private-public partnerships in the energy sector is underway in the Ministry of Science, Technology, Energy and Mining and the Office of Utilities Regulation. A Bank-funded TA is also supporting pre-feasibility studies for hydropower development; the development of natural gas regulations; an evaluation of the capacity of the power grid to accommodate

¹⁹ The Bank does not provide direct investment to increase access or lower energy costs, therefore the specific outcome of increased energy security and efficiency through reduced electric company losses cannot be observed, and should not have been included in the Results Matrix.

²⁰ The CPSPR revised the target indicator for energy losses in the Results Framework downwards to 15.8 percent. However, because of fiscal space constraints, the GoJ has further postponed the investment intervention.

²¹ Two regional studies that included Jamaica (“Mitigating Vulnerability to High and Volatile Oil Prices, Power sector experience in Latin America and the Caribbean” and implications of the financial crisis on the energy sector) have provided analytical underpinning and options for Jamaica to develop oil independence strategy.

renewable energy; and an assessment of needed modernizations of the electricity regulatory act. To strengthen the financial capabilities of Jamaican financial institutions to invest in clean energy, the Bank has established a line of credit/revolving facility through the Development Bank of Jamaica (DBJ) to provide retail financing to the private sector for energy efficiency and renewable energy investments.

37. ***IFC has focused on investing in the energy sector to improve generation and transmission capacity.*** Participating with a US\$22 million loan and mobilizing additional US\$37 million private investment in West Kingston Power Partners (a 65MW generating plant) IFC helped upgrade some of Jamaica's aging generation capacity. As of June 30, 2013, IFC has two additional projects in the energy sector – Jamaica Public Service Company Ltd (US\$37.5 million), which aims at reducing distribution losses and expanding generation via small hydro and wind energy plants, and Jamaica Energy Partners (US\$42.4 million, including US\$25.5 million via syndication) which is generating additional electricity. With investments in three out of the four large IPPs in Jamaica, IFC is playing a significant role in its energy sector by also leveraging private sector investment. IFC cumulative investments and syndication in the sector have amounted to US\$309 million, financing a total of 315 MW out of total grid capacity of 800 MW. Overall, IFC's investments have reached 713,600 people via power generation and 2,040,000 people via power transmission.

38. ***IFC has contributed to improving Jamaica's competitiveness by increasing its activities in transport, using PPP in coordination with IBRD, and in the financial sector.*** IFC was the transaction advisor to GoJ for the successful Air Jamaica privatization in 2010, and is providing advisory services on the privatization of the Norman Manley International Airport (NMIA) in Kingston. The NMIA privatization is the first transaction under a Memorandum of Understanding signed in early 2011 between IFC and DBJ for joint transaction execution on privatization policy, knowledge transfer, and capacity building. IFC has also been active in the financial sector via 2 outstanding loan operations to 2 local banks (National Commercial Bank of Jamaica, and First Global Bank), and working on Credit Bureau legislation, as part of a regional harmonization plan. MIGA also continues to provide guarantee insurance coverage to a foreign investor in the financial sector.

39. ***The outcome related to reducing time for paying taxes has been partially achieved.*** The number of payments was reduced from 72 to 36, while the required time to comply with tax laws was reduced from 52 days to 36, which is below the target of 20 days.

Results Area 6: Climate Resilience and Vulnerability Reduction

40. ***The climate resilience and vulnerability reduction results cluster is rated moderately satisfactory.*** One outcome related to the policy level has been achieved ahead of target time; the second outcome – reduced landslide risks in 4 communities has been mostly achieved; and the third one is non-observable (not achieved) because of GoJ decision to delay implementation.

41. ***To help integrate climate resilience in development strategies the Bank successfully supported the GoJ in developing its Strategic Program for Climate Resilience (SPCR 2030)*** that was presented and approved by the Pilot Program for Climate Resilience (PPCR)²² in November 2011. The Strategy is focusing on (i) piloting approaches for integration of climate risk and resilience into development policies and planning; (ii) strengthening capacities at the national level to integrate climate resilience into development planning; (iii) scaling and leveraging climate resilient investments; and (iv) enabling learning-by-doing and sharing of lessons²³.

42. ***Responding to a Government request, the Bank channeled EU grant funds towards reconstruction efforts after the passage of Tropical Storm Gustav (\$1.8M)***. Seven schools and 5 health centers were rehabilitated and disaster preparedness and maintenance training was provided for 45 people and 9 communities. The Hurricane Dean Economic Recovery Loan (\$9.99M) facilitated: (a) rehabilitation/construction of critical public infrastructure; (b) provided disaster response equipment, disaster simulation software, coastal multi-hazard maps and vulnerability assessment for three poor communities at risk; and (c) trained community members and youth first responders in community maintenance and disaster preparedness. In addition, a multi-hazard mapping and vulnerability assessment study was carried out to strengthen disaster risk management in three coastal communities. These Multi-Hazard Maps provide key data to inform the management of environmental, physical and social infrastructure and thereby reducing vulnerability.

43. ***Important progress was made in reducing landslide risks in selected vulnerable communities on a pilot basis***. The ongoing Community based Landslide Risk Reduction (JSDF grant of \$2.38 million) project is strengthening the capacity of the national disaster management agency on risk reduction and landslide risks and piloting a new methodology in four vulnerable communities. A key contribution is the provision of MoSSaiC, an evidence-based toolkit,²⁴ for vulnerability reduction. The program provided training to 140 community leaders, government officials and trainers for Landslide Risk Reduction, including the four pilot communities, where the actual physical investments are under way.

Results Area 7: Strengthened Governance

44. ***The governance results area is considered by the CPS as a cross-cutting matter that seeks*** to contribute to (i) achieving a more efficient financial management and allocation of budget expenditures, and (ii) enhancing the internal and external controls by supporting Auditor-General work in line with the new FRF. This results cluster is rated Moderately Satisfactory. Out of the four outcome indicators, 2 were achieved and 2 were partially achieved.

²² The PPCR is one of the Climate Investment Funds (CIFs) -- interim funds developed by Multilateral Development Banks, participating countries and other stakeholders to bridge the financing gap prior to agreement on the next climate change regime. The PPCR was designed to enhance collaboration between MDBs and across Development Partners in assisting countries to address climate change adaptation. Therefore, the Jamaica PPCR is jointly implemented with the IDB.

²³ The PPCR will finance the SPCR to a tune of \$25 million (\$15 million in grants and \$10 million in IDA-like concessional loan). This program is being jointly implemented with IDB.

²⁴ The Management of Slope Stability in Communities (MoSSaic) Regional toolkit was published in February 2013 and ODPEM has finalized five chapters of the Jamaica-specific toolkit.

45. ***A medium-term budgeting was introduced and a new prioritization tool for the public investment program*** of six ministries (that account for 91 percent of the central Government budget) has been adopted. Progress on multi-year perspective in fiscal planning, expenditure policy and budgeting has been confirmed by PEFA repeat assessment (Feb 2013) from C+ rating (PEFA indicator 12, 2007) to B in 2013. The indicator on scope, nature and follow up of external audits was not rated by this PEFA evaluation, leaving this outcome without rating.

46. ***The Bank supported the government in the implementation of its Auditor-General's operational plan and the development of internal audit plans within the ministries*** to enhance availability and timeliness of public financial management information, and improved accountability in the use of public resources.²⁵ The AG made notable progress in improving the quality of audits. The AG is conducting both compliance and performance audits in selected areas, and the audit of the consolidated accounts of Government is done in a timely manner.

47. ***The Bank is also piloting the Use of Country Systems for environmental and social safeguards in Jamaica.*** The Jamaica Social Investment Fund (JSIF) has adopted policies equivalent to the Bank's environmental and involuntary resettlement safeguards. The diagnostic work and institutional strengthening measures undertaken with JSIF were essential for JSIF becoming the only public entity in the region to receive an ISO 14001 certification for environmental management systems in 2009. The government has expressed interest in getting additional support to capitalize on the positive experience and scale it up to other agencies.

IV. BANK GROUP PERFORMANCE

48. ***The Bank performance is rated as good.*** The CPS was highly relevant, and aligned with the Government's Vision 2030 and Medium term development strategy. The design and implementation of the program successfully contributed to the pursuit of the key CPS objectives and was adjusted on a timely basis to changing circumstances and priorities, including specific requests from the GoJ. The design and implementation of the program contributed to achieving most of the expected CPS outcomes, or set the track for reaching them in the future. The WBG accompanied the GoJ in its efforts to operationalize Vision 2030 by supporting the development and implementation of strategic policy and institutional changes while addressing the aftermath of the global economic crisis. The country team leveraged significant sources of funding and partner collaboration to provide consistent support to the GoJ agenda implementation. A sound program of tested and successful activities is in place for the next strategy period.

49. ***The performance was constrained by the political transition and limited capacity on the ground for implementation in the expected timeframe.*** Resubmission to Parliament of several previously adopted laws has delayed implementation of some public sector reforms. For example, the Debt Management Law that was approved by the former Government had to be reconsidered by the new Government. In some instances, timeframes were unrealistic, particularly, when promoting innovative and/or complex reforms (taxation, audit, divestiture of state owned enterprises). In addition, because of limited fiscal space, some programs experienced delays in receiving counterpart funds such as planned investment operations in energy and basic services.

²⁵ The timeliness of annual appropriation accounts submission of selected MDAs to Auditor General has improved from 53 outstanding accounts in 2010, to 22, as of March 2011.

A. DESIGN AND RELEVANCE

50. ***Extensive consultations and deep understanding of the conditions and development challenges of Jamaica have underpinned the CPS design.*** The strategic areas of engagement were carefully selected by the country team to be consistent with key building blocks of the Government strategy, while reflecting WBG comparative advantages. The CPS framework and results areas were appropriately defined to address two sets of challenges: promoting long term growth through broad-based and inclusive institutional reforms for sustainable poverty reduction; and addressing the immediate country needs to weather the external shocks and stabilize the economy while providing safety nets to most vulnerable populations. Consideration of other development partners' programs and synergies with IFC were part of the CPS design in the areas of fiscal and debt sustainability, strengthening non-labor competitiveness, and governance.

51. ***The design of WBG interventions for achieving the CPS objectives was relevant and the mix of instruments appropriate.*** The nature of the country challenges required a thoughtful combination and consistency of instruments and an appropriate balance between budget support, investment lending, TA, and advisory services. There was a strong dependability between AAA and financing, particularly in the areas of policy reforms. As shown in the Results Matrix, most of the WBG activities involved extensive knowledge transfer, policy advice and technical assistance that provided choices between different policy alternatives and proposals. The adequacy of the program mix is reflected in the design and implementation of a DPL series to address the macroeconomic issues, concurrently with several transformational operations like the Early Childhood Development Program, Social Protection Project, REDI, and Inner City Basic Services Project to address difficult social issues.

52. ***While some of the interventions required longer than the CPS time horizon, calculated risks were embraced*** to develop and implement innovative activities that laid the ground for longer term development impact. In particular, the program design was flexible to leverage TF resources (critical to a financed strapped economy) to finance activities like climate adaptation; to test research findings and new approaches in areas like Crime and Violence and Youth employment; and to adapt lessons learned from other countries to Jamaica's social protection needs.

53. ***The design of the results framework was aligned with the WBG's commitments and most of the outcome indicators were relevant*** for measuring progress towards and achievement of CPS objectives. However, some outcome indicators were associated with longer term activities than the CPS timeframe, and proved to be too ambitious, particularly with respect to the institutional reforms outlined in the DPL series, and the GoJ fiscal constraints that have impacted the investments in the energy and rural sectors. Nevertheless, the achieved results *are in line* with initial expectations and targeted outcomes. In hindsight, the design of the results framework could have been less ambitious and more attuned to the limited implementation capacity on the ground and the constrained fiscal space. Despite these limitations, the WBG succeeded in delivering on most of the CPS outcomes.

54. *The CPS design recognized critical risks, identified mitigating measures, and incorporated flexibility for innovation.* The impact of the global crisis and the vulnerability of the economy to external shocks (including natural disasters) were important factors in the development of the WBG program. Taking advantage of the full range of instruments and products offered by the WBG, the country team made priority adjustments or reallocated resources (human, financial and budgetary) to respond to emerging needs (Tropical Storm Gustav, Hurricane Dean), introduced innovative programs (“Digital Jam 2.0” and “KingstOOon”) to generate youth employment opportunities in times of crises. The adverse impacts were successfully mitigated through program financing adjustments in collaboration with other development partners. Concerted efforts by the CDB, IDB, IMF and the WBG have contributed to protect critical social expenditures, while pursuing the objectives of achieving fiscal consolidation and unlocking growth.

B. IMPLEMENTATION

55. *The Bank followed the overall thrust of the CPS, while managing program risks and making adjustments in response to the impact of the global crisis and other shocks.* The Bank responded quickly to the crisis with a series of DPLs helping stabilize the economy and the worsening fiscal and debt situation. The success of the Bank’s program implementation was due to the fact that the CPS was well aligned with the priorities of the GoJ, and well-coordinated with its development partners.

Bank Lending

56. *The investment lending portfolio delivered the intended results: transformational, particularly in the areas of social protection, urban development (linked to crime and violence prevention), education and rural development.* All potential investment projects identified in the CPS were carried out, except for the Energy generation project. TFs were used to respond quickly to natural disasters (Tropical Storm Gustav, Hurricane Dean and Sandy). Over the CPS period the IFC portfolio expanded significantly and MIGA’s portfolio remained at planned levels of operations.

57. *Delivery of WBG commitments during the CPS period was generally in line with initial expectations.* The CPS included seven operations, of which four were lending (2 DPOs and 3 investment lending) and two TF operations. This represented a total commitment of US\$315 million (excluding TF operations); lower than the planned US\$425 million for FY10 and FY11. This difference is due to: a change in allocation for the Energy Efficiency project from \$24 million to \$15 million; and split of the second \$200 million DPL into two with \$100 million disbursed in 2011 and the second dropped when the IMF program went off track in mid-2011. The new Government, elected in December 2011, delayed policy decisions and reform implementation in a deteriorating macroeconomic environment. During this period, the WBG coordinated with the IMF and IDB the design of a new financing package – IMF Extended Fund Facility (EFF) and WBG and IDB programs to support the Government agenda. The EFF was approved in May 2013.

58. *Trust Fund resources served as a vital complement to the Bank’s program of lending operations, technical assistance, and analytical work.* During the CPS period a total of

US\$11.4 million in Bank and Recipient Executed Trust Funds were leveraged. These TFs have been effectively used in the areas of debt management, strengthening of parliamentary oversight over public finance, climate change, social protection and crime and violence prevention. Trust funds also supported analytical and diagnostic work on a number of critical issues: statistical capacity and fiscal reform, poverty and social impacts analysis, and youth entrepreneurship.

IBRD Portfolio

59. ***The current portfolio is solid, healthy and mature.*** The portfolio as of February 2014 consists of five projects with net commitments of \$283 million and an average age of 4.5 years (See Table 3). All projects are expected to achieve their Development Objectives, and two projects have been extended. The latest ISRs rate four out of five active projects as satisfactory or moderately satisfactory and only one as moderately unsatisfactory on the likelihood of achieving their Development Objectives and Implementation Progress. The disbursement ratio has steadily improved from 17 percent (FY09) to 35.1 percent (end of FY13). The two projects that closed between FY10 and FY12 were rated as Satisfactory by IEG. During the course of CPS implementation, the limited fiscal space has impacted projects implementation with shortage of necessary counterpart funds (Education Transformation and Early Childhood Development projects). The GoJ has been working with the Bank to fully fund those projects. There are no projects or commitments at risk.

Table3: Jamaica Portfolio FY09-FY13

| Fiscal year | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------|-------|-------|-------|-------|-------|-------|
| # Proj | 6 | 7 | 7 | 7 | 6 | 6 |
| Net Comm Amt | 116.8 | 135.3 | 140.3 | 140.3 | 130.3 | 283.0 |
| # Prob Proj | 0 | 1 | 1 | 0 | 0 | 1 |
| % IPDO: Actual | 0.0 | 14.3 | 14.3 | 0.0 | 0.0 | 16.7 |
| # Pot Proj | 0 | 0 | 0 | 0 | 0 | 0 |
| % Potential | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| # Proj At Risk | 0 | 1 | 1 | 0 | 0 | 1 |
| Comm At Risk | 0.0 | 15.0 | 15.0 | 0.0 | 0.0 | 15.0 |
| % Commit at Risk | 0.0 | 11.1 | 10.7 | 0.0 | 0.0 | 5.3 |
| Disbursement Ratio | 15.6 | 25.3 | 21.7 | 33.2 | 35.1 | 36.6 |

60. ***Fiduciary risks remain high requiring Team Leaders to pay particular attention to institutional capacity during implementation.*** The recent CPPR identified procurement capacity as a key bottleneck for project execution, followed by readiness for implementation of new projects. It also highlighted that the high quality of the portfolio was due to the following key factors: (i) Coordination between the GoJ, WBG and other development partners; (ii) Monitoring and Evaluation, and good data collection; (iii) Monitoring safeguard issues and compliance; and (iv) Following-up on Disbursements.

IFC Portfolio

61. ***During FY10-FY13, the IFC portfolio increased from US\$150 million to nearly US\$280 million providing significant additionality to the IBRD program.*** IFC committed a total of US\$200 million, including US\$58 million from syndicating banks. As of June 2013, IFC disbursed and committed portfolio totaled US\$196 million and US\$198 million respectively. Syndicated loans outstanding (B loans), for which IFC is a lender, amounted to US\$82 million.

IFC's investment portfolio consists of eight active operations, and five advisory service projects supporting MSMEs, Credit Bureau, Investment Climate and Public Private Partnerships for a total of US\$3.9 million. Jamaica is currently the IFC's largest outstanding exposure in the Caribbean.

Analytic and Advisory Activities (AAA)

62. ***Feedback from Government counterparts suggests that AAA products have been highly valued.*** The Bank's Economic and Sector Work (ESW) and Technical Assistance (TA) were deemed very useful for the country policy dialogue and reform initiatives. The policy-based support was complemented with institutional capacity building for the National Statistical Institute; the Debt Management Unit; the Public Expenditure Division; and line ministries, funded by TFs. A Country Economic Memorandum (CEM)²⁶ and a social impact analysis of tax reforms²⁷ provided diagnostic and analytical support to the Government in developing the reform policies and strategies.

63. ***The WBG has improved its knowledge and insights of Jamaica's constraints and challenges through a number of analytical and diagnostic studies*** that helped strengthening the quality of its own work, as well as influenced key policy decisions in Jamaica. The Country Economic Memorandum (CEM, FY11) provides deep analysis of the key causes that have stalled Jamaica's economy over the past four decades and presents recommendations to unlock its growth potential. While the report's objective is to identify the main constraints to longer term growth in Jamaica, it also serves as a complement to the Planning Institute of Jamaica (PIOJ) growth strategy: "Growth Inducement Strategy for Jamaica in the Short and Medium Term." These reports have served as critical diagnostic inputs in the design of the new WBG strategy.

64. ***Sectoral and specific ESW have helped improve policy discussions in Jamaica on vital issues and underpinned important policy decisions.*** For example, The Poverty and Social Impact Analysis (PSIA): "Jamaica: Poverty and Social Impacts of Fiscal Reforms" explores the distributional effects of the package of fiscal reforms initiated by the GoJ and supported by the Bank under the programmatic fiscal sustainability DPL series with a focus on two reform actions likely to have the most significant impacts: (1) tax reform and (2) public sector reform. It informed the GoJ on the possible options for mitigating the negative impact of these reforms on vulnerable populations. The analytical work on Managing Nurse Migration and Non-Communicable Disease (NCD) has provided guidance and recommendations for improved health sector policies and human resource management in Jamaica and at the regional level. The report "Jamaica's Effort in Improving Universal Access with Fiscal Constraints" addressed the issues Jamaica faces in reaching universal health coverage. Two regional studies that included Jamaica (energy and implications of the financial crisis on the energy sector) have provided analytical underpinning and options for Jamaica to develop oil independence strategy.

Monitoring and Evaluation

²⁶ One of the key findings of the study is that Jamaica's disappointing economic performance is traceable to low productivity caused, *inter alia* by distortionary tax incentives combined with 'enclave' development that does not spill over to the rest of the economy. World Bank. 2011. Jamaica - Country Economic Memorandum: Unlocking Growth.

²⁷ The Poverty and Social Impact Analysis (PSIA) explores the distributional effects of the package of fiscal reforms initiated by the Government of Jamaica and supported by the World Bank under the programmatic fiscal sustainability. Development Policy Loan (DPL) series with a focus on two reform actions likely to have the most significant impacts: (1) tax reform and (2) public sector reform (rationalization of public bodies). World Bank. 2012. Jamaica : Poverty and Social Impacts of Fiscal Reforms.

65. *Country-level systems for poverty, economic, and human development monitoring are being strengthened through government efforts and multilateral development partners' support, including the Bank.* The government has set up a national M&E coordinating unit within the PIOJ, and is establishing Ministerial Focal Points to monitor the MTEF implementation and the expected social outcomes. Building M&E capacity within the Ministries remains a key priority. The Bank has provided a Statistics trust fund to help develop the national statistics strategy.

Partnerships

66. *The WBG established a successful track record of collaboration with partners in Lending and Trust Fund activities and in stimulating a dialogue on growth and competitiveness with the GoJ and the civil society.* Collaboration among development partners on the growth and competitiveness agenda, and on improving fiscal policies and social protection programs is an important national priority. The WBG together with CDB, IDB and EU has provided budget support and additional programs to mitigate the impact of the global crisis and protect social gains, together with operations supported by multilateral and bilateral partners (IMF, EU, CDB and IDB). IBRD collaborated closely with the IMF, IDB and the EU in the context of structuring the new IMF arrangement with the GoJ. The innovative work on Digital Jam 2.0 and KingstOOon was done in collaboration with USAID and CIDA. Technical cooperation and knowledge sharing serve as a basis for successful implementation of these programs. IFC advisory program and several of the IBRD TA initiatives in the Caribbean are also funded by CIDA, DFID and USAID.

V. MANAGING RISKS

67. *The risks originally identified in the CPS were well managed.* The CPS anticipated the potential impact of the global crisis and the vulnerability of the economy to external shocks. The strategy successfully mitigated this impact through program adjustments and coordinated financing with other development partners. Concerted efforts by the CDB, IDB, IMF and IBRD have contributed to protect critical social expenditure, while pursuing the objectives of achieving fiscal consolidation and unlocking growth. In support of this process, policy dialogue and technical assistance in the areas of debt management, medium-term budgeting, parliamentary oversight of budgeting process, prioritization of public investments, and communication on policy reforms have improved the GoJ capacity to manage the economy. Fiduciary and institutional capacity risks have been mitigated by having the same fiduciary team cover all Bank projects in the country portfolio and provide regular training for implementing agencies on financial management and procurement.

68. *The Bank also helped Jamaica manage its high vulnerability to multiple natural disaster risks--particularly floods and hurricanes.* The Government has insurance against catastrophic natural disasters: Jamaica participates in the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which helps to offset financing costs in the case of a significant, 1-in-15 year disaster. The Bank is also assisting Jamaica through: (i) investments in natural disaster risk mitigation; (ii) development of a risk atlas; (iii) a community-based risk reduction pilot; and (iv) exploration of weather-related risk insurance for agriculture.

CPSCR ANNEX 1: TABLE 1. SUMMARY OF CPS PROGRAM SELF EVALUATION (FY2010-FY2013)

| CPS Outcome/Cluster of Outcomes and Outcome Indicators | Status and Evaluation Summary | Lending and Non-Lending Activities that Contributed to the Outcome | Lessons and Suggestions for the next CPS |
|---|--|--|---|
| Supporting Economic Stability: Moderately Satisfactory | | | |
| Results Area 1: Fiscal and Debt Sustainability - Moderately Satisfactory | | | |
| <p>Outcome 1: Medium term fiscal and debt sustainability enhanced through improved fiscal reporting discipline and accountability, and more strategic debt management.</p> | <p>Mostly achieved. Although Jamaica’s fiscal and debt sustainability position still remains difficult, good progress has been made during the CPS period. Major achievements are the establishment of a Fiscal Responsibility Framework (FRF), the modernization of debt management, public financial management and tax administration. Legislation and governing systems were put in place to strengthen the GoJ’s capacity to manage and ensure medium term sustainability. The Debt Management Law passed in Nov. 2012. The FRF and associated regulations were approved by Parliament in April and September 2012. The FY 2011/12 and FY 2012/13 budgets included a MTDS and borrowing plans.</p> | <p>Completed or Ongoing: FSDPL I (Completed) FSDPL II (Completed) <i>A decision was taken to split the 2nd DPL into two \$100 million operations - one which would close the series and the other which would be standalone DPL. The latter was dropped.</i> AAA: CEM (completed) TF: Statistics Strategy TA, Tax IDF, Debt IDF (completed), DFID TF (ongoing)</p> | <p>When supporting ambitious and complex reforms of a medium-term nature, the Bank should use parallel TA to support implementation and institutional development to ensure sustainability.</p> |
| <p>Outcome 2: Consolidated public sector fiscal accounts presented and discussed in Parliament <i>Baseline: Central Government and public bodies budgets are presented separately (FY09/10)</i> <i>Target: Parliament received and discussed consolidated public sector budget (FY13/14)</i></p> | <p>Mostly achieved. The Fiscal Policy Paper submitted to Parliament included detailed accounts of both central government and the public bodies, although not presented in a fully consolidated manner. The FY11/12 Budget Memorandum did not publish consolidated public sector tables, but in the presentation of the annual revenues and expenditures, the Fiscal Policy Paper contained: (i) macro- economic framework; (ii) fiscal responsibility statement; (iii) fiscal responsibility strategy. The Fiscal responsibility</p> | <p>Completed or Ongoing: FSDPL I (Completed) FSDPL II (Completed) <i>A decision was taken to split the 2nd DPL into two \$100 million operations - one which would close the series and the other which would be standalone DPL. The latter was dropped.</i> AAA: CEM (completed) TF: Statistics Strategy TA, Tax IDF, Debt IDF (completed), DFID TF (ongoing)</p> | <p>In substance the outcome was achieved as the discussion in Parliament included detailed accounts of both central government and public bodies.</p> |

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|--|---|---|--|
| | statement specified the level of fiscal balance and debt, deemed prudent by the Minister of Finance. | | |
| <p>Outcome 4: Abolition of deferred financing for Government expenditures <i>Baseline: Annual average deferred financing during FY01-FY06 was J\$497 mn .</i> <i>Target: Enactment of legislation abolishing the authority to permit deferred financing.</i></p> | <p>Achieved. Legislation abolishing the authority to permit deferred financing was adopted in January 2010 by amending the Finance Administration and Audit act. Section 48 D of the FRF(as amended in 2011) included requirements that have laid the basis for more prudent policies and fiscal management, and have introduced a level of accountability.</p> | <p>Completed or Ongoing: FSDPL I (Completed) FSDPL II(Completed) AAA: CEM (completed) TF: Statistics Strategy TA, Tax IDF, Debt IDF (completed), DFID TF (ongoing)</p> | |
| Promoting Inclusive Growth – Highly Satisfactory | | | |
| Results Area 2: Strengthening Human Capital – Highly Satisfactory | | | |
| <p>Outcome 5: Enhanced resource management and quality of education to improve the quality of education through decentralized decision-making in education system <i>Baseline: None (2010)</i> <i>Target: Legal identity for the National Education Inspectorate, National Education Trust and Jamaica Teacher Council (JTC) are established and resources allocated (2013)</i></p> | <p>Achieved. All key agencies are in place, with allocated resources, and capacity building activities are ongoing. The JTC bill is ready for presentation to Parliament. Department of School Services has been established to provide direct support to schools.</p> | <p>Completed or Ongoing: Education Transformation (Ongoing)</p> | <p>Legal aspects of the reform process can lead to extensive delays that may affect other key activities. Some delays in approval of the JTC Bill, arising from the need for extensive consultations with teachers unions and other stakeholders, led to delays in licensing of teachers and related activities. Political analysis of reform could inform better planning and realistic expectations.</p> |
| <p>Outcome 6: Quality of services by the early childhood institutions (ECI) enhanced through compliance with minimum standards required for registered institutions <i>Baseline: 0% (Registered, FY09/10)</i></p> | <p>Achieved (Exceeded). 90% of all ECIs (2,840) have received a complete inspection; 52% have been registered and received a permit to operate, as of October 2013.</p> | <p>Completed or Ongoing: Early Childhood Development (Ongoing)</p> | <p>Results involving multi-stakeholder action require clarity and agreement on roles. Implementation has stalled until a MOU was signed between the Early Childhood Commission and other stakeholders. Developing a strategic plan by the Government helps adopting a</p> |

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|--|---|--|--|
| Target: 20% (FY12/13) | | systematic approach to implementation and aligns the results within the broader reform context. | |
| <p>Outcome 7: Enhanced health and education services for children in PATH beneficiary families. Percentage of poor children benefiting from PATH. Baseline: 60% (2008) Target: 64% (2012) Current: 72 %</p> | <p>Achieved (Exceeded). Overall PATH beneficiaries now stand at 406,000, 12.8% more than the Government target of 360,000.</p> | <p>Completed or Ongoing: Social Protection JSDF CCT Grant - PATH (Ongoing) AAA: Skills for Inclusive Growth (Ongoing)</p> | <p>While the national conditional cash program expanded beyond initial target some further improvements are needed to strengthen the program and ensure appropriate coverage and adequacy of the transfers.</p> |
| Results area 3: Crime and Violence Prevention – Highly Satisfactory | | | |
| <p>Outcome 8: Number of persons that have been trained in community-based crime and violence prevention and reduction (includes skills training, alternative livelihoods, mediation programs and education programs).</p> | <p>Achieved. 21,601 persons have been trained.</p> | <p>Completed or Ongoing: Inner Cities Basic Services (ICBSP) (Ongoing) Crime and Violence JSDF Grant (Ongoing)</p> | <p>Public safety enhancement and capacity building have been very successful and should be replicated for other communities. Planned crime and violence prevention activities under ICSB II have moved towards a stronger focus on high-risk groups (youth in conflict with law for example) in line with GoJ Strategy on Crime and Violence Prevention (2011).</p> |
| <p>Outcome 9: Increased Government capacity to collect and analyze data on crime and violence to support evidence-based policymaking in crime and violence prevention. Baseline: None Target: Fully functional Crime and Violence Observatory</p> | <p>Achieved. The island-wide Crime and Violence Observatory is fully functional, data is collected and provided to institutions dealing with crime prevention in the highest crime parishes. The Observatory is housed in the Ministry of National Security and provides invaluable information for the community safety profiles and government programs, such as the Community Renewal Program.</p> | <p>Completed or Ongoing: Inner Cities Basic Services(ICBSP)(Ongoing) Crime and Violence JSDF Grant (Ongoing)</p> | <p>Further support is being planned to strengthen the Crime and Violence Observatory to: (i) collect additional data on injuries (essential for crime and violence monitoring), (ii) develop capacity to analyze additional sources of data (Victimization Surveys); and (iii) provide inputs to the development of comprehensive community-level security plans in coordination with SDC.</p> |
| <p>Outcome 10: Provide access to improved basic</p> | <p>Achieved. Improved basic infrastructure and</p> | <p>Completed or Ongoing: Inner Cities Basic Services (ICBSP)</p> | <p>If access to financial services is replicated in other programs,</p> |

| | | | |
|---|---|---|---|
| <p>infrastructure and financial services and security of tenure for 60,000 ICBS Inner City residents <i>Baseline: 0 (2006)</i> <i>Target: 60,000 (2013)</i></p> | <p>financial services have been provided in 12 inner city communities, and have benefitted 61,953 residents.</p> | <p>(Ongoing)</p> | <p>efforts need to be made to train the communities in financial matters to stimulate demand for this type of loans within the community.</p> |
| <p>Results Area 4: Promoting Rural Development – Moderately Satisfactory</p> | | | |
| <p>Outcome 11: Medium-sized farmers move up the supply chain <i>Baseline: None (2010)</i> <i>Target: 65 (2013)</i></p> | <p>Not Achieved (Non-observable) The Bank and the GoJ agreed that the Rural Economic Development Initiative (REDI), by design would target micro and small producers and tourism service providers, rather than medium size farmers. Because of the constrained fiscal space, the preparation of the Agriculture Risk Management Project was postponed.</p> | <p>Completed or Ongoing: Rural Economic Development Initiative (Ongoing) TA and AAA on Agricultural Risk Management successfully delivered to the client. A possible lending operation was postponed (shifted to FY 14)</p> | |
| <p>Outcome 12: Small scale agricultural producers & tourism product providers received capacity training</p> | <p>Achieved. 5,500 small scale farmers have benefited from capacity building initiatives: (i) 221 farmers received business training; (ii) 80 farmers were trained in Greenhouse Technology; and (iii) 5,200 farmers are being trained in good agricultural practices.</p> | <p>Completed or Ongoing: Rural Economic Development Initiative (Ongoing) Agricultural Risk Management (shifted to FY 14)</p> | <p>The Bank’s intervention has shown that training on a wide range of technical, operational, legal, and marketing issues is in high demand and is critical for ensuring sustainability of the investments.</p> |
| <p>Promoting Sustained Growth – Moderately Unsatisfactory</p> | | | |
| <p>Results Area 5: Strengthening Non-Labor Competitiveness – Unsatisfactory</p> | | | |
| <p>Outcome 13: Reduce electric utility company’s energy losses to yield significant benefits for energy security and efficiency <i>Base: 23% loss (2010).</i> <i>Target: 20% (2013).</i></p> | <p>Not Achieved (Non-observable). The program focused on regulatory policy reform and institutional capacity building in the energy sector with medium to long-term results expected in terms of reducing utility losses and subsequent energy costs. Given the importance of the energy sector to the Jamaican economy, the government has requested a follow-up project with specific investments to improve energy efficiency and/or increase clean energy supply. The Bank is currently exploring</p> | <p>Completed or Ongoing: Energy Security and Efficiency Enhancement (Ongoing) FSDPL I (completed) FSDPL II (completed) IFC investments and syndications in the sector</p> | <p>High electricity costs are one of the primary constraints to growth and development in Jamaica. The new CPS should further highlight energy sector policies and regulatory measures that are needed to transition Jamaica away from heavy and costly reliance on petroleum. Fiscal targets appear to be higher than achievable, without sufficient reforms taking place such as changes to the legal and regulatory framework</p> |

| | | | |
|---|---|---|---|
| | options for a new energy project within the current fiscal constraints. | | |
| <p>Outcome 14: Ease of paying taxes Baseline: 72 payments and 52 full days to comply with tax laws for 14 different taxes (2010). Target: 20 days to pay taxes (2013)</p> | <p>Partially achieved. Doing Business 2013 reported 36 payments and 46 days to file taxes. This means the number of payments was reduced by 50% and required time by 11%</p> | <p>FSDPL I (completed) FSDPL II (completed)</p> | |
| Results Area 6: Climate Resilience and Vulnerability Reduction – Moderately Satisfactory | | | |
| <p>Outcome 15: Increased capacity to integrate climate resilience into development plans and strategies Baseline: No strategic program on climate resilience (2010) Target: Strategic program on climate resilience (SPCR, 2013)</p> | <p>Achieved. Jamaica developed, with joint support from the World Bank and IDB, its Strategic Program for Climate Resilience (SPCR) covering 2011-2030 and presented it to the Pilot Program for Climate Resilience (PPCR) Sub-Committee which considered and approved it in November 2011. The SPCR was achieved ahead of the target date of 2013.</p> | <p>Completed or Ongoing: JSDF Landslide Risk Reduction (ongoing) Hurricane Dean ERL (completed) Pilot Program for Climate Resilience (Ongoing) As part of the on-going Pilot Program for Climate Resilience (PPCR), the Bank is preparing the <i>Improving Climate Data and Information Management Project (P129633)</i></p> | <p>Jamaica needs to build climate resilience (as opposed to mitigation) in the form of built environment (infrastructure, roads etc.) or the natural and social environment. Resilience has to be built in a comprehensive manner, across sectors, combining the ability to withstand current risks with the knowledge of future risks.</p> |
| <p>Outcome 16: Landslide risks are reduced in four communities. Baseline: None (FY09/10) Target: Four communities have reduced landslide risk</p> | <p>Mostly Achieved. 60 Govt. officials and 80 community stakeholders trained in the MoSSaic methodology for landslide risk reduction. Physical investments were delayed, but are underway in the selected communities of Harbor Heights, Melbrook Heights, Bedward Gardens, and Breastworks.</p> | <p>Completed or Ongoing: JSDF Landslide Risk Reduction (Ongoing) Hurricane Dean ERL (Completed) Pilot Program for Climate Resilience (Ongoing)</p> | <p>A community based contract is a good tool to ensure strong Government and community involvement and cooperation in the selection and implementation of community landslide prevention.</p> |
| <p>Outcome 17: Agriculture weather risk coverage Baseline: None (2010), Target: 1000+ farmers (2013)</p> | <p>Not Achieved (Non-observable) Given the protracted transition and the constrained fiscal space, Government and Bank decided to delay the preparation of the project However a regional NLTA has been the tool for intensive policy dialogue in preparation of the project</p> | <p>Completed or Ongoing: NLTA</p> | <p>Due to fiscal constraints it was decided not to introduce additional lending.</p> |
| Results Area 7: Strengthened Governance – Moderately Satisfactory | | | |

| | | | |
|---|---|---|--|
| <p>Outcome 18: Progress on multi-year perspective in fiscal planning, expenditure policy and budgeting: Baseline: C+ rating (PEFA indicator 12, 2007) Target: B rating by FY2013</p> | <p>Achieved. B rating for PEFA indicator in the latest PEFA report assessment. New methodology for evaluating capital investments applied in FY11/12 and 12/13 budgets. Continued support is provided under a DFID Trust Fund</p> | <p>Completed or Ongoing: FSDPL I (completed) FSDPL II (completed) DFID Trust Fund (ongoing)</p> | <p>Need to improve the credibility of the budget which has been hampered by the shortfall between projected and outturn.</p> |
| <p>Outcome 19: Implementation of Auditor General operational plan and development of internal audit plans for ministries.</p> | <p>Achieved The Auditor General prepared and is implementing an operational plan and is developing internal auditing plans for Ministries.</p> | <p>FSDPL I (completed) FSDPL II (completed) DFID Trust Fund (ongoing)</p> | |
| <p>Outcome 20. Progress in scope, nature and follow up of external audits Baseline: C+ rating (PEFA indicator 26, 2007) Target: B rating (2013)</p> | <p>Partially achieved. The Auditor General made notable progress in improving the quality of audits. The AG is conducting both compliance and performance audits in selected areas. The audit of the consolidated accounts of Government is done in a timely manner. Latest PEFA assessment was done in 2012, but the performance of external audit was not rated.</p> | <p>Completed or Ongoing: DFID Trust Fund strengthening the capacity of the AG</p> | |
| <p>Outcome 21: Improved processes in place for evaluation and prioritization of public investment projects Baseline: No prioritization framework exists (FY2009/10) Target: Investment prioritization framework is used in at least 10 ministries to evaluate and select investment projects</p> | <p>Partially Achieved. As of now 6 ministries prepared prioritization frameworks.</p> | <p>Completed or Ongoing: FSDPL I (completed) FSDPL II (completed)</p> | |

CPSCR ANNEX 2: JAMAICA SUMMARY OF PLANNED AND DELIVERED LENDING OPERATIONS (FY10-FY13)

Table 1:

| FY | Planned | Amount (US\$ mil) | Status | Approved Amount (US\$) |
|--------------------|---|------------------------------|---|-------------------------------|
| FY 10 | DPL 1 | 200 | Approved FY 10 | 200 |
| TOTAL FY 10 | | | | 200 |
| FY 11 | DPL 2 | 200 | Split into two DPL (100 M) | 100 |
| | Energy | 25 | Approved FY11 | 15 |
| | Jamaica Pilot Program for Climate Resilience (TF) | | Improving Climate Data and Information Management Project (Initiated and moved to FY14) | |
| TOTAL FY11 | | | | 115 |
| FY12 | Crime and Violence | | Support transferred to the JSDF on Crimes Observatory | |
| | DPL 3 | | Dropped. | |
| | Skills for Inclusive Growth | | Dropped | |
| TOTAL FY12 | | | | 0 |
| FY13 | Agriculture Risk Management | | Converted to a AAA for FY15 | |
| TOTAL FY 13 | | | | 0 |
| CPS Program | | 425 | | 315 |

CPSCR ANNEX 3: PLANNED NON-LENDING SERVICES AND ACTUAL DELIVERIES (FY10-FY13)

TABLE 2:

| FY | Planned | Status |
|--------------|---|--|
| | Pillar 2: Promoting Inclusive Growth | |
| FY10 | Country Economic Memorandum | Completed FY11 |
| | | Additional product completed in FY 10 |
| | | Medium Term Debt Strategy (MTDS) (completed) |
| FY11 | Public Expenditure Review | Dropped |
| | | Additional product completed in FY11 |
| | | MTDS Jamaica Follow Up (completed) |
| FY 12 | | Additional product completed in FY12 |
| | | PSIA of Fiscal Reforms (Completed) |
| FY 13 | Added during CPS PR | |
| | Programmatic Knowledge Service on Fiscal Policy | Not completed |
| | FBS Payment System | Not completed |
| | Pillar 2: Promoting Inclusive Growth | |
| FY 10 | Managing Nurse Migration (Regional) | Completed |
| | Non-Communicable Disease (Regional) | Delivered in FY 11 |
| FY 11 | Country Social Assessment | Dropped |
| | | Non-Communicable Disease in Jamaica: Moving from Prescription to Prevention (Regional) (Completed) |
| FY 12 | Poverty Assessment | Dropped |
| | Added during CPS PR | |
| | Youth Empowerment through ICT | Initiated |
| | | Additional Products Completed in FY 12 |
| | Jamaica's Effort in Improving Universal Access Within Fiscal Constraints (Regional) | Completed |
| | Assessing the financial sustainability of Jamaica's HIV Program (Regional) | Completed |
| | Pillar 3: Promoting Sustained Growth | |
| FY 10 | Public Expenditure Review | Dropped |
| FY 12 | Country Environmental Analysis | Dropped |
| FY 13 | Agriculture Review | Dropped |
| | Infrastructure | Dropped |
| | Added during CPS PR | |
| | Ag. Index Insurance Capacity Building | Completed |

ANNEX 3: SUMMARY OF CONSULTATIONS IN JAMAICA

Introduction

The current CPS was developed through a combination of the participatory consultation process, experience of experts in the field, lessons learned from the previous CPS and an independent client survey. Discussions and ideas emerging from the youth events of Digital Jam 2.0 and KingstOON and the CGF's Jamaica Chapter were also used to inform the CPS. This annex is a summary of the consultations held between January and September 2013.

Overview of the Consultation Process

The consultation process was designed using a participatory approach across all spectrums of Jamaican society. Among the groups consulted were: (i) senior government officials, (ii) academia and think tanks, (iii) international development partners, (iv) parliamentarians, (v) private sector, (vi) civil society, (vii) trade unionists, (viii) youth groups, (ix) poor and challenged groups living in vulnerable communities and (ix) the opposition.

The purpose of the consultation with the senior government officials was to discuss the Government of Jamaica's (GOJ) development priorities. Both the Government and the WBG made presentations that facilitated discussions on the following: (i) GOJ key development challenges and opportunities; (ii) lessons learned from past WBG support; (iii) broader debt and growth strategies of the GOJ including the new IMF agreement; and (iv) a proposed approach and priority areas for the new CPS. As a result, three development objectives were identified: (1) Fiscal Environment and Public Sector Reform; (2) Growth and Competitiveness; and (3) Reducing Vulnerabilities and Building Resilience. These pillars are consistent with the GOJ's Medium Term Socio-Economic Policy Framework 2012-2015 and the WBG's strategy to end extreme poverty and boost shared prosperity.

The purpose of the consultations with non-government entities was to present the plan for the CPS according to the three development objectives and get the perspective of these groups on WBG support and its relevance to the development needs of Jamaica. The objectives of the consultations were: (i) to get the perspectives of each group on the main challenges faced in Jamaica, and (ii) to receive feedback on the WBG's present and future role to support Jamaica's development objectives. In particular, the WBG had extensive consultations with youth groups and youths living in vulnerable communities.

The high unemployment rate amongst the youth (38 percent), and crime and violence challenges particularly amongst young women, made this group both highly vulnerable to negative economic shifts, yet potentially highly productive under the right economic growth conditions. Each consultation followed the same format. A presentation was made by the WBG on the proposed areas for support and the participants were asked to give feedback on how the WBG could support the development objectives of the country.

Participants' opinions and recommendations

The dialogue was open and free-flowing in all consultations. Participants were animated and honest in expressing their opinions and gave valuable recommendations. The

discussion was opened by the WBG on the purpose of the consultation, current WBG work in Jamaica and the three broad areas proposed for support. The challenges faced and recommendations were discussed according to each area.

All participants agreed with the themes of the three pillars and felt that the WBG would be able to provide adequate support if the program was structured around these three areas. In all consultations the participants expressed concern for the debt and the cost of doing business in Jamaica. It was agreed that immediate action needed to be taken to increase economic growth, reduce the cost of energy and to reenergize investments.

Public sector modernization was of great interest to the participants who all agreed that the public service needed to be revamped in order to improve government's efficiency and effectiveness. Almost all participants felt that the government efficiency was hindered by outdated technology and heavily bureaucratic systems. The youth groups in particular mentioned their willingness to support Government's digitalization as it would create jobs for them while increasing institutional efficiency, effectiveness and accountability.

The majority of participants agreed that investments in the agro-industry would significantly help economic diversification. However, they felt that existing agriculture industry was not attractive to the youth due to the lack of technology and the weak link between investment and returns. Very few of the youth mentioned agriculture as possibility for employment and referred to potential opportunities in the ICT industries. It was suggested that the WBG could assist by helping to improve technology, marketability of produce and adherence to international standards that would increase exports potentials.

Participants highlighted skills labour mismatch in the market and noted that graduates of secondary and tertiary institutions were not adequately equipped for the job market. Many felt that education and skills needed to be aligned with the needs of the economy. It was suggested that further research be done to determine the skills of the future and that universities and vocational institutions needed to be prodded in the right direction to equip graduates with the relevant skills for the job market.

Summary of Consultations by Group

Senior Government Officials

The government officials were keen on focusing WBG support to areas that have affected economic growth including, (i) bottlenecks such as the high cost of energy; (ii) limited room to maneuver on the fiscal side and a narrow tax base which places high rates on those sectors and agencies that actually pay tax; and (iii) the lack of resilience of the economy and its response to macroeconomic and other shocks including weather related events. Additionally the group requested support to (i) public sector modernization including e-government to consolidate human resource management and providing a single tax window; (ii) growth initiatives such as the logistics hub master plan which would be a major income earner for the country; (iii) climate change initiatives, reef regulation and institutional development; (iv) education and skills training; (v) the improvement and

expansion of the National Insurance Scheme program; (vi) legislation to mitigate discrimination; (vii) employment insurance; (viii) and migration policy for skills retention. Suggestions were made to add crime and public safety to the strategy as risks and reallocate funds earmarked for health to education.

Academia and Think Tanks

Overall the group approved of the proposed areas for support. They (i) expressed concern for government capacity to implement public sector reform, properly manage data and maintain software with the introduction of e-government; (ii) suggested that the WBG assist businesses to know and adhere to international standards; and (iii) highlighted the agro industry as a key area for support and the impact of praedial larceny on the industry. Additionally the group briefly discussed pension coverage, risk management, improved language skills, WBG portfolio targeting and governance. They commented that the REDI project was too limited in its targeting and suggested that it be expanded to incorporate more actors and be more focused on knowledge sharing and issues of governance.

Trade Union Leaders

The trade union leaders felt that the areas for support were in keeping with their own work towards a comprehensive labour market reform. Throughout the discussions they placed great emphasis on developing a program for the working poor, as well as the revamping of the pension system. They felt that the WBG could (i) provide technical assistance to the government to draft a workforce adjustment policy that would better protect the rights of workers in a transition particularly with planned changes in the Tax Administration of Jamaica and Jamaica Customs; (ii) support education, innovation and skills training which needs to be more relevant to the workforce of today and the future and influencing a change in educational institutions; and (iii) work with the government to produce a proper national identification system. They assured the WBG that they were not opposed to reform.

International Development Partners

The consultations with international development partners identified the following priority areas: (i) vocational and skills training and preparation for market needs; (ii) tackling youth unemployment; (iii) improved donor coordination of activities and strengthening the capacity of the Planning Institute of Jamaica; (iv) attention to community based resource management and assisting government to improve environmental policies; and (v) creating an enabling business environment by reducing the costs of energy, doing business and addressing crime and corruption.

Civil Society Organizations

The leaders of civil society organizations were in agreement with the three pillars for the CPS as presented by the WBG and noted that it was an ‘excellent agenda to build on’. While the three themes would cover all areas in need of development assistance, they felt that climate change, poverty reduction needed to be worded into the pillars. They also felt that the purpose could be reframed towards issues of equity and social inclusion and then build out from that. Additionally they: (i) emphasized the need for climate change efforts to go beyond infrastructure; (ii) noted that international development partners needed to put

more pressure on the government to address governance issues; (iii) would like youth unemployment to be tackled; (iv) would like to see an improvement in the consultative process; and (v) felt that venture capital was critical to growth of innovative businesses.

Youth Leaders and Groups

The youth welcomed WBG support in all these areas and outlined the most important priorities as (i) improvement of accountability and transparency in the public sector; (ii) the importance of e-commerce and the use of technology in the public sector; (iii) improved public sector efficiency in service and delivery; (iv) rural development and youth employment through agriculture; (v) the cost of energy, its impact on businesses and standard of living and the need to use of alternative sources; and (vi) the development of an awareness campaign to effectively educate the population of the development agenda.

Poor and Challenged Groups

The poor and challenged living in vulnerable communities spoke candidly on the issues of: (i) public sector modernization to improve efficiency within the public sector; (ii) connectivity especially for the rural poor who could benefit from telecommuting; (iii) proper streamlining of the national identification system; (iv) access to finance and guidance in business plan development; (v) praedial larceny; and (vi) unemployment.

Private Sector

The consultation with private sector (inclusive of membership organizations, business leaders in banking, manufacturing, retail and ICT sectors) elicited the following views: (i) the cost of electricity, praedial larceny and crime are major hindrances for growth and strongly affected MSMEs; (ii) the logistics hub initiative has potentials but would require the right business environment; and (iii) the focus for the growth and competitiveness should be on the investment climate, skills and logistic connectivity. The group welcomed WBG support to: (i) public sector modernization and reducing current public sector inefficiencies and bureaucracy which negatively impacted doing business; and (ii) improving access to finance for MSMEs and assisting to manage insolvency and restructuring loans. A suggestion was made to provide the Scientific Research Council with a subsidy so that they could lower the cost of giving support to farmers and agribusiness.

Parliamentarians

The parliamentarians suggested WBG support to address the issues of: (i) inclusion and consideration of the disabled community in planning, consultations and programs; (ii) agriculture as a part of the growth agenda and the associated risks; (iii) solutions and innovative approaches to youth unemployment (iv) energy and the cost of doing business; (v) functional literacy and its impact on growth; (vi) inflation and its impact on growth; and (vii) bureaucracy and inefficiencies in the public sector.

Opposition

The opposition: (i) strongly urged the WBG to narrow the focus of its program so as to increase impact; (ii) suggested support to the energy sector could be most transformative; and (iii) emphasized that an impact could only be made through a demonstration effect.

ANNEX 4: THE CARIBBEAN GROWTH FORUM

The CGF is a multi-stakeholder platform designed to identify, prioritize and implement a set of activities to improve the growth enabling environment in the Caribbean²⁸, while promoting participatory public policy making. It has so far engaged more than 2,500 representatives from business associations, civil society organizations, Government, private sector, media, indigenous groups, and international development agencies on themes such as Logistics and Connectivity; Investment Climate; and, Skills and Productivity.

Low growth, high unemployment, especially for youth and women, high debt ratios (eight of the top twelve most indebted countries in the world are in Caribbean), high incidence of crime, and, growing vulnerability to external shocks characterize the region. In the wake of the global financial crisis, the high debt/low growth challenge has become even more acute.

A number of Caribbean countries reached out to international donors to find an innovative approach to the growth challenge in the region. After agreeing to a genuinely participatory growth initiative and following consultations and preparatory work, the program started in mid-2012 with a regional launch in Jamaica. The CGF is supported and facilitated by the Bank, IDB, CDB, Compete Caribbean and the EU.

Key Outcomes

One year into the initiative, positive outcomes are already tangible: twelve countries formally joined the process by establishing their national CGF chapter and completing the first phase of national dialogue. This effort has led to the prioritization of concrete and actionable activities and, in seven of the twelve countries, draft action plans are now available, with details on each activity's implementation plan.

The results of each country's dialogue were presented at a regional forum in The Bahamas in June 2013. This allowed national stakeholders from government, private sector and civil society to compare notes on each other's' priorities and exchange ideas on solutions to each identified challenges with technical specialists and peers. The high-level attendance (e.g., nine ministers, several Permanent Secretaries and Directors, over 300 private sector, technical level officials and civil society representatives) sent a strong signal in terms of both ownership and credibility. *The Bahamas Communiqué* issued by the Government of The Bahamas during the event on behalf of CGF participating countries, attested to the commitment of all parties to inclusive and participatory policy-making, accountability and transparency in policy implementation as well as the CGF reform process itself. Each government also committed to follow-up on implementation of the reform agenda, to report back periodically on progress (every 4-5 months) and to enable independent monitoring of the reforms by private sector and civil society representatives. The Dominican Republic held its first Accountability Workshop in December 3, 2013. It should be followed by Jamaica, Saint Lucia, Antigua and Barbuda, and Dominica by the end of January 2014. Participation in the process so far has been high, at both national and regional events (including national chapters' kick-off events and subsequent working group meetings). Extensive media coverage also confirmed the importance of the initiative.

²⁸ Antigua and Barbuda, Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Jamaica, St. Kitts and Nevis, St Lucia, St. Vincent and Grenadines, Trinidad and Tobago, Belize, Guyana, Suriname, Haiti

The structure and format of the CGF has also fostered a culture of transparency and accountability: all information pertaining to the CGF process, all minutes and background information are available online on the CGF website²⁹. A balanced scorecard system will be used by Governments to report periodically on each activity they agreed to implement, while independent observatories are being established as a consortium of private sector, academia and civil society organizations in each country. This constructive engagement of all stakeholders is allowing finding solutions to the growth challenge collaboratively and providing feedback on reforms results for citizens.

The CGF also helped generate and disseminate technical knowledge to inform policy making, including 14 thematic technical notes, a report on debt, ten private sector assessments, and a quarterly bulletin on Caribbean Economies since the beginning of the process, providing useful technical inputs, and entry points for further engagement. This will continue for the following year to address existing gaps and stimulate discussion in new areas. National and regional dialogues have also helped identify emerging analytical gaps above and beyond current areas of interventions, such as energy generation, efficiency and distribution, or financial sector. Country ownership is not only ensuring high and broad participation of all stakeholders to the process, it is also feeding critical information in the national consultations on the development strategies in The Bahamas, Dominica, and Saint Vincent and the Grenadines, while at the same time helping align development partners in defining their multiannual programming strategies.

In addition, CGF events have served as important catalyst for WBG, CDB, Compete Caribbean and IDB teams' engagement with each country, as evidenced by increasing levels of exchange and dialogue since June 2012. Already a number of new lending and non-lending operations are being put in the pipeline, tackling reform priorities identified during CGF dialogues. A special CGF facility to fund the implementation of reforms in individual countries has been created, and over US\$6 million have been allocated for TA. Two new lending operations in Antigua and Barbuda and Grenada are now incorporating CGF proposals into their plans. As such, the CGF has been an effective mechanism for development partner coordination. The continued engagement of the UK DfID and the Canadian DFATD as well as the increased interest of partners such as the EU, which joined the CGF in June 2013, is a strong sign of the relevance of the CGF as a vehicle for engagement in promoting sustainable growth in the region.

Finally, the CGF process has helped identify concrete priorities for regional integration³⁰. The inclusion of regional organizations in the process, such as CARICOM, the OECS Secretariat, the Eastern Caribbean Central Bank or the Caribbean Telecommunication Union, aims to engage them in supporting the implementation of those regional proposals. Going forward and parallel to the consolidation of progress achieved in each country, the coming months should also help identify new reform priorities on which to engage public sector, private sector, and civil society at both national and regional levels above and beyond the three thematic pillars of the first year.

²⁹ caribgrowth.competecaribbean.org

³⁰ For example in the area of tax incentives, tourism or transport policies coordination.

ANNEX 5: GENDER ISSUES

In Jamaica, a strong framework for advancing gender equality is in place. The Constitution of Jamaica requires equality before the law for men and women and includes a non-discrimination clause that explicitly mentions gender. A number of legislative acts were adopted to address gender inequality, including the Domestic Violence Act and the Equal Pay for Men and Women Act. Jamaica has made commitments for gender equality and has ratified major international conventions aimed at advancing gender equality, including the Convention on All Forms of Discrimination Against Women (CEDAW) and the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women (Convention of Belém do Pará).

The Government of Jamaica has committed to redressing long-term systemic discrimination against women in the National Development Plan. Further, the National Policy for Gender Equality (2011-2015) lays out foundations for gender mainstreaming in policies and programs, and the Bureau of Women's Affairs is responsible for promoting and supporting the implementation of the Policy. Moreover, there is a *Gender Sector Plan* to address gender both as a result per se and as a crosscutting area of concern in specific sectors. There is also a *National Strategic Action Plan to Eliminate Gender-Based Violence in Jamaica* that identifies six priority areas of action. Results towards gender equality over the last decade have been mixed: while some indicators have improved, others stalled or even changed for the worse (such as maternal mortality ratio).

As in the Caribbean region in general, in Jamaica gender disadvantage in terms of educational outcomes changes depending on education level. In terms of primary enrollment rates, girls are at a slight disadvantage; while at secondary levels, boys are less likely to be enrolled (female to male enrollment ratios are 95.3 and 103.2, respectively)³¹. Male disadvantage becomes exacerbated at tertiary education, where the ratio of enrollment rates reaches 228.8—the highest in the region, and almost twice the size of regional average of 126.8. For both genders educational attainment dramatically dropped over the last decade: for example, between 2000 and 2010 primary completion rates decreased from 90 percent to 73 percent for girls and from 86 percent to 74 percent for boys.

Some reproductive health outcomes are alarmingly high: maternal mortality ratio at 110 deaths per 100,000 births exceeds the regional average of 80. This is also a significant regression: in 2000 maternal mortality ratio of 83 only marginally exceeded the regional average. High maternal mortality ratio is especially concerning, given that nearly all women (99%) receive prenatal care, and nearly all births (98%) are attended by skilled staff, both indicators above the regional averages (90% and 96%, respectively).

Economic opportunities: Female labor force participation in Jamaica at 56 percent is marginally higher than LAC average of 53 percent. Similarly, female to male labor force participation rate of 0.82 exceeds the regional and world averages (0.67 and 0.73, respectively). Unemployment is an enormous problem in Jamaica, especially among youth. In 2011, 38 percent of young (15-24) women and 24 percent of young men were

³¹ Unless otherwise mentioned, all the data are from *World Development Indicators* for the latest year available (2008 - 2011).

unemployed. Unemployment affects women to a larger extent than men: the adult female to male unemployment ratio is 1.79 and the ratio for youth is 1.59 (2011). These disparities are considerably larger than for LAC region on average (1.66 and 1.52, respectively) and the world averages (1.43 and 1.34, respectively).

Although adolescent fertility in Jamaica reduced since 2000 from 87 births per 1,000 women aged 15 to 19 to 71 in 2010, it remains higher than the world average of 47.8. Domestic violence is also high: according to the RHS from 2008-9, 17.2 percent women aged 15 to 49, ever married or in a union reported having been physically assaulted by their partners. According to available data³², the most common forms of gender-based violence in Jamaica include domestic violence, rape or sexual assault, childhood sexual abuse and sexual harassment, and the most vulnerable population group is the youth.

Violent crime is also high, and affects primarily men: the youth (15-29) homicide rate is extremely high for males at 188 per 100,000; to be compared to 14.8 per 100,000 for females. The world averages for homicide rates are 19.4 for males and 4.4 for females. Also, males account for over 80 percent of hospital admissions for violence related injuries; over a third of those are under the age of 30.

Political representation of women is low: only 13 percent of parliamentary seats were held by women in 2011, virtually the same fraction as in 2000.

A Gender Diagnostic is under preparation. The study will provide gender disaggregated basic poverty trends and gender indicators linked to the areas of focus of the National Development Plan, as well as analysis of the legal framework for gender equality.

Jamaica Gender Equality Indicators

| Indicator | Jamaica | LAC |
|---|---------|-------|
| <i>Endowments</i> | | |
| Ratio of female to male primary enrollment (%) | 95.3 | 96.9 |
| Ratio of female to male secondary enrollment (%) | 103.2 | 107.1 |
| Ratio of female to male tertiary enrollment (%) | 228.8 | 126.8 |
| Maternal mortality ratio (modeled estimate, per 100,000 live births) | 110 | 80 |
| <i>Economic opportunities</i> | | |
| The ratio of female to male labor force participation | 0.82 | 0.92 |
| The ratio of total female unemployment rate to total male unemployment | 1.79 | 1.66 |
| The ratio of youth female unemployment to youth male unemployment | 1.59 | 1.52 |
| <i>Agency</i> | | |
| Adolescent fertility rate (births per 1,000 women ages 15-19) | 71.0 | 69.1 |
| Proportion of parliamentary seats occupied by women | 13.0 | 24.5 |
| World Development Indicators, World Bank. All data presented are for 2011, except for tertiary enrollment (2009) and primary and secondary enrollment (2010) | | |

³² The National Strategic Action Plan to Eliminate Gender-Based Violence in Jamaica.

ANNEX 6: SUMMARY OF THE JAMAICA COUNTRY CLIENT SURVEY FY 2013

The Country Client Survey was conducted between April and May 2013 to assess the relationship between the Jamaica Country Office of the World Bank Group (WBG) and its stakeholders. The last survey was conducted in 2010. The sample cut across respondents from the private and public sectors, academia and civil society. There was a respectable response rate of 68 percent (108 of the 160 stakeholders invited to participate).

Perhaps the most significant finding was the reported level of familiarity with the work of the World Bank Group in Jamaica. This year's familiarity rating of 8.2 (on a 10 point scale) marked a significant upswing from the 6.6 registered in the last survey conducted for FY10. Additionally the WBG's ratings for relevance, alignment with development priorities and strategic realism (8.2, 7.7 and 7.6 respectively) have shown a marginal increase since FY10 (7.3, 6.5 and 6.4 respectively). The data indicated four key points of significance in the current findings with respect to client perception:

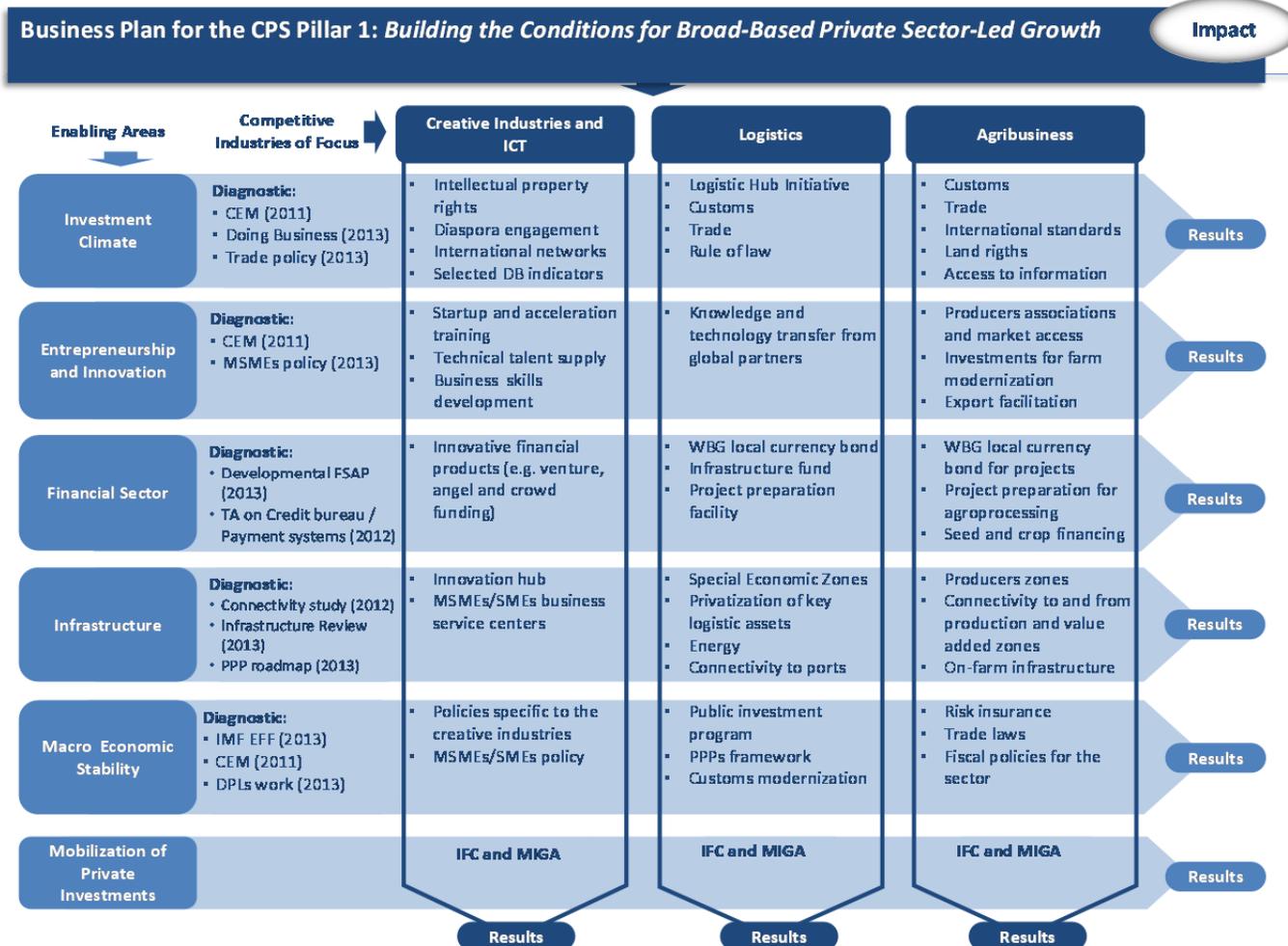
Development priorities: There was a shift from crime and violence to jobs and education as the main areas of concern, with some emphasis as well on equity in terms of shared opportunities. In this regard clients mooted that jobs and education were the two areas where the WBG could add most value to Jamaica.

Citizen Participation & Voice: There is a very clear signal that clients crave greater citizen participation for more effective development and productive reform. Even where there is a perceived failure of WBG programs locally, half the number of respondents attributed this to inadequate citizen participation. They also link this to the issue of shared prosperity. In terms of a solution, a quarter of the respondents suggested wider outreach as the most effective way for the WBG to add value. There is direct reference to private sector and civil society.

Operations: Ratings on the WBG's relevance, alignment to local development priorities and realism of expectations have all increased significantly since FY10. Relative to other development organizations in the region the WBG is also seen as most effective. The quality of staff and mutual organizational relationships also received very positive ratings. Leading the commendations were the interventions in public sector governance and reform. On the down side, the quality of the WBG's work in some high priority areas declined over FY 10. This includes education, crime and violence and jobs.

Instruments & Knowledge: Respondents regarded the WBG's technical assistance to be as valuable as its financial support with a majority (55 percent) naming it as the WBG's most effective instrument. Nearly a third of respondents felt that WBG financing should be more competitive while more than 25 percent wanted the process of obtaining finance to be less complex. While the knowledge services of the WBG are highly rated and 64 percent of respondents indicated the web site as the preferred source, there is a solid 50 percent that expressed an affinity for publications and other written materials. (They were allowed 2 responses). The shift to electronic platforms will therefore have to be managed carefully.

ANNEX 7: PRELIMINARY JOINT BANK, MIGA, BUSINESS PLAN STRUCTURE



ANNEX 8: STANDARD ANNEXES

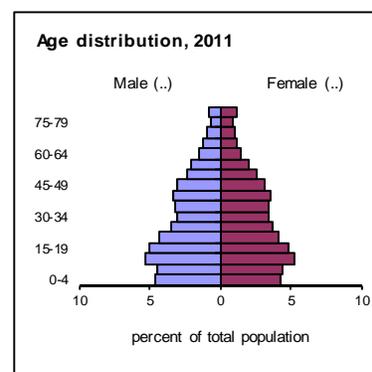
Jamaica - - Key Economic & Program Indicators

| Indicator | Actual | | | | Current CAS Forecast | | | |
|--|--------|-------|-------|------|----------------------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Economy (Calendar Year) | | | | | | | | |
| Growth Rates (%) | | | | | | | | |
| GDP | 1.4 | -0.7 | -4.4 | -1.5 | 1.7 | -0.5 | -100 | .. |
| Exports | .. | 2.9 | -17.8 | -7.5 | -1.5 | 1.6 | -100 | .. |
| Imports | .. | 4 | -27.5 | -4.9 | 4.7 | -2.1 | -100 | .. |
| Inflation (%) | 11.3 | 13.5 | 11.8 | 9.9 | 5.7 | 6.4 | .. | .. |
| National accounts (% GDP) | | | | | | | | |
| Current account balance | -15.9 | -20.4 | -9.4 | -7.1 | -14.4 | -12 | .. | .. |
| Gross investment | 26.5 | 24 | 20.8 | 19.9 | 21 | 19.7 | .. | .. |
| Public finance (% GDP) | | | | | | | | |
| Fiscal balance | -4.8 | -7.6 | -11.4 | -6.4 | -6.5 | -4.2 | .. | .. |
| Foreign financing | .. | .. | .. | .. | .. | .. | .. | .. |
| International Reserves (as months of imports) | 2.5 | 2.6 | 4.1 | 4.4 | 3.8 | 2.8 | .. | .. |
| Lending (\$ million) | | 75 | 115 | 216 | 115 | | .. | .. |
| Gross disbursements (\$ million) | 19 | 13 | 120 | 222 | 126 | 26 | 17 | 13 |

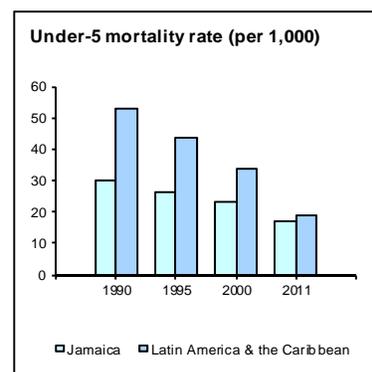
Jamaica at a glance

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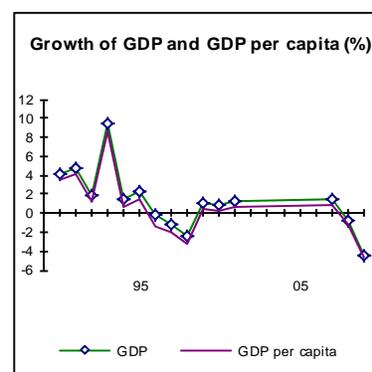
| Key Development Indicators | Jamaica | Latin America & Carib. | Upper middle income |
|--|---------|------------------------|---------------------|
| (2012) | | | |
| Population, mid-year (millions) | 2.7 | 569 | 2,438 |
| Surface area (thousand sq. km) | 11 | 20,394 | 61,033 |
| Population growth (%) | 0.2 | 1.2 | 0.7 |
| Urban population (% of total population) | 52 | 78 | 58 |
| GNI (Atlas method, US\$ billions) | 13.9 | 3,906 | 11,887 |
| GNI per capita (Atlas method, US\$) | 5,120 | 6,859 | 4,875 |
| GNI per capita (PPP, international \$) | 10,979 | 10,470 | 8,988 |
| GDP growth (%) | -0.5 | 4.3 | 6.0 |
| GDP per capita growth (%) | -0.7 | 3.1 | 5.3 |



| | | | |
|--|----|-----|------|
| (most recent estimate, 2005–2012) | | | |
| Poverty headcount ratio at \$1.25 a day (PPP, %) | <2 | 6 | 9.0 |
| Poverty headcount ratio at \$2.00 a day (PPP, %) | 5 | 12 | 20.4 |
| Life expectancy at birth (years) | 73 | 74 | 72 |
| Infant mortality (per 1,000 live births) | 16 | 19 | 19 |
| Child malnutrition (% of children under 5) | 2 | 4 | 4 |
| Adult literacy, male (% of ages 15 and older) | .. | 91 | 94 |
| Adult literacy, female (% of ages 15 and older) | .. | 89 | 88 |
| Gross primary enrollment, male (% of age group) | 91 | 118 | 110 |
| Gross primary enrollment, female (% of age group) | 87 | 114 | 110 |
| Access to an improved water source (% of population) | 93 | 93 | 91 |
| Access to improved sanitation facilities (% of population) | 80 | 78 | 71 |



| Net Aid Flows | 1980 | 1990 | 2000 | 2012 |
|--------------------------|------|------|------|------|
| <i>(US\$ millions)</i> | | | | |
| Net ODA and official aid | 125 | 271 | 9 | 86 |
| Top 3 donors (in 2010): | | | | |
| n.a. | 4 | 7 | 33 | 81 |
| n.a. | 0 | 0 | 0 | 4 |
| n.a. | 8 | 28 | 5 | 3 |
| Aid (% of GNI) | 5.1 | 6.5 | 0.1 | 0.7 |
| Aid per capita (US\$) | 59 | 113 | 3 | 32 |



| Long-Term Economic Trends | 1980 | 1990 | 2000 | 2012 |
|--|------|------|------|------|
| Consumer prices (annual % change) | 27.3 | 22.0 | 8.2 | 8.0 |
| GDP implicit deflator (annual % change) | 18.3 | 25.1 | 10.6 | 6.4 |
| Exchange rate (annual average, local per US\$) | 1.8 | 7.2 | 42.7 | 89.0 |
| Terms of trade index (2000 = 100) | .. | .. | .. | .. |

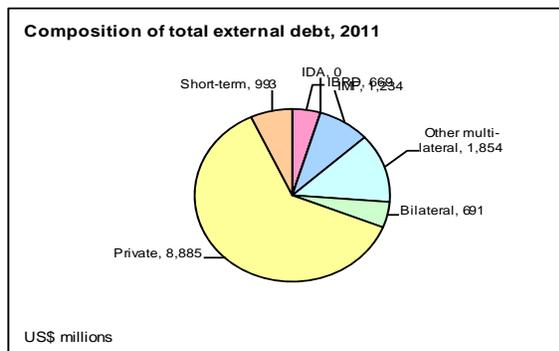
| | 1980–90 | 1990–2000 | 2000–12 | |
|---|---------|-----------|---------|--------|
| <i>(average annual growth %)</i> | | | | |
| Population, mid-year (millions) | 2.1 | 2.4 | 2.6 | 2.7 |
| GDP (US\$ millions) | 2,679 | 4,592 | 9,009 | 14,755 |
| <i>(% of GDP)</i> | | | | |
| Agriculture | .. | 8.0 | 7.0 | 6.7 |
| Industry | .. | 37.1 | 25.5 | 20.8 |
| Manufacturing | .. | 17.2 | 10.6 | 9.2 |
| Services | .. | 54.9 | 67.4 | 72.5 |
| Household final consumption expenditure | 63.8 | 64.9 | 74.2 | 86.3 |
| General gov't final consumption expenditure | 20.2 | 13.0 | 14.3 | 16.3 |
| Gross capital formation | 15.9 | 25.9 | 27.3 | 19.7 |
| Exports of goods and services | 51.1 | 48.1 | 32.8 | 30.4 |
| Imports of goods and services | 51.0 | 51.9 | 49.1 | 53.0 |
| Gross savings | .. | 16.0 | 16.0 | 8.3 |

Note: Figures in italics are for years other than those specified. 2012 data are preliminary. .. indicates data are not available. Development Economics, Development Data Group (DECDG).

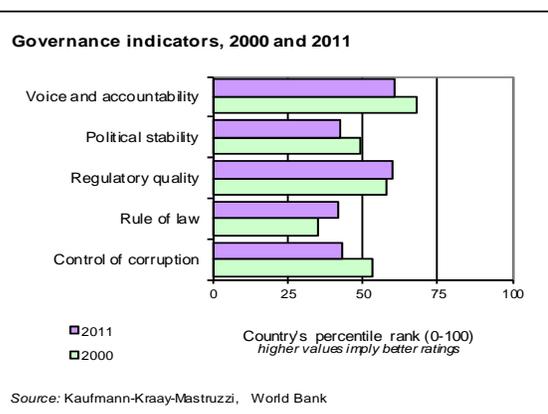
| Balance of Payments and Trade | 2000 | 2012 |
|---|-------------|-------------|
| <i>(US\$ millions)</i> | | |
| Total merchandise exports (fob) | 1,555 | 1,729 |
| Total merchandise imports (cif) | 2,969 | 5,787 |
| Net trade in goods and services | -1,414 | -4,058 |
| Current account balance | -356 | -1,769 |
| as a % of GDP | -4.0 | -12.0 |
| Workers' remittances and compensation of employees (receipts) | 892 | 2,037 |
| Reserves, including gold | 1,049 | 2,473 |
| Central Government Finance | | |
| <i>(% of GDP)</i> | | |
| Current revenue (including grants) | 25.1 | 25.8 |
| Tax revenue | 22.8 | 23.9 |
| Current expenditure | 24.8 | 27.1 |
| Overall surplus/deficit | -1.7 | -4.1 |
| Highest marginal tax rate (%) | | |
| Individual | .. | 25 |
| Corporate | 33 | 33 |

External Debt and Resource Flows

| | | |
|---|-------|--------|
| <i>(US\$ millions)</i> | | |
| Total debt outstanding and disbursed | 4,746 | 11,082 |
| Total debt service | 704 | 1,485 |
| Debt relief (HIPC, MDR) | - | - |
| Total debt (% of GDP) | 136.6 | 147.0 |
| Total debt service (% of exports) | 16.4 | 15.2 |
| Foreign direct investment (net inflows) | 394 | -273 |
| Portfolio equity (net inflows) | 6 | 482 |



| Private Sector Development | 2000 | 2012 |
|--|-------------|-------------|
| Time required to start a business (days) | - | 6 |
| Cost to start a business (% of GNI per capita) | - | 16.5 |
| Time required to register property (days) | - | 24 |
| Ranked as a major constraint to business (% of managers surveyed who agreed) | 2000 | 2011 |
| Tax rates | .. | 38.1 |
| Electricity | .. | 12.4 |
| Stock market capitalization (% of GDP) | 39.8 | 54.9 |
| Bank capital to asset ratio (%) | 9.2 | .. |



| Technology and Infrastructure | 2000 | 2011 |
|--|-------------|-------------|
| Paved roads (% of total) | 70.1 | 73.3 |
| Fixed line and mobile phone subscribers (per 100 people) | 33 | 112 |
| High technology exports (% of manufactured exports) | 0.1 | 0.4 |

Environment

| | | |
|---|-------|-------|
| Agricultural land (% of land area) | 44 | 41 |
| Forest area (% of land area) | 315 | 312 |
| Terrestrial protected areas (% of land area) | 18.9 | 18.9 |
| Freshwater resources per capita (cu. meters) | 3,593 | 3,544 |
| Freshwater withdrawal (billion cubic meters) | .. | .. |
| CO2 emissions per capita (mt) | 4.0 | 4.4 |
| GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent) | .. | 5.0 |
| Energy use per capita (kg of oil equivalent) | 1,478 | 1,587 |

| World Bank Group portfolio | 2000 | 2011 |
|--|-------------|-------------|
| <i>(US\$ millions)</i> | | |
| IBRD | | |
| Total debt outstanding and disbursed | 415 | 327 |
| Disbursements | 98 | 13 |
| Principal repayments | 60 | 47 |
| Interest payments | 22 | 19 |
| IDA | | |
| Total debt outstanding and disbursed | - | - |
| Disbursements | - | - |
| Total debt service | - | - |
| IFC (fiscal year) | | |
| Total disbursed and outstanding portfolio of which IFC own account | 58 | 199 |
| Disbursements for IFC own account | 0 | 5 |
| Portfolio sales, prepayments and repayments for IFC own account | 5 | 9 |
| MIGA | | |
| Gross exposure | 93 | 72 |
| New guarantees | 0 | 37 |

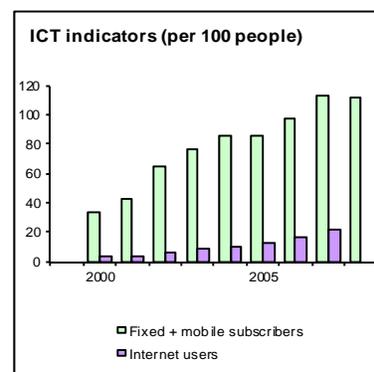
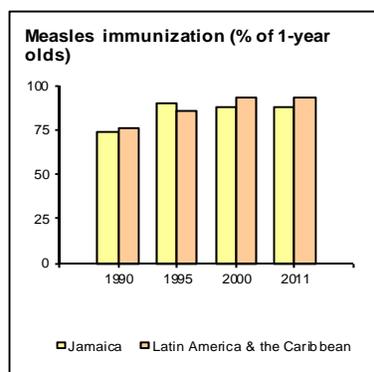
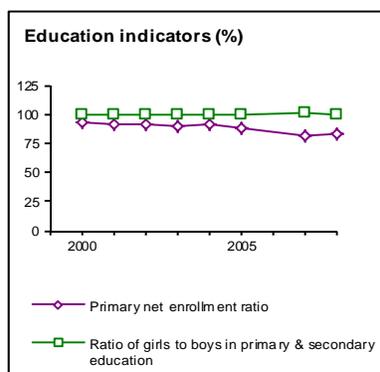
Note: Figures in italics are for years other than those specified. 2012 data are preliminary.
.. indicates data are not available. - indicates observation is not applicable.
Development Economics, Development Data Group (DECDG).

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With selected targets to achieve between 1990 and 2015

(estimate closest to date shown, +/- 2 years)

| | Jamaica | | | |
|--|---------|------|------|-------|
| | 1990 | 1995 | 2000 | 2011 |
| Goal 1: halve the rates for extreme poverty and malnutrition | | | | |
| Poverty headcount ratio at \$1.25 a day (PPP, % of population) | <2 | <2 | <2 | <2 |
| Poverty headcount ratio at national poverty line (% of population) | 28.4 | 19.9 | 18.7 | 12.3 |
| Share of income or consumption to the poorest quintile (%) | 5.9 | 6.4 | 0.0 | 5.4 |
| Prevalence of malnutrition (% of children under 5) | 4.0 | 4.0 | 3.8 | 1.9 |
| Goal 2: ensure that children are able to complete primary schooling | | | | |
| Primary school enrollment (net, %) | 99 | 94 | 93 | 83 |
| Primary completion rate (% of relevant age group) | 97 | 90 | 88 | 84 |
| Secondary school enrollment (gross, %) | 70 | 67 | 87 | 96 |
| Youth literacy rate (% of people ages 15-24) | .. | .. | 92 | .. |
| Goal 3: eliminate gender disparity in education and empower women | | | | |
| Ratio of girls to boys in primary and secondary education (%) | 102 | 100 | 100 | 100 |
| Women employed in the nonagricultural sector (% of nonagricultural employment) | 47 | 47 | 45 | 48 |
| Proportion of seats held by women in national parliament (%) | 5 | 2 | 13 | 13 |
| Goal 4: reduce under-5 mortality by two-thirds | | | | |
| Under-5 mortality rate (per 1,000) | 30 | 26 | 23 | 19 |
| Infant mortality rate (per 1,000 live births) | 25 | 22 | 20 | 16 |
| Measles immunization (proportion of one-year olds immunized, %) | 74 | 90 | 88 | 88 |
| Goal 5: reduce maternal mortality by three-fourths | | | | |
| Maternal mortality ratio (modeled estimate, per 100,000 live births) | 59 | 62 | 83 | 89 |
| Births attended by skilled health staff (% of total) | 92 | 90 | 96 | 98 |
| Contraceptive prevalence (% of women ages 15-49) | 55 | 66 | 69 | 72 |
| Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases | | | | |
| Prevalence of HIV (% of population ages 15-49) | 0.9 | 2.3 | 2.5 | 1.9 |
| Incidence of tuberculosis (per 100,000 people) | 7 | 7 | 7 | 7 |
| Tuberculosis case detection rate (% all forms) | .. | .. | .. | .. |
| Goal 7: halve the proportion of people without sustainable access to basic needs | | | | |
| Access to an improved water source (% of population) | 93 | 93 | 93 | 93 |
| Access to improved sanitation facilities (% of population) | 80 | 80 | 80 | 80 |
| Forest area (% of land area) | 31.8 | 31.6 | 31.5 | 31.2 |
| Terrestrial protected areas (% of land area) | 10.2 | 14.1 | 18.9 | 18.9 |
| CO2 emissions (metric tons per capita) | 3.3 | 3.9 | 4.0 | 4.4 |
| GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent) | .. | .. | .. | 5.0 |
| Goal 8: develop a global partnership for development | | | | |
| Telephone mainlines (per 100 people) | 4.5 | 11.8 | 19.1 | 11.6 |
| Mobile phone subscribers (per 100 people) | 0.0 | 1.8 | 14.2 | 100.1 |
| Internet users (per 100 people) | 0.0 | 0.1 | 3.1 | 23.9 |
| Households with a computer (%) | .. | .. | .. | 17.1 |


 Note: Figures in italics are for years other than those specified. .. indicates data are not available.
 Development Economics, Development Data Group (DECDG).

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Annex B3 – IFC Investment Operations Program

| Jamaica: IFC Investment Operations Program | | | | |
|--|--------|------|-------|-------|
| | 2011 | 2012 | 2013 | 2014* |
| Original Commitments (US\$m) | | | | |
| IFC and Participants | 148.46 | | 15.00 | 16.00 |
| IFC's Own Accounts only | 111.41 | | 7.50 | 16.00 |
| Original Commitments by Sector (%)- IFC Accounts only | | | | |
| ELECTRIC POWER | 46.44 | | | |
| FINANCE & INSURANCE | | | | 100 |
| TRANSPORTATION AND WAREHOUSING | 53.56 | | 100 | |
| Total | 100 | 0 | 100 | 100 |
| Original Commitments by Investment Instrument (%) - IFC accounts only | | | | |
| Equity | 4.1 | | | |
| Guarantee | | | | 100 |
| Loan | 86.5 | | 100 | |
| Quasi loan | 8.1 | | | |
| Risk product | 1.4 | | | |
| Total | 100 | 0 | 100 | 100 |
| * Data as of February 19,2014 | | | | |
| | 2011 | 2012 | 2013 | 2014* |
| Original Commitments (US\$m) | | | | |
| IFC and Participants | 148.46 | | 15.00 | 16.00 |
| IFC's Own Accounts only | 111.41 | | 7.50 | 16.00 |
| Original Commitments by Sector (%)- IFC Accounts only | | | | |
| ELECTRIC POWER | 46.44 | | | |
| FINANCE & INSURANCE | | | | 100 |
| TRANSPORTATION AND WAREHOUSING | 53.56 | | 100 | |
| Total | 100 | 0 | 100 | 100 |
| Original Commitments by Investment Instrument (%) - IFC Accounts only | | | | |
| Equity | 4.1 | | | |
| Guarantee | | | | 100 |
| Loan | 86.5 | | 100 | |
| Quasi loan | 8.1 | | | |
| Risk product | 1.4 | | | |
| Total | 100 | 0 | 100 | 100 |

**Annex B4 - Summary of Nonlending Services –Jamaica
As of February 24, 2014**

| <i>Product</i> | <i>Completion FY</i> | <i>Cost (US\$000)</i> | <i>Audience^a</i> | <i>Objective^b</i> |
|--|----------------------|---------------------------|-----------------------------|------------------------------|
| Recent completions | | | | |
| JM-CEM | 2011 | 301 | Government | |
| JM PSIA: Poverty and Social Impacts of Fiscal Reforms | 2012 | 26 | Government | |
| JM (FBS) Payments System | 2013 | 207 | Government | |
| JM - JIT Skills, Promotion & Protection | 2013 | 85 | Government | |
| JM: Parliamentary Oversight of Public Finances- | 2013 | 293 | Government | |
| Underway | | 809 | | |
| JM TF Strengthening PPP Capacity and Identifying PPP Options in Jamaica | 2014 | 101 | Government | |
| JM Youth Empowerment via ICT solutions and Creative Industries | 2014 | 638 | Government | |
| Jamaica: Report on Observance of Standards and Codes | 2014 | 70 | Government | |
| Jamaica JIT: Trade as Driver for Growth | 2014 | 0 | Government | |
| Planned | | 817 | | |
| JM Public Finance PKS (Debt & Fiscal) | 2015 | 650 | Government | |
| Jamaica PFM Enhancement | 2015 | 146 | Government | |
| JM Poverty and Gender | 2015 | 21 | Government | |
| Out of school and out of work - Diagnostic of Youth | 2015 | 0 | Government | |

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

Annex B 5: Jamaica - Key Economic Indicators

| Indicator | Actual | | | | Estimate | Projected |
|--|--------|-------|-------|-------|----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| National accounts (as % of GDP) | | | | | | |
| Gross domestic product^a | 100 | 100 | 100 | 100 | 100 | 100 |
| Agriculture | 5 | 6 | 6 | 6 | 7 | 7 |
| Industry | 25 | 23 | 21 | 21 | 21 | .. |
| Services | 70 | 72 | 73 | 73 | 72 | .. |
| Total Consumption | 95 | 105 | 97 | 98 | 102 | 103 |
| Gross domestic fixed investment | 26 | 24 | 21 | 20 | 21 | 20 |
| Government investment | .. | .. | .. | .. | .. | .. |
| Private investment | .. | .. | .. | .. | .. | .. |
| Exports (GNFS)^b | 40 | 42 | 34 | 31 | 30 | 30 |
| Imports (GNFS) | 62 | 72 | 52 | 50 | 53 | 53 |
| Gross domestic savings | 5 | -5 | 3 | 2 | -2 | -3 |
| Gross national savings^c | 16 | 6 | 13 | 13 | 9 | 8 |
| <i>Memorandum items</i> | | | | | | |
| Gross domestic product | 12820 | 13677 | 12043 | 13203 | 14402 | 14755 |
| (US\$ million at current prices) | | | | | | |
| GNI per capita (US\$, Atlas method) | .. | 4750 | 4500 | 4570 | 4780 | 5180 |
| Real annual growth rates (% , calculated from 96 prices) | | | | | | |
| Gross domestic product at market prices | 1.4 | -0.7 | -4.4 | -1.5 | 1.7 | -0.5 |
| Gross Domestic Income | .. | -4.2 | -4.2 | -1.7 | 0.5 | -1.3 |
| Real annual per capita growth rates (% , calculated from 96 prices) | | | | | | |
| Gross domestic product at market prices | 1.0 | -1.1 | -4.7 | -1.8 | 1.4 | -0.7 |
| Total consumption | .. | 2.4 | -10.7 | -1.6 | 2.6 | -0.8 |
| Private consumption | .. | 2.8 | -11.4 | -1.8 | 3.4 | -0.9 |
| Balance of Payments (US\$) | | | | | | |
| Exports (GNFS)^b | 5069 | 5539 | 4038 | 4002 | 4311 | 4381 |
| Merchandise FOB | 2363 | 2744 | 1388 | 1368 | 1663 | 1729 |
| Imports (GNFS)^b | 8486 | 9914 | 6356 | 6451 | 7874 | 7760 |
| Merchandise FOB | 6204 | 7547 | 4476 | 4627 | 5924 | 5787 |
| Resource balance | -3416 | -4375 | -2318 | -2449 | -3563 | -3379 |
| Net current transfers | 2040 | 2150 | 1859 | 2010 | 2043 | 2012 |
| Current account balance | -1905 | -2693 | -984 | -740 | -1948 | -1622 |
| Net private foreign direct investment | 751 | 1361 | 480 | 170 | 180 | -273 |
| Long-term loans (net) | 653 | 519 | 255 | 968 | 453 | -663 |
| Official | 440 | 105 | 44 | -442 | 205 | 841 |
| Private | 0 | 0 | 0 | 0 | 0 | 0 |
| Other capital (net, incl. errors & omissions) | 93 | 219 | 336 | 971 | 302 | 97 |
| Change in reserves^d | 191 | 62 | 22 | 104 | 116 | 130 |
| <i>Memorandum items</i> | | | | | | |
| Resource balance (% of GDP) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Real annual growth rates (YR96 prices) | | | | | | |
| Merchandise exports (FOB) | 5.1 | .. | .. | .. | .. | .. |
| Primary | 5.5 | .. | .. | .. | .. | .. |
| Manufactures | 1.1 | .. | .. | .. | .. | .. |
| Merchandise imports (CIF) | 1.4 | .. | .. | .. | .. | .. |

Jamaica - Key Economic Indicators (Continued)

| Indicator | Actual | | | | Estimate | Projected |
|--|--------|-------|------|-------|----------|-----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Public finance (as % of GDP at market prices)^e | | | | | | |
| Current revenues | 33.3 | 27.5 | 27.7 | 26.9 | 25.2 | 26.2 |
| Current expenditures | 43.7 | 31.1 | 36.3 | 28.9 | 28.2 | 27.5 |
| Current account surplus (+) or deficit (-) | -10.4 | -3.6 | -8.6 | -1.9 | -3.1 | -1.4 |
| Capital expenditure | 3.9 | 4.1 | 3.2 | 4.8 | 4.3 | 2.9 |
| Foreign financing | .. | .. | .. | .. | .. | .. |
| Monetary indicators | | | | | | |
| M2/GDP | 33.9 | 31.4 | 31.2 | 30.0 | 29.1 | .. |
| Growth of M2 (%) | 17.1 | 4.3 | 6.0 | 4.2 | 4.4 | .. |
| Private sector credit growth / total credit growth (%) | 16.1 | 62.8 | 6.5 | 0.9 | 95.0 | .. |
| Price indices(YR96 =100) | | | | | | |
| Merchandise export price index | 183.3 | .. | .. | .. | .. | .. |
| Merchandise import price index | 230.4 | .. | .. | .. | .. | .. |
| Merchandise terms of trade index | 79.6 | .. | .. | .. | .. | .. |
| Real exchange rate (US\$/LCU) ^f | 96.4 | 104.8 | 97.5 | 107.0 | 109.5 | 113.6 |
| Real interest rates | | | | | | |
| Consumer price index (% change) | 16.8 | 16.9 | 10.2 | 11.8 | 6.0 | 8.0 |
| GDP deflator (% change) | 11.3 | 13.5 | 11.8 | 9.9 | 5.7 | 6.4 |

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

Annex B6: Jamaica - Key Exposure Indicators

| Indicator | Actual | | | | Estimated | | Projected | | | |
|--|--------|-------|-------|-------|-----------|-------|-----------|-------|-------|-------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Total debt outstanding | | 10424 | 10350 | 11082 | 14157 | 14326 | 14333 | 14052 | 12967 | 11367 |
| disbursed (TDO) (US\$m)^a | | | | | | | | | | |
| Net disbursements (US\$m)^a | | 2409 | 709 | 1547 | 2360 | 1207 | 2033 | 259 | 164 | 104 |
| Total debt service (TDS) (US\$m)^a | | 1294 | 1161 | 1486 | 1186 | 1639 | 1796 | 1400 | 2099 | 2427 |
| Debt and debt service indicators (%) | | | | | | | | | | |
| TDO/XGS^b | | 138.0 | 128.6 | 182.7 | 230.1 | 219.1 | 215.5 | .. | .. | .. |
| TDO/GDP | | 81.3 | 75.7 | 92.0 | 107.2 | 99.5 | 97.1 | .. | .. | .. |
| TDS/XGS | | 17.1 | 14.4 | 24.5 | 19.3 | 25.1 | 27.0 | .. | .. | .. |
| Concessional/TDO | | 10.8 | 10.8 | 10.1 | 8.6 | 7.3 | 7.7 | 7.8 | 8.3 | 8.8 |
| IBRD exposure indicators (%) | | | | | | | | | | |
| IBRD DS/public DS | | .. | .. | .. | 6.4 | 3.9 | 4.3 | 5.4 | 3.3 | 3.7 |
| Preferred creditor DS/public DS (%)^c | | .. | .. | .. | 23.5 | 16.2 | 19.9 | 32.6 | 44.4 | 25.6 |
| IBRD DS/XGS | | 0.9 | 0.8 | 1.1 | 0.9 | 0.7 | 0.7 | .. | .. | .. |
| Of which present value of guarantees (US\$m) | | | | | | | | | | |
| Share of IBRD portfolio (%) | | 4 | 4 | 4 | 5 | 6 | 6 | 6 | 6 | 7 |
| IDA TDO (US\$m)^d | | .. | .. | .. | .. | .. | .. | .. | .. | .. |
| IFC (US\$m) | | | | | | | | | | |
| Loans | | | | | | | | | | |
| Equity and quasi-equity /c | | | | | | | | | | |
| MIGA | | 31.8 | | | | | | | | |
| MIGA guarantees (US\$m) | | | | | | | | | | |

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex B7: Jamaica Committed and Disbursed Outstanding Investment Portfolio
As of 1/31/2014
(In USD Millions)

| FY Approval | Company | Committed | | | | | Disbursed Outstanding | | | | |
|-------------------------|---------------------|---------------|-------------|-------------------|-------------|--------------|-----------------------|-------------|-------------------|-------------|--------------|
| | | Loan | Equity | **Quasi Equity | *GT/RM | Participant | Loan | Equity | **Quasi Equity | *GT/RM | Participant |
| 2009 | Fgb | 0 | 0 | 3.93 | 0 | 0 | 0 | 0 | 3.93 | 0 | 0 |
| 2005 | Jamaica energ... | 9.45 | 0 | 6.3 | 0 | 23.64 | 9.45 | 0 | 6.3 | 0 | 23.64 |
| 2003/11 | Jps co. | 23.33 | 0 | 10 | 0 | 0 | 23.33 | 0 | 10 | 0 | 0 |
| 6/13/2002 | Mbja limited | 28.92 | 0 | 0 | 0.94 | 18.22 | 28.35 | 0 | 0 | 0.38 | 17.65 |
| 2005 | Ncbj | 2.65 | 0 | 0 | 0 | 0 | 2.65 | 0 | 0 | 0 | 0 |
| 0 | Panjam | 14.01 | 0 | 0 | 0 | 0 | 14.01 | 0 | 0 | 0 | 0 |
| 2010/11 | Tjh | 53.41 | 3.71 | 0 | 8.61 | 0 | 53.41 | 3.71 | 0 | 8.03 | 0 |
| 2011 | Wkpp | 11.66 | 0 | 9 | 0 | 34.21 | 11.66 | 0 | 9 | 0 | 30.46 |
| Total Portfolio: | | 143.43 | 3.71 | 29.23 | 9.55 | 76.07 | 142.86 | 3.71 | 29.23 | 8.41 | 71.75 |

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

Annex B8 – Jamaica Operations Portfolio (IBRD/IDA and Grants)

As Of Date 2/24/2014

| Closed Projects | | 76 | | | | | | |
|-------------------------------------|--|-------------------------------|--------------------------------|---------------------------|---------------------------|----------------------|--------------|----------------------|
| IBRD/IDA * | | | | | | | | |
| Total Disbursed (Active) | | 207.00 | | | | | | |
| of which has been repaid | | 0.96 | | | | | | |
| Total Disbursed (Closed) | | 609.85 | | | | | | |
| of which has been repaid | | 491.65 | | | | | | |
| Total Disbursed (Active + Closed) | | 817.83 | | | | | | |
| of which has been repaid | | 492.61 | | | | | | |
| Total Undisbursed (Active) | | 75.02 | | | | | | |
| Total Undisbursed (Closed) | | 0.00 | | | | | | |
| Total Undisbursed (Active + Closed) | | 75.02 | | | | | | |
| Active Projects | | | | | | | | Difference |
| | | | | | | | | Between |
| | | | | | | | | Expected and |
| | | | | | | | | Actual |
| | | | | Last ISR | | | | |
| | | | | Supervision Rating | Original Amount in | | | Disbursements |
| | | | | | | US\$ Millions | | |
| Project ID | Project Name | Development Objectives | Implementation Progress | Fiscal Year | IBRD | Undisb. | Orig. | Frm Rev'd |
| P112780 | Energy Security & Efficiency Enhancement | S | MS | 2011 | 15 | 11 | | |
| P145995 | Jamaica First Programmatic DPL | # | # | 2014 | 130 | 0 | | |
| P095673 | JM Early Childhood Develop Proj -- SWAP | MS | S | 2008 | 27 | 4.3 | | |
| P107407 | JM Education Transformation Capacity Bui | S | S | 2010 | 16 | 5.5 | | |
| P105122 | JM Rural Economic Development Initiative | MU | MU | 2010 | 15 | 9.7 | | |
| P105024 | JM Social Protection | MS | MS | 2008 | 80 | 2.5 | | |
| Overall Result | | | | | 283 | 33 | | |