

**Document of
The World Bank**

FOR OFFICIAL USE ONLY

Report No. 52849-JM

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

COUNTRY PARTNERSHIP STRATEGY

FOR

JAMAICA

FOR THE PERIOD 2010-2013

February 23, 2010

Caribbean Country Management Unit
Latin America and Caribbean Region
The World Bank

Strategy and Coordination Unit
Caribbean and Latin America
International Finance Corporation

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

CURRENCY EQUIVALENTS

(As of December 18, 2009)

Currency Unit: Jamaican Dollar (J\$)

US\$1.00 = J\$89.00

FISCAL YEAR

April 1 to March 31

ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activities		Service
ASEAN	Association of South East Asian Nations	MICs	Middle Income Countries
ASEAN-5	Indonesia, Thailand, Philippines, Malaysia and Vietnam	MIF	Multilateral Investment Fund (IDB)
CAS	Country Assistance Strategy	MIGA	Multilateral Investment Guarantee Agency
CPS	Country Partnership Strategy	MOU	Memorandum of Understanding
CCRIF	Caribbean Catastrophe Risk Insurance Fund	MP	Member of Parliament
CCT	Conditional Cash Transfer	MTF	Medium-Term Socio-Economic Policy Framework
CDB	Caribbean Development Bank	MW	Mega Watt
CDD	Community-Driven Development	MSMEs	Micro, Small and Medium Enterprises
CEM	Country Economic Memorandum	NCDP	National Community Development Project
CFAA	Country Financial Accountability Assessment	NEPA	National Environment Protection Agency
CIDA	Canadian International Development Agency	NIR	Net International Reserves
CPAR	Country Procurement Assessment Review	OAS	Organization of American States
CPPR	Country Portfolio Performance Review	ODPEM	Office of Disaster Preparedness and Emergency Management
CSA	Country Social Assessment	PA	Poverty Assessment
DFID	Department for International Development (U.K.)	PATH	Program for Advancement through Health and Education
DPL	Development Policy Loan	PEFA	Public Expenditure and Financial Accountability
ECD	Early Childhood Development	PER	Public Expenditure Review
ECOSOC	Economic and Social Commission	PFM	Public Financial Management System
EU	European Union	PHRD	Policy and Human Resources Development Fund (Japan)
FY	Fiscal Year	PIOJ	Planning Institute of Jamaica
GCT	General Consumption Tax	PNP	People's National Party
GDP	Gross Domestic Product	PPIAF	Public-Private Infrastructure Advisory Facility
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome	ROSE	Reform of Secondary Education
ICBSP	Inner City Basic Services Project	SLC	Survey of Living Conditions
IDB	Inter-American Development Bank	SMEs	Small and Medium Enterprises
IDPs	International Development Partners	SWAp	Sector Wide Approach
IFC	International Finance Corporation	TA	Technical Assistance
IMF	International Monetary Fund	UN	United Nations
JLP	Jamaica Labour Party	UNDP	United Nations Development Program
JSDF	Japan Social Development Fund	UNICEF	United Nations Children's Fund
JUTC	Jamaica Urban Transit Company	US	United States of America
KWh	Kilowatt Hours	USAID	United States Agency for International Development
LAC	Latin America and the Caribbean	USTR	United States Trade Representative
LNG	Liquefied Natural Gas		
MDGs	Millennium Development Goals		
MF&PS	Ministry of Finance and the Public		

	IBRD		IFC
Vice President	Pamela Cox	Vice President	Thierry A. Tanoh
Country Director	Yvonne Tsikata	Regional Director	Vincent Gouarne
Task Team Leader	Badrul Haque	Task Managers	Kalim Shah and Pierre Nadji

ACKNOWLEDGEMENTS

The World Bank Group appreciates the collaboration and contributions of stakeholders in the preparation of this Country Partnership Strategy (CPS). Seven consultations were organized in Jamaica during July 6-8, 2009. The consultation with the private sector was organized by Sandra Glasgow (Chief Executive Officer) and Yvette Evans-Coombs (Executive Assistant) of the Private Sector Organization of Jamaica. The consultation with senior government officials was organized by Winsome Miller (Acting Manager), Caven White (Senior Project Economist), Angella Sayle (Secretary) and Pauline Grant (Secretary) of the Planning Institute of Jamaica. The consultation with members of the Parliament was organized by Heather E. Cooke (Clerk to the Senate & House of Representatives), Tashawna Alcock (Public Relations Officer) and André Jones (Orderly) of the Houses of Parliament. The consultation with the trade unions was organized by Lloyd Goodleigh (President), Wayne Jones (General Secretary), Veronica Thompson (Office Manager) and Suzette Brown (Office Assistant) of the Jamaica Confederation of Trade Unions. The three consultations with youth, international development partners and the civil society were organized by the World Bank Jamaica office, particularly, Althea Spence, Juliet Williams, Moses Linton and Pollyanna McHargh-Scott. Professor Trevor Monroe of the University of the West Indies (Mona Campus) was the Facilitator except for the consultation at Gordon House, seat of the national Parliament, which was facilitated by the Speaker of the House, the Honorable Delroy Chuck.

The largest consultation group consisted of *Members of Parliament*. Speaker Hon. Delroy Chuck and President of the Senate, Hon. Oswald Harding, organized a joint seating of the Parliament to discuss the proposed CPS. Besides the Speaker and President, the following fifteen Jamaica Labour Party and thirteen People's National Party members participated in the consultation: Hons. Kenneth Baugh, Pernel Charles, Mike Henry, Karl Samuda, Christopher Tufton (Ministers), Laurence Broderick, Andrew Gallimore, Robert Montague, Shahine Robinson (Ministers of State), Noel Arscott, Fenton Ferguson, Lisa Hanna, Ian Hayles, Natalie Neita-Headley, Michael Peart, Peter Phillips, Basil Waite (Opposition Spokespersons), Warren Newby, Ronald Robinson, Tom Tavares-Finson (Senators), St. Aubyn Bartlett, Joseph Hibbert, Gregory Mair, Taron Peralto (Jamaica Labour Party MPs), and Morais Guy, Fitz Jackson, Ronald Thwaites, Sharon Hay Webster, Maxine Henry Wilson (People's National Party MPs).

The second largest consultation group consisted of *senior government officials*. The participants were: Major (rtd.) Richard Reese (Permanent Secretary) and Monica Brown (Program Development Specialist) of the Ministry of National Security; Wayne Henry (Senior Advisor to the Minister) and Pamella McLaren (Senior Director) of the Ministry of Finance and the Public Service; Gertrude McKenzie (Acting Assistant Chief Education Officer) of the Ministry of Education; Scarlette Gillings (Managing Director) of the Jamaica Social Investment Fund (JSIF), Zuliekha Budhan (Principal Director) of the Ministry of Agriculture and Fisheries; Collette Roberts-Risden (Director), Errol Miller (Chief Technical Director), Dunstan Bryan (Project Director, PATH) of the Ministry of Labour and Social Security; Dyna Morris (Senior Director), Cheronne Allen (Senior Director), Sancia Templer (Chief Technical Director) of the Office of the Prime Minister; Howard Lynch (Director) of the Ministry of Health; Marcia Forbes (Permanent Secretary), Fitzroy Vidal (Energy Engineer) of the Ministry of Energy and Mining; Reginald Budhan (Permanent Secretary), Peter Gordon (Economist) of the Ministry of Industry, Investment and Commerce; Wesley Hughes (Director General), Leila Palmer (Director), Barbara Scott (Director), Claire Bernard (Director), Winsome Miller (Acting Manager), Sophia Whyte-Givans (Advisor), Christine Clarke (Technical Coordinator), Charles Clayton (Consultant), Elizabeth Emanuel (Sustainable Development Specialist), Antonette Richards (Sociologist/Economist) and Steven Kerr (Manager) of the Planning Institute of Jamaica.

The consultation with the *private sector* was with seventeen leaders. They were: Joseph Matalon (President), Nicholas Scott (Vice President), Sandra Glasgow (Chief Executive Officer), Colin Steele (Member), Keith Collister (Member) of the Private Sector Organization of Jamaica, Roger Hinds (President) of Shipping Association of Jamaica, Jason Morris (Senior Investment Strategist) of the Jamaica Money Market Brokers, Edward Chin-Mook (President) of the Small Business Association of Jamaica, Richard Byles (President) of Sagicor Life, Omar Azan (President) and Imega Breese McNab

(Executive Director) of Jamaica Manufacturers' Association, Minna Israel (President and Country Head) of RBTT Bank Jamaica Ltd., Duane Thomas (Vice President) of Young Entrepreneurs' Association, Anya Schnoor (Chief Executive Officer) of Scotia DBG Investments, Brenda Cuthbert (Chief Executive Officer) of Jamaica Employers' Federation, Michael Lumsden (President) of Jamaica Exporters' Association, and Prunella Vassell (Council Member) of Institute of Chartered Accountants of Jamaica.

The consultation with the *civil society* was attended by the following thirteen representatives: Morin Seymour (Executive Director) of Kingston Restoration Company, Elizabeth Ward (Chairman) of Violence Prevention Alliance, Dorothy Whyte (Chief Executive Officer) of Women's Research Resource Centre, Donna Parchment (Executive Director) of the Dispute Resolution Foundation, Lorna Peddie (Project Officer) of People's Action for Community Transformation, Omar Lammie (Project Officer) of Youth Opportunities Unlimited, Carolyn Gomes (Executive Director) of Jamaica for Justice, Kurt Schmick (Executive Administrator) of Citizens Action for Free and Fair Elections, Gary Hart (Chairman) of Jamaica Council of Churches, John Rapley (President) of Caribbean Policy Research Institute, Patricia Anderson (Professor of Sociology, Psychology and Social Work) and Anthony Harriot (Professor of Political Sociology) of the University of the West Indies at Mona Campus, and Diana McCaulay (Chief Executive Officer) of Jamaica Environment Trust.

The consultation with *trade unions* was with the following twelve leaders: Kavon Gayle (President) and George Fyffe (General Secretary) of the Bustamente Industrial Trade Union, Harvel Brown (President) and Keith Comrie (General Secretary) of Union of Schools, Agricultural and Allied Workers, Barry Dawes (Director) and Marva Phillips (Vice President) of Trade Union Congress, Dorian Dixon (Immediate Past President) of Jamaica Teachers Association, Lambert Brown (President) and Clifton Grant (Vice President) of University and Allied Workers Union, James Francis (President) of United Union of Jamaica, and Wayne Jones (General Secretary) and Ray Howell (Assistant General Secretary) of the Jamaica Confederation of Trade Unions.

The consultation with the *youth* was with: Tamian Beckford of CARICOM Commission on Youth Development, Kemisha Kelly (Immediate Past President) and Andre Stephens (President) of the National Students' Council, Gregory Simms (Chairman) of the Jamaica Youth Advocacy Network, Shawn McGregor (Project Manager) of Reaching Individuals through Skills and Education, Vishwanauth Tolan (President) of the University of the West Indies Guild of Students, Ryan Davis (President) and Shakisha Cowan (Vice President) of the University of Technology Students' Union.

Consultations with the *International Development Partners* were held twice. An initial brainstorming was held on May 29, 2009 with the participation of: Akiko Fuji (Deputy Resident Representative, UNDP), Karen Hilliard (Mission Chief, USAID), Helen Jenkins (Head of Economic and Social Development Section, EC Delegation), Mariam Maluwa (Country Director, UNAIDS), and Ernest Pate (Representative, PAHO). The second consultation was following the upstream review in the Bank and was held on July 6, 2009. The participants at this second consultation were: Cynthia Currie (Representative, IICA), Robert Fuderich (Country Representative, UNICEF), Gerard Johnson (Country Representative, IDB), Miriam Maluwa (Country Coordinator, UNAIDS), Minh Pham (UNDP Resident Representative) and Gillian Smith (Deputy Representative, FAO).

The CPS Core Team, led by Badrul Haque (TTL, World Bank) and Kalim Shah and Pierre Nadji (co-TTLs, IFC), consisted of: Messrs./Mmes: Anjali Acharya, Edward Anderson, Diego Arias, Shiyan Chao, Lorena Cohan, Enos Esikuri, Amy Faust, Catherine Gourdin (IFC), Afef Haddad, Fowzia Hassan, Cynthia Hobbs, Yurie Tanimichi Hoberg, Niels Holm-Nielsen, Arturo Kunigami, Michel Layec, Snezana Mitrovic, Zafer Mustafaoglu, Angelica Nunez, Jimmy Pannett, Fily Sissoko, Viraj Vithoontien, Eduardo Wallentin (IFC) and Tihomir Stucka. In addition, Alan Carroll, Carolina Biagini Majorel, Valentina Rollo, Andresa Lagerborg, Michiel Paris, Rohan Longmore and Althea Spence provided valuable inputs. Written inputs on an earlier draft were received from Rene Moreno, Klas Sander, Jessica Lin, Rina Mentia, Chaogang Wang, Yogita Mumssen, Tatiana Proskuryakova, Tefvik Yaprak, Mozammal Hoque, and Magdalena Manzo. Swati Raychaudri and Juliet Williams helped with formatting.

JAMAICA-WORLD BANK COUNTRY PARTNERSHIP STRATEGY

Table of Content

EXECUTIVE SUMMARY	i
I. Introduction.....	1
II. Country Context, Recent Developments and Outlook.....	2
A. Political Context.....	2
B. Governance and Corruption.....	2
C. Crime and Violence	2
D. Poverty and Human Development.....	3
E. Gender Dimensions and Unemployment.....	4
F. Economic Development and Outlook.....	6
G. Finance Sector Issues.....	8
H. Telecommunication Sector Issues.....	9
I. Environment and Disaster Management.....	9
III. Development Challenges and government vision.....	10
A. Achieving Economic Stability	10
B. Promoting Inclusive Growth.....	12
C. Promoting Sustained Growth.....	15
D. Strengthening Governance.....	18
IV. Jamaica-World Bank Group Country Partnership	18
A. The Program under CAS, FY05-09	18
B. Summary Findings of the CAS Completion Report	18
C. Current Bank Group Program.....	19
D. International Development Partners	21
E. CPS Consultations	21
F. Indicative Jamaica-World Bank Partnership Strategy, FY10-13.....	22
V. Results-Based Monitoring and Evaluation	27
VI. Managing risks.....	28
CAS ANNEX TABLES	
ANNEX A2: JAMAICA AT-A- GLANCE	30
ANNEX B3: IBRD/IDA PROGRAM SUMMARY.....	34
ANNEX B3: JAMAICA: IFC INVESTMENT OPERATIONS PROGRAM.....	35
ANNEX B4: SUMMARY OF NONLENDING SERVICES.....	36
ANNEX B6: MACROECONOMIC OUTCOMES AND PROJECTIONS, FY07/08-FY13/14.....	37
ANNEX B8: OPERATIONS PORTFOLIO (IBRD/IDA AND GRANTS)	38
ANNEX B8: COMMITTED AND DISBURSED OUTSTANDING INVESTMENT PORTFOLIO (IFC)	39
ANNEX TABLES	
ANNEX 1: CPS RESULTS MATRIX FY10– FY13	40
ANNEX 2: JAMAICA: CPS RESULTS CHAIN	44
ANNEX 3: JAMAICA’S DEBT STRUCTURE AND DYNAMICS.....	45

ANNEX 4: GOVERNMENT’S FISCAL REFORM PROGRAM AND THE BANK’S SUPPORT.....	49
ANNEX 5: CAS COMPLETION REPORT	52
I. INTRODUCTION	52
II. JAMAICA’S LONGER-TERM STRATEGIC GOALS	52
III. CAS OUTCOMES	54
Pillar I: Accelerating Inclusive Economic Growth (Moderately Satisfactory).....	55
Pillar II: Improving Human Development and Opportunity (Moderately Satisfactory)	57
Pillar III: Crime Prevention and Reduction (Moderately Satisfactory)	59
Cross-Cutting Theme I: Governance. (Moderately Unsatisfactory).....	59
Cross-cutting Theme II: Environmental Sustainability (Moderately Satisfactory)	60
IV. BANK PERFORMANCE	61
V. LESSONS FOR THE FUTURE.....	66
ANNEX 5A: LIST OF KEY PEOPLE CONSULTED AND PROJECT SITES VISITED	67
ANNEX 5B: CAS COMPLETION REPORT RESULTS MATRIX	68
ANNEX 5C: PLANNED AND ACTUAL LENDING DELIVERIES DURING CAS PERIOD FY06 – 09	84
ANNEX 5D: PLANNED AND ACTUAL LENDING DELIVERIES DURING CAS PERIOD FY06 – 09.....	84
ANNEX 6: JAMAICA MEDIUM TERM FRAMEWORK, FY09-12.....	86
ANNEX 7: LENDING, AAA AND TF PROGRAM, FY 10-13.....	91
Map	back cover

EXECUTIVE SUMMARY

- 1. Despite the advantages of political stability, location, language, time zone and natural resource endowments, Jamaica's development gains remain low.** Notably, during 1973-2007, Jamaica recorded annual output growth of 0.8 percent, and a decline in average labor productivity by 1.5 percent per annum. In comparison, output increased by 4.2 percent in comparable middle-income countries with concurrent productivity growth.
- 2. Nevertheless, Jamaica has recorded a number of positive achievements.** *First*, the country consolidated economic liberalization efforts and gradually recovered from a major financial crisis in 1995-97. The country now has a relatively stable and well-capitalized financial sector, albeit not free of systemic risk. *Second*, Jamaica significantly reduced the incidence of poverty, in part because of poverty reduction interventions and growth in remittances. The national poverty rate fell from 28.4 percent in 1989 to 9.9 percent in 2007. *Third*, the country was among the pioneers in initiating surveys for evidence-based policy decisions.
- 3. Jamaica is vulnerable to climate change and this is compounded by the global economic crisis and longstanding structural issues.** Jamaica is one of the countries that show the highest exposure to risk in not only the Caribbean but also globally. This exposure to risk underscores the need to support Jamaica in integrating climate change adaptation measures into core development programs across sectors, and targeting specific hazards, particularly hazardous or vulnerable places and people within the coastal zones, and the urban and rural poor.
- 4. The current global crisis has seriously affected Jamaica, and its impacts are likely to persist over the medium term.** Output is projected to decline for the second year, by another 3.5 percent in FY09/10, largely due to the collapse of the bauxite industry and reductions in remittances and tourism receipts. As a result, government revenue collections fell and the fiscal deficit is projected to be twice the budgeted level for FY09/10. Significant support is needed from the multilateral institutions to avert serious economic consequences.
- 5. Longstanding structural issues include:** (i) high debt ratio that hinders government ability to provide quality services and foster development; (ii) low level of trust in society; (iii) low level of formal training among the labor force; (iv) excessive cost of electricity that affects the economy's competitiveness and the welfare of the population; (v) significantly higher unemployment rates among the youth and females; (vi) high incidence of crime and violence; and (vii) vulnerability of infrastructure and housing stocks to windstorms and earthquakes.
- 6. An important gender issue in Jamaica is that boys tend to underperform girls in school and engage in risky behaviors from early on.** These behaviors are linked to crime and violence and other structural gender issues such as teenage pregnancy and gender based violence. Jamaica has registered significant progress in women's economic and political empowerment as well as reproductive health. Although there is still a long way to go in terms of empowering women, it is hard to make progress without directly addressing the issue of boys at risk.
- 7. Jamaica is working towards addressing short-term crisis and long-term development challenges** with support from a 27-month IMF program and budgetary support from the World Bank and other development partners. The longer-term strategy is based on a Vision 2030

National Development Plan document with six national outcomes and five supporting national outcomes.

8. **The Jamaica-World Bank Group Country Partnership Strategy (FY10-13) focuses on three development pillars** (see Annex 2). The three pillars are anchored to: (i) the country's own medium-term framework (MTF); (ii) opportunities for deeper partnerships with other international development partners to pull resources for a meaningful impact on selected national outcomes; (iii) the recommendations of the CAS Completion Report; and (iv) the lessons from the ongoing projects; . Overall, *Bank support is expected to include two or three DPLs, six investment loans and seven analytical activities, reflecting a deeper engagement sought by the government elected in September 2007.* The Bank will seek to extend collaboration with other development partners to multiply and complement the impacts of its own funded activities. The IFC will focus on investment climate, financial market development, and access to finance, infrastructure, tourism and emerging sectors in health, education and information technology.

9. The first pillar is to **support economic stability** through *fiscal and debt sustainability* that entail two policy-based loans in the current CPS period. The budgetary support will be complemented with analytical and advisory services, including Trust Fund grants, and, potentially, an associated TA loan to support reform implementation in an expeditious manner.

10. The second pillar is to **promote inclusive growth** through three result areas: (i) *strengthening human capital*. This is an area for Bank and IFC synergies which includes Public-Private Partnerships in the context of projects to support a bipartisan education strategy for education transformation and skills for inclusive growth. These projects will be complemented with a poverty assessment, and regional studies on labor markets (nurse migration) and non-communicable diseases; (ii) *crime and violence prevention* with a project informed by lessons of the ongoing inner cities project and the accompanying JSDF Grant on crime and violence. A country social assessment will also be undertaken; (iii) *promotion of rural development* with a recently approved rural economic development initiative, technical assistance with agricultural risk management and a disaster risk reduction JSDF grant. IFC will emphasize private sector investments improving economic conditions for Base of the Pyramid segments of the population.

11. The third pillar is to **promote sustained growth** through: (i) *strengthening non-labor competitiveness* with IFC and Bank collaboration on an energy program, investment climate, regional communications, transport and logistics. An infrastructure study will help to better understand the linkages between public capital and private investments for development; and (ii) *climate resilience and vulnerability reduction* through a JSDF landslide risk reduction grant, a Pilot Program for Climate Resilience (with IDB) and a country environment assessment.

12. The cross-cutting theme of **governance** will seek to achieve more efficient financial management and allocation of budget expenditures to achieve results.

13. **There are substantial risks** from (i) current economic crisis; (ii) natural disasters; (iii) political environment of a two seats Parliamentary majority; (iv) country fiduciary systems; (v) governance and crime; and (vi) institutional weaknesses for reforms. The risks are mitigated by the government or concerted effort by international development partners, including the Bank. In addition, following the extraordinary level of budgetary support to Jamaica proposed in this CPS, there is a risk that the Bank would not be in a position to provide support in the future if Jamaica

were to face acute and large financing needs either because of lack of sufficient follow through in implementing critical reforms or because of external shocks.

14. In its discussion, the Board may wish to consider the following:

- (i) Given the Bank's available financing in Jamaica, does the proposed strategy represent the most appropriate role the Bank can perform to support the government's strategy?
- (ii) Does the Country Partnership Strategy adequately identify the risks to the successful implementation of the Bank program?

**JAMAICA-WORLD BANK GROUP
COUNTRY PARTNERSHIP STRATEGY, FY10-13**

I. INTRODUCTION

1. **Jamaica, the largest English-speaking Caribbean country, enjoys natural beauty that attracts more tourists every year than its population of 2.7 million and is in close proximity to large trading partners.** It has the seventh largest natural harbor in the world and is only one hour and twenty minutes by air from Miami.
2. **Despite advantages of location, language, time zone and natural resource endowments, Jamaica's development progress has been low.** During 1973-2007, annual average growth was 0.8 percent while labor productivity declined by 1.5 percent. The country consolidated economic liberalization efforts and gradually recovered from a major financial crisis in 1995-97. However, public investment has been constrained by the need to service a large debt stock, and public trust has eroded in public institutions because of the high levels of youth unemployment, violent crime, and corruption.
3. **Achieving a higher path of development, reduced economic volatility, and greater social stability is urgent and has become more complex.** The 2009 financial crisis has negatively impacted tourism receipts, remittances and the bauxite industry. Together with a high debt overhang, the country is severely constrained as it seeks to undertake needed policies to overcome the crisis and protect past social gains.
4. **In addition, Jamaica remains vulnerable to natural disasters.** The country lies at the edge of the hurricane track and experiences direct hits and indirect storm damages. Damages from the three major recent storms, for example, exceeded US\$1 billion, resulting in a heavy fiscal burden, increased indebtedness, and redirection of resources from medium-term development plans. The country also lies in an earthquake zone.
5. **Jamaica, like other Caribbean nations, is highly vulnerable to global climate change.** While the severities of the impacts vary from sector to sector, there is a suite of priority concerns directly linked to climate change that is virtually ubiquitous across the country. The key impacts that are already manifesting in Jamaica with negative consequences for critical sectors of the economy include: increased droughts and floods; sea level rise leading to accelerated coastal erosion; increased flood risk and loss of land; saline intrusion into coastal aquifers; increased destructiveness of tropical storms; loss of protective coastal systems, such as coral reefs partly due to higher ocean surface temperatures; and loss of livelihoods, especially those dependent on tourism and fisheries.
6. **Also, like other English-speaking Caribbean countries, an important gender issue in Jamaica is that boys tend to underperform girls in school and engage in risky behaviors from early on.** These behaviors are linked to crime and violence, and other structural gender issues such as teenage pregnancy and gender based violence. Jamaica has registered significant progress in women's economic and political empowerment as well as reproductive health. Although there is still a long way to go in

terms of empowering women, it is hard to make progress without directly addressing the issue of boys at risk and masculinity.

7. **The Country Partnership Strategy (CPS) for FY10-13 aims to contribute to government efforts to set the country on a path of greater economic and social stability, and inclusive and sustained growth within a stronger governance framework.** The CPS, a joint strategy of the Bank Group, is aligned with the government's outcome-oriented, medium-term framework (MTF), which remains broadly valid in the current global crisis (See Table 2, Annexes 2 and 6).

II. COUNTRY CONTEXT, RECENT DEVELOPMENTS AND OUTLOOK

A. Political Context

8. **Jamaica is a Westminster-style parliamentary democracy.** Politics have historically been dominated by two main parties – the People's National Party (PNP) and the Jamaica Labour Party (JLP). Democratic participation and elections have increasingly been more free and fair. Jamaicans have long enjoyed a high degree of personal freedom, freedom of expression, and a vibrant free press.

9. **The general elections held in September 2007 resulted in a change in the ruling party after 18 years.** The governing JLP has 32 seats compared with the opposition's 28. The general election victory was predicated, *inter alia*, on a platform of: reduction in crime and violence, economic growth, poverty reduction, and strengthening of the governance framework, particularly in relation to combating corruption. These goals remain evasive but are high priorities for the government.

B. Governance and Corruption

10. **The Transparency International Corruption Perception Index declined steadily in the last decade, signifying worsening perceptions of corruption.** In 2008, Jamaica was ranked 96 out of 180 countries, with only the Dominican Republic, Guyana and Haiti ranking lower among Caribbean countries. In July 2008, public opinion polls, for the first time, listed corruption (21%) as the second most serious problem facing the country behind crime and violence (57%). Improvements in the public financial management and procurement systems are needed to drastically reduce the scope for corruption. The procurement policy has improved but scope remains for further improvement (see *Section III* below).

11. **The government is committed to tackling corruption.** The National Integrity Action Forum was launched by the Prime Minister in 2008 and meets quarterly. *The government has been able to attract a number of energetic new reformers in key positions and retain champions of national integrity in key agencies.*

C. Crime and Violence

12. **Jamaica's homicide rate is among the highest in the world, with adverse consequences for investment and development.** Preliminary data for 2009 estimate that 6.2 persons out of every 10,000 were murdered. Guns were used in 77 percent of the homicides. These crimes, many of them linked to armed gangs, are often characterized by

male on male, poor on poor, and youth on youth in the impoverished communities. The cost of interpersonal violence in 2006 was estimated to be about 5 percent of GDP¹. A World Bank study (2007) estimated that if the homicide rate was reduced to the level of Costa Rica – that is, a quarter of its then level – the country would see a 5.4 percentage point increase in the annual per capita GDP growth rate².

13. **High levels of crime are associated with a pattern of politically motivated violence in the 1970s and 1980s, and the emergence of Jamaica as a significant point for the trans-shipment of drugs from South America to the US and Europe in the 1990s.** This development coincided with further erosion of social capital from high unemployment and the consequent emigration of many professional and qualified Jamaicans. A complex relationship evolved between organized crime and inner-city communities, as major criminal gangs – generally involved in illegal narcotics and extortion – control many neighborhoods and often provide key services to residents. The major gangs have weakened in recent years, at least partly due to international initiatives to curb drug trans-shipment. However, smaller local groups have since been vying to fill the void and the conflict between them has kept rates of homicides at high levels.

D. Poverty and Human Development

14. **Poverty remains relatively high in rural areas.** The poverty incidence fell from 28.4 percent in 1990 to 9.9 percent in 2007. Poverty declined sharply in the Kingston metropolitan area, from 13.3 percent to 6.2 percent over the same period. By contrast, poverty in rural areas declined from 37.5 percent to 15.3 percent. Poverty reduction is attributable, in part, to: (i) a rise in remittances from increased emigration following the financial meltdown in 1995-97; (ii) a decline in the relative prices of food in the 1996-2004 period, which benefited poor households disproportionately; and, (iii) a sharp reduction in inflation, which also benefitted the poor. *Although the effects of the sharp increases in energy and food prices in mid-2008³ and the recent economic crises have not been fully measured, it is likely that the poor have been adversely impacted.* Against this background, the government in 2008 increased the amount and widened the coverage of the conditional cash transfer for the poor and the most vulnerable. While addressing the fiscal and debt sustainability issues, the government plans to expand the conditional cash transfer program to ease any adverse impact on the poor.

15. **Poverty reduction, however, does not square with other facts.** For example, surveys show that the share of the consumption of the lowest quintile since 1990 remains at 6-7 percent and that for the wealthiest quintile at 45-46 percent. Data for 2008 show that 20 percent of the population lived in informal settlements with 60 percent in urban areas. An estimated 37 percent of the population are squatters and, therefore, without land

¹ E. Ward and A. Grant: “Estimating the economic costs of injuries due to inter-personal violence in Jamaica” in *Manual for Estimating the Economic Costs of Injuries Due to Interpersonal and Self-Directed Violence*. Geneva: World Health Organization and personal correspondence with Dr. Ward.

² During 1996-2000, Costa Rica’s homicide rate averaged 8.1 per 100,000 compared with 33.8 for Jamaica.

³ The end of trade preferences could also have negatively affected poverty rates in rural areas, especially in parishes where significant proportions of households were engaged in the sugar and/or banana industry.

titles and access to capital. The government is rolling out land titling in parts of the country but needs to expand it to ease accessing financing and getting jobs.

16. **Human capital development is of concern as about 35 percent of potential workers remain outside the labor force and two-thirds of those have never passed a Grade 9 level test, which is a requirement to attain vocational certification.** The prevalence of the increasingly prominent informal labor market⁴ and the fact that one out of two households receives remittances for sustenance, could mean that the reservation wage is high. A better understanding of the causes is needed to devise appropriate policy tools to adequately address the human development issues.

17. **In terms of social indicators, Jamaica will achieve most of its Millennium Development Goals (MDGs).** Life expectancy is comparable to high income countries (72 years in 2007), enrollment in primary and junior secondary school is near universal, and access to water and sanitation services has improved considerably with coverage at 93 percent and 80 percent, respectively. Based on national estimates, it is expected that Jamaica will comfortably meet targets for poverty reduction, infant and child nutrition, primary education and access to safe drinking water. The country is on track to halt and reverse the incidence of malaria and tuberculosis and possibly HIV/AIDS; however, *it will not meet targets for infant and maternal mortality*⁵. With respect to education, the problem is not access but education quality and boys' under-performance and attendance, which are in part connected to poverty.

E. Gender Dimensions and Unemployment

18. **Females out-perform boys in education, but this is not reflected in most spheres of life.** Female students account for 70 percent of students at the tertiary level of education and they begin to out-perform boys at an early age. However, the labor market is characterized by disproportionately high unemployment among youth and females. The unemployment rate for young females, for example, is more than twice that of young males (see Table 1). This makes female youth vulnerable to sexual exploitation and adolescent pregnancy. Male youth unemployment is also high and puts them in a vulnerable position vis-à-vis criminal gangs.

<i>Ages</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>
Labor Force	9.4	5.5	14.3
14-19	33.3	22.4	47.0
20-24	20.5	12.3	30.8
25-34	10.4	5.7	15.6
Memorandum items:			
Outside of labor force	34.9	26.5	43.0
Of which:			
Did not want to work	52.3	44.7	56.7
Fulltime school	38.1	47.6	32.5
Source: 2008 Labour Force Survey, PIOJ.			

⁴ The informal sector increased from 28 percent in 1989 to 43 percent in 2001 according to IDB (2006): *The Informal Sector in Jamaica*. Informality is likely to have increased in the current economic crisis.

⁵ Data is a serious problem as no health indicator surveys are available since 1991.

19. **There is a worrisome trend among boys who are out of school in Jamaica.** The flip side of high female participation and superior performance in education is that boys' are opting out. Boys become more susceptible to choosing alternative lives, including crime and violence. This condition has implications for personal and societal development, including the levels of functional socialization, of trust, and crime and violence in the country.

F. Debt Stock and Dynamics

20. **Jamaica has the third highest public debt-to-GDP ratio in the world.** Total domestic and external public debt increased from 84 percent of GDP in 1997 to a peak of 134.1 percent of GDP in FY99/00, following the financial crisis of the mid-1990s. Public debt-to-GDP decreased to 113.5 percent in FY07/08, before rising again to 124.0 percent in FY08/09. Reflecting the worsening global economic crisis and declining domestic economic activity, the debt ratio is estimated to have reached 139.7 percent of GDP or US\$6,212 per Jamaican (see Annex B6).

21. **The government has embarked on an ambitious reform program to reduce debt and achieve fiscal sustainability.** The reform program is centered on containing and reducing debt, enhancing government revenues, and increasing the efficiency of public sector spending and investment. In support of this program, the government has sought unprecedented level of resources, exceeding 20 percent of GDP, from its international development partners (IDPs) in order to restore macroeconomic stability, provide liquidity back-stopping, and ensure resources are available to support the longer run fiscal and institutional reform program.

22. **Towards reducing the fiscal gap and the debt ratio, the authorities introduced new tax measures (see Box 1), and announced a debt exchange offer on January 14, 2010 with the objective of reducing the interest rate on, and extending the maturity profile of a portion of outstanding domestic debt.** The government estimates that fiscal savings from the debt exchange will be 3 percent of GDP during FY10/11. The offer does not envisage any cut in principal. Impacts on the domestic financial sector are estimated to be small. Following the announcement of the debt exchange, Jamaica's credit ratings were downgraded by rating agencies. However, the

Box 1: Recent Tax Measures

Progress on expanding the tax base continues despite the impact of the ongoing global crisis. Major personal income tax and corporate income tax simplifications were postponed due to the impact of the global crisis on Jamaica. Nevertheless, the government has taken measures to broaden the tax base and improve efficiency. This included reducing tax exemptions and the introduction of four packages of tax measures over the past year.

The first two tax measures were introduced as part of the FY09/10 budget. The government raised the excise tax on gasoline by J\$8.75 per liter, and broadened the General Consumption Tax (GCT) base by eliminating exemptions on several items. The third package was introduced on October 1, 2009 and included increasing the GCT rate on telephone services from 20 percent to 25 percent and increasing the departure tax from J\$1,000 to J\$1,800.

The fourth package, introduced on January 1, 2010, included the following measures: (i) The GCT rate was raised from 16½ percent to 17½ percent. In addition, GCT of 10 percent was levied on residential electricity consumption above 200 kwh and commercial/industrial electricity consumption; the rate of GCT applicable to the tourism sector has been increased from 8.25 percent to 10 percent; and commercial importers are now required to pay a 5 percent advanced GCT payment on all taxable imported goods; (ii) tax rates for income over J\$5 million but below J\$10 million and for income over J\$10 million have been adjusted from 25 percent to 27.5 percent and 35 percent, respectively, until March 31, 2011; and, (iii) an ad valorem fuel tax of 15 percent was applied. These measures are expected to generate revenue equivalent to 2 percent of GDP on a full-year basis.

same rating agencies also highlighted that upon successful completion of the debt exchange, Jamaica's ratings would be upgraded as the debt exchange would reduce the debt service burden and improve the prospects for sustainability. Nonetheless, the downgrading presents short-term challenges and the debt exchange itself may reduce the liquidity in domestic markets — making it harder for the government to secure financing in the short term.

23. **Among structural measures, the government is formulating a Fiscal Responsibility Framework to control debt accumulated by public bodies — their debt is about 19 percent of GDP** (see Box 2). Despite high primary surpluses of the central government in past years, debt levels hardly fell, partially because of contingent liabilities of some public bodies⁶. Notwithstanding the risk of having to service the public bodies' non-guaranteed debt, owed mostly to the domestic private sector, the government's current debt management strategy focuses on direct and central government guaranteed debt only. With the expected consolidation of public bodies into the central budget under a reform program, the non-guaranteed debt portfolio will be integrated into the government's Debt Management Unit's mandate.

G. Economic Development and Outlook

24. **Past favorable conditions, creative entrepreneurship in the tourism sector, and a relatively trainer-friendly workforce have enabled dynamic expansion in the tourism, financial services, telecommunications, and entertainment and distribution sectors.** The economy is now heavily dominated by services (70% of GDP in 2008), of which tourism accounts for 6.9 percent. Other sectors are: manufacturing (9%); construction (8%); agriculture (6%); and, mining (bauxite, 2% — down from 4% due to the global economic crisis). Despite increased competition for the two main export crops of sugar and bananas,

Box 2: Government Reform Program

The government has embarked on an ambitious reform program for reducing debt and achieving fiscal sustainability. At the core of this reform is the new Fiscal Responsibility Framework (FRF) which will be implemented over the course of the next two years. It specifies responsibilities, processes, and targets for achieving the government's objective of improved fiscal sustainability, including the specific target of bringing public debt to below 100 percent of GDP by 2015/16. This reform program is supported by the Bank through a proposed programmatic series of DPLs.

Fiscal sustainability requires containing and reducing debt, enhancing government revenues, and increasing the efficiency of public sector spending and investment. The government's program in this context consists of three policy priorities within the structure provided by the Fiscal Responsibility Framework and the strategic plan to rationalize public bodies: (i) contain government expenditures through greater control of public sector balances and debt; (ii) address constraints in the efficiency of the central government financial management and budget processes; and (iii) improve tax policy and tax administration to reduce tax distortions and enhance equity. See Annex 4 for details.

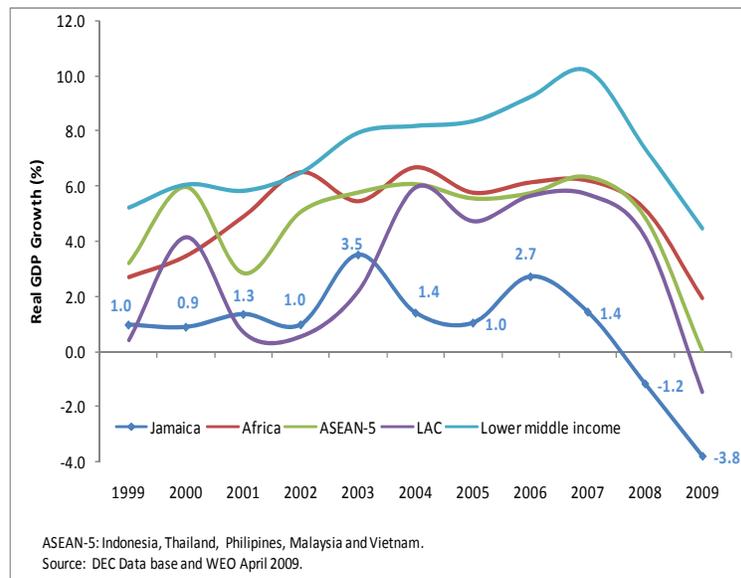
Key reforms supported by the Bank and other development partners are through analysis, budgetary support and technical assistance to consolidating the budget of the central government and public bodies; rationalizing the functions of public bodies and divesting loss making commercial entities; containing the growth of the public sector wage bill; enhancing the monitoring, evaluation and performance of public spending; procurement and improving accounting and financial reporting; and improving the prioritization of public sector investments.

⁶Public bodies' fiscal accounts are not consolidated with the central government's accounts; therefore, debt assumed by the central government is referred to as other debt accumulating flows.

agriculture remains an important source of livelihood for the rural population, albeit shrinking.

25. **Macroeconomic resilience to adverse natural events remains weak.** Jamaica's emergency response to disaster events has improved but the fiscal vulnerability to adverse natural events remains high. The country would not be able to generate enough internal and external financing to replace infrastructure and goods if struck by a category 4 or 5 hurricane.

Figure 1: Jamaica's Output Growth, 1999-2009



26. **Overall, Jamaica's growth performance in the past decade has consistently lagged behind that of key comparators,** despite favorable conditions and high levels of investment at 30 percent of GDP per year. The country has also been adversely affected by the ongoing global crises. Remittances received in 2009 declined by 11.2 percent, following increases every year in the past decade. The number of tourist arrivals increased by 3.4 percent on an annual basis, while many other Caribbean countries experienced significant declines.⁷ Nevertheless, tourism receipts are down and a number of large hotels have been closed. The bauxite industry has collapsed, with three of the four alumina factories closed. By end-2009, a total of 40,000 persons, or 4 percent of the 2007 employment level, had been laid off in the formal sector. Inflation pressures are easing, and the annual inflation went down from a peak of 26.5 percent in August 2008 to 10.2 percent in December 2009. The Jamaican dollar depreciated against the US dollar by 23 percent in the eleven months to August 2009, and by 10.2 percent for calendar year 2009. *The full impact of the crisis has not been documented yet, but its social implications look worrisome based on reported increase in property crimes.* In this context, the economy contracted by 1.2 percent in calendar year 2008 and is estimated to have declined by a further 3.8 percent in 2009 (see Figure 1).

27. **A gradual recovery from the current crisis (see Annex B6) and the government's program (see Box 2) to put the debt-to-GDP ratio on a clear downward path would require a significant multilateral financing package in support of a debt reduction policy framework.** The government has been implementing a major tax reform which includes tax measures and institutional changes to increase the tax base, enforce compliance, increase efficiency and effectiveness of the

⁷ Before the current crisis, remittances, tourism, and bauxite contributed over 85 percent of the foreign exchange earnings.

Tax Administration and Customs Department, and thereby boost government fiscal revenues. Improvements in debt management and implementation of business reforms would also contribute to achieving government objectives of fiscal and debt sustainability.

28. **The economic outlook for the medium-term is of gradual recovery depending on global market conditions and the continued commitment to macroeconomic stabilization and fiscal reforms.** Under these circumstances, foreign exchange reserves are expected to remain steady due to declines in imports, US\$330 million SDR grant allocation and an IMF Standby Arrangement for US\$1.25 billion approved on February 4, 2010. A multilateral financing package equivalent to 20 percent of GDP is needed to reduce interest costs and refinancing risk, which will provide time for government to implement necessary reforms to bring the debt ratio into a downward path. The IMF program addresses the fiscal imbalance and protection of the social gains by increasing and expanding coverage of the country's flagship conditional cash transfer program.

H. Finance Sector Issues

29. **The financial sector is relatively stable and well-capitalized, albeit not free of systemic risk.** As of June 2009, the solvency indicator was adequate as reflected by the capital asset ratio of the banking system, which was 15.4 percent, similar to that observed in June 2008 (15.6 percent), and higher than that observed in December 2008 (13.9 percent). In the twelve months to June 2009, the rate of credit growth was 20 percent, which was funded partially by deposits, borrowings (including repos), and a shift in bank portfolios away from investments. The return on assets remained largely unchanged over the same period. However, there are signs that the Jamaican financial sector has suffered from the effects of the international financial crisis. The non-performing loan ratio (NPLs over total loans) for commercial banks has increased from 2.2 percent in June 2008 to 3.6 percent in June 2009. Over the same period, the ratio of provisions for loan losses over NPLs declined from 120 percent in June 2008 to 91 percent. Credit to the private sector is expected to increase from J\$33 billion to J\$49 billion between FY08/09 and FY09/10. In addition, the central bank has provided an emergency credit line to financial firms that were suffering dollar liquidity constraints due to a drop in the value of collateral, from which US\$168 million was drawn. The government has also accessed the IDB's Growth Stability Fund for US\$200 million for on-lending to commercial financial institutions to support credit to firms that suffer financial constraints from the loss of suppliers' credits.

30. **In past years, burgeoning pyramid schemes constituted a threat to financial sector stability, but the collapse of some of these schemes has substantially decreased their attractiveness to the public.** Perhaps the most relevant systemic risk today is the high dependency of the domestic financial system on government debt, which accounts for almost 80 percent of their liquid assets. Careful monitoring is required because of the financial sector sensitivity to government performance and vice versa. Furthermore, risks related to conglomerates could lead to real sector contagion, and hidden risks could jeopardize the stability of the financial system. In other words, while banks may appear solid, their real sector operations may not be. This issue suggests the need to intensify oversight of the financial sector for related party transactions of conglomerates and non-bank financial institutions.

I. Telecommunication Sector Issues

31. **The telecommunications sector growth momentum is limited by relatively low broadband access in the country.** Inclusion of new mobile operators in 2000 has increased mobile penetration from 14.2 per 100 persons in December 2000 to 101.3 in 2008, in part, reflecting the prevalence of more than one cell phone per person because of high intra-network connection charges. However, broadband penetration remains low at 3.6 subscribers per 100 inhabitants. Some potential causes of this relatively low penetration could include: (i) high international connectivity prices due to lack of capacity and competition; (ii) unavailability of nationwide backbone networks; and (iii) artificial barriers through inefficient regulation.

J. Environment and Disaster Management

32. **Jamaica is vulnerable to climate change and its environment has suffered from years of resource constraints.** The country continues to make progress in integrating sustainable development principles in policies and programs, raising public awareness of these principles, and working to address environmental threats. However, overall weak coordination, a lack of clarity in key institutional roles and responsibilities, and poor enforcement of legislation and regulation are slowing progress in the implementation of environmental policies. Private ownership of large parts of the country constrains biodiversity management; inadequate funding; and lack of political commitment and limited human resource capacity impede forest management. Solid waste management issues are emerging in cities like Kingston and in urban towns. Issues relating to disaster risks and potential climate change impacts require further scrutiny.

33. **Potential exists to build on, and extend, the Use of Country Systems for environmental and social safeguards.** The Bank is piloting the Use of Country Systems with the Jamaica Social Investment Fund (JSIF), which adopted policies equivalent to the Bank's environmental and involuntary resettlement safeguards. The diagnostic work and institutional strengthening measures undertaken with JSIF were pivotal in JSIF becoming the only public entity in the region to receive an ISO 14001 certification for environmental management systems in January 2009. The Bank can capitalize on the positive experience to scale up this initiative to other agencies. The government has expressed interest in getting support to strengthen institutional capacity to coordinate and oversee environmental management processes.

34. **The cost of natural disasters is high and disaster management is becoming a priority for the government.** Hurricanes thus far have been costly and the damages they cause are sometimes permanent, usually resulting from coastal storm surge and flash floods. Seismic risk is also particularly significant in the Kingston metropolitan area, which was previously devastated by an earthquake in 1907. The Kingston metropolitan area now holds a large concentration of critical infrastructure, including the harbor and airport, built on reclaimed land prone to liquefaction. Recent studies have shown the need to revise seismic hazard maps and building policies -- new building codes were recently completed.

III. DEVELOPMENT CHALLENGES AND GOVERNMENT VISION

35. **The three critical development challenges for the government are 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 a foundation for inclusive and sustained growth over the medium term.** To these ends, the government has articulated an ambitious long-term strategy, Vision 2030, and an associated Medium-Term Socioeconomic Policy Framework (MTF, FY09-12) with intermediate steps that will support the longer term vision. The economic environment is fundamentally different from when the process began four years ago, but the broad thrusts of the articulated strategy remain valid. Vision 2030 aims at shifting the economy from one based exclusively on exploiting “basic factors” – sun and sand tourism, mineral deposits and basic agricultural commodities – to one that is increasingly based on higher forms of capital including cultural, human, knowledge and institutional to take the country to OECD standards of living. The medium-term strategy identifies six national outcomes, five supporting national outcomes,⁸ and one hundred and fifty-two goals. The national outcomes and goals are linked to the proposed CPS sub-pillars, and current identified sources of support by the IDPs are highlighted in Table 2.

A. Achieving Economic Stability

36. ***Improving fiscal and debt sustainability in order to reduce debt overhang and reverse the weak growth trajectory is high priority in Jamaica, and addressing governance and corruption issues are integral to achieving this objective.*** For example, 3 percent of income tax payers account for over 80 percent of income tax revenues while significant revenue is lost at important public institutions. Overall, the public institutions are relatively strong, but the perception of corruption is increasing.

Improvements in the public financial management and procurement systems not only improve the efficiency of public spending but also drastically reduce the scope for corruption. According to the 2006 CFAA/CPAR, the principal weaknesses in public financial management include: (i) lack of forward looking budget and prioritization of expenditures; (ii) lack of hard budget constraints for public bodies; (iii) significant divergence between the original approved budget estimates and what is actually implemented; (iv) delays in reporting of the accounting, auditing and publication of results; and, (v) while accounting, recording and reporting standards exist, these are not in line with international standards. The government is aware of these limitations and is carrying out activities with technical assistance to address some of them. Additional assistance is required, however.

⁸ The supporting national outcomes the government wishes to achieve are: (i) an enabling business environment; (ii) internationally competitive industry structures; (iii) hazard risk reduction and adaptation to climate change; (iv) effective social protection; and, (v) authentic and transformational culture.

Table 2: Jamaica's National Outcomes and Strategies: Link with CPS Result Areas

Strategies	CPS Result Areas and Cross-Cutting Theme	Support from IDPs
National Outcome I: Stable macro-economy		
Fiscal and debt sustainability	Result Area 1: Fiscal and Debt Sustainability	CDB, DFID, EU, IDB, IMF, UNDP, World Bank
Tax reform	Result Area 1: Fiscal and Debt Sustainability	IMF, UNDP, USAID, World Bank
Financial system stability	Result Area 1: Fiscal and Debt Sustainability	
Price stability	Result Area 1: Fiscal and Debt Sustainability	
National Outcome II: World-class education and training		
Ensure access to adequate early childhood education and development programs	Result Area 2: Strengthen Human Capital	CDB, OAS, UNICEF, World Bank
Accelerate the process of creating and implementing a standards-driven and outcomes-based education system	Result Area 2: Strengthen Human Capital Cross-Cutting Theme: Strengthen Governance	IDB, World Bank
Develop and establish financing and management mechanisms for schools	Cross-Cutting Theme: Strengthen Governance	IFC, USAID, World Bank
Ensure a physical environment in all schools that is safe and conducive to learning	Result Area 3: Crime and Violence Prevention Result Area 6: Climate Resilience and Vulnerability Reduction	
Expand mechanisms to provide access to education and training for all including unattached youth	Result Area 3: Crime and Violence Prevention Result Area 2: Strengthen Human Capital	IDB, Korea, UNICEF
Establish National Qualification Framework	Cross-Cutting Theme: Strengthen Governance	World Bank
Strengthen the mechanisms to align training with demands of the labor market	Result Area 2: Strengthen Human Capital	World Bank
National Outcome III: Security and safety		
Enhance community capacities	Result Area 3: Crime and Violence Prevention	DFID, IDB, UNDP, USAID, World Bank
Reform and modernize law enforcement systems	N/A	DFID, EU, UNDP
Improve the security of the border and territorial waters	N/A	
Strengthen the anti-crime capability of law enforcement agencies	N/A	
Strengthen the correctional services	N/A	
National Outcome IV: Effective Governance		
Strengthen the process for citizen participation in governance issue	Result Area 5: Strengthen Non-Labor Competitiveness Cross-Cutting Theme: Strengthen Governance	USAID, World Bank
Reform the justice system	N/A	
Strengthen public institutions to deliver efficient and effective public goods and services	Result Area 5: Strengthen Non-Labor Competitiveness Cross-Cutting Theme: Strengthen Governance	CIDA, IDB
National Outcome V: Strong economic infrastructure		
Expand and rationalize land transport infrastructure and services	Result Area 5: Strengthen Non-Labor Competitiveness Result Area 6: Climate Resilience and Vulnerability Reduction	Belgium, CDB, EU, IFC, IDB, USAID, Venezuela
Develop a modernized public transport system	Result Area 5: Strengthen Non-Labor Competitiveness	
Expand domestic and international air transport infrastructure and services	Result Area 5: Strengthen Non-Labor Competitiveness	CDB, IFC
Expand and diversify maritime infrastructure and services	Result Area 5: Strengthen Non-Labor Competitiveness	IFC
Develop Jamaica as a regional logistics hub with multimodal transport linkages	Result Area 5: Strengthen Non-labor Competitiveness	IFC
Expand the broadband network island-wide	Result Area 5: Strengthen Non-Labor Competitiveness	IFC, World Bank
Ensure adequate and safe water supply and sanitation services	N/A	EU, IDB, Japan
National Outcome VI: Energy security and efficiency		
Diversify the energy supply	Result Area 5: Strengthen Non-Labor Competitiveness; Result Area 6: Climate Resilience and Vulnerability Reduction	IFC, PetroCaribe, World Bank
Promote energy efficiency and conservation	Result Area 5: Strengthen Non-Labor Competitiveness Result Area 6: Climate Resilience and Vulnerability Reduction	IDB, IFC, World Bank
Source: Medium-Term Socio-Economic Policy Framework, 2009-2012: Building the foundations for achieving Jamaica's long-term goals, PIOJ. See Annex 1 for more details.		

37. **Public procurement policy has improved but scope remains for further improvement.** The 2006 CFAA/CPAR noted that significant improvement is needed for increased transparency, particularly on procurement performance and monitoring.⁹ A large number of public bodies are involved in the approval process, causing expensive contracts in the process and a longer period to complete a project. The CPAR recommendations, still valid, are: (i) enhancing public procurement performance and monitoring; (ii) improving supplier registration; (iii) developing reliable and consistent statistics on procurement; and, (iv) intensifying efforts to create a cadre of qualified procurement officers. Any reforms must be accompanied by capacity building on broader procurement issues and contract management, particularly in the implementing agencies.

38. *National outcome I on a stable macro-economy* is critical in Jamaica's longer-term development and a central objective is to begin to turn around some of the main macro issues that have plagued the country since the 1970s. To protect macroeconomic stability and confidence in markets, the government is implementing a 27-month IMF Standby Arrangement, which includes provision to expand social spending. Ongoing Bank operations such as the social protection, inner cities basic services and the emergency recovery projects will help to protect social gains and provide much needed employment. Other donors, such as the CDB, IDB and EU are also providing budget and additional programs to mitigate the impact of the global crisis and protect social gains.

39. In addition, **the government is moving towards bringing Parliamentary oversight over the consolidated public sector account** and working towards adopting a fiscal responsibility framework. Also, IDB, USAID, US Treasury and the Internal Revenue Service have provided technical assistance on revenue collections and management while the Bank has provided non-lending technical assistance on strengthening debt management.

B. Promoting Inclusive Growth

40. ***Strengthening human capital would address the issue of relatively low level of education and skill gaps, a major impediment to growth.*** The 2008 Labour Force Survey confirms that 68 percent of the work force has passed no examination¹⁰ and 72 percent received no training. In addition, the social capital is weak, which reflects the family structure and the low trust environment in the Jamaican society. Personal depression level is also high – for example, 26 percent of women and 15 percent of men suffer from depression,¹¹ which may contribute to lower productivity. These longstanding social deficits contributed to the decline in labor productivity over the period 1973-2007.¹²

⁹ In early 2008, the Bank was advised during the Results Based CPPR discussion that such a system is being put in place for JSIF projects.

¹⁰ The introduction of the Caribbean Certificate of Secondary Level Competency allows students to leave secondary schools with a certificate that demonstrates learning of minimum skills and information. In the 2008 CXC examinations only 16.7% of boys and 30.1% of girls passed five subjects or more, including English language and math, an indication of low levels of basic skills when students leave secondary school.

¹¹ The National Report of Jamaica for the 2009 Annual Ministerial Review for the UN ECOSOC.

¹² MTF, FY2009-12, page 73.

41. **The challenge the government faces is to prioritize between pre- and tertiary level education for funding with its limited resources, and it has chosen the former.**

The government is funding early childhood development, where the country is a pioneer in the region, and is embarking on a complete overhaul of the pre-tertiary system. The objective is to move away from centralized decision making, without sufficient attention to quality, to one of increased accountability throughout the system, by devolving decision-making authority to the regional level, increasing the capacity of the teachers and administrators, and providing more targeted support to schools. Bipartisan support exists for this strategic focus as the current, two-shift education system needs to be urgently replaced by one where children learn and develop social skills. The Ministry of Education is launching a National Parenting Commission to assist parents to be more actively involved in the education of their children.

42. **The shift in education priority implies that tertiary institutions need to find creative ways to educate the future workforce in a competitive environment.**

While primary and secondary education is free in Jamaica and early childhood mostly paid for privately, tertiary education has been subsidized. A government student loan facility is available for tertiary education. Given the fiscal pressure, the government is redirecting its resources to pre-tertiary education. Under these circumstances, public-private partnership is critical to design and implement policies and programs to strengthen skills for school leavers and for those already in the labor market. The Bank, CDB, IDB, IFC, UNICEF and USAID are supporting these education transformations, with IFC focusing on public-private partnership potential.

43. **Jamaica has a good network of primary health care facilities but faces increased challenge in terms of human and financial resources.**

The primary health care infrastructure reaches deep into rural areas; however, resource constraints and shortages of local medical professionals, due to emigration, are straining the health care system's ability to provide timely and quality care. Shortages in the country are filled by Asian medical professionals as the domestic training system is not geared to train increased numbers of medical professionals. The abolishment of user fees at public health facilities in 2008, in keeping with an election pledge, has significantly increased demand for health services and the government is facing fiscal challenges to sustain this service.

44. **Jamaica's incidence of HIV/AIDS and non-communicable diseases is relatively high.**

HIV/AIDS remains a major threat in Jamaica, with an unchanged prevalence rate of 1.6 percent among the 15-49 age group. Early initiation of sexual activity and high multiple partners contribute to this prevalence even though condom use in the same age group is quite high at 66.3 percent for women and 83.5 percent for men. At the same time, non-communicable diseases such as heart attacks, stroke, diabetes and hypertension contribute to over 60 percent of the burden of disease. Only 19 percent of Jamaicans between 15 and 74 years old have private health insurance. The Bank, UNAIDS and the Global Fund are all supporting the government on HIV/AIDS. Additionally, the Bank is analyzing non-communicable diseases that could lead to future support for the health sector.

45. *To address human capital issues, the government has identified national outcome II: World class education and training.* This outcome aims to expand and

improve the quality of education by way of the Education Transformation Program (ETP) and the Early Childhood Development Project. These programs aim to improve the quality and relevance of the country's education system. Re-training, skill development and certifying the labor force is a key success factor for economic stability and growth. The early childhood development program is supported by CDB, OAS, UNICEF and the World Bank. The wide-ranging education reform is being initiated with support from the IDB, USAID, UNICEF and the World Bank.

46. ***Crime and violence prevention is one of the most fundamental development challenges that faces Jamaica today and the government is vigorously seeking effective ways to reduce crime and strengthen the rule of law.*** The high incidence of crime and violence is a reflection of social fragmentation, and it has hindered economic and civic activities in inner city communities. The occupational profile of persons arrested for major crimes confirm disproportionate representation of elementary occupations – i.e., the least skilled, least educated and, therefore, the most vulnerable section of the labor force. This situation reinforces the need for quality education and crime and violence prevention measures.

47. ***The national outcome III on greater security and safety aims to restore a sense of safety and cohesion to Jamaican society*** through a significant reduction in the crime, violence and civil disturbances, which have led to social fragmentation, increased poverty and reduced economic activities especially in the inner cities. A number of projects and programs are supported in these areas by DFID, EU, IDB, UNDP, USAID and the World Bank. Resources needed are significant and there is a need for an integrated approach.

48. ***The national outcome IV on effective governance aims to strengthen public sector effectiveness overall,*** but also includes a special focus on strengthening the justice system. The government recognizes that a key component in achieving more effective governance is a reduction in the incidence and perception of corruption. To this end, a national integrity action forum has been established with bipartisan and civil society support and the government is implementing wide-ranging reform of the justice system with support from CIDA, EU, IDB, and UNDP. To make any significant progress on governance it is important to disrupt the relationship between organized crime on the one hand and inner-city communities, the police, the political and public procurement system on the other. It would also be important to raise the levels of social trust to enhance the stock of social capital and secure effective social partnership.¹³ Sectoral strategies need to be developed and are expected with support from IDPs including the World Bank.

49. ***Promoting rural development is high priority for the government as the agriculture sector is not contributing its potential and urban crime is increasingly moving to rural areas.*** Agriculture has historically been centered on large scale sugar and banana exports under European trade preferences, which have now ceased. Alternatives are needed to resuscitate rural economy and incomes, to prevent further movement of people to the over-crowded urban areas. Small scale agriculture does

¹³ Jamaica ranks among the lowest trusting societies globally: 83 percent of Jamaicans in a recent survey disagree that most people in society are trustworthy (*Political Culture of Democracy in Jamaica*, University of the West Indies Press, 2008) compared with an average of 52 percent in a Pew survey of 47 countries around the world.

exhibit significant potential for growth, particularly in the domestic market where it could displace high cost imports. Additionally, a shift in agriculture would also facilitate alternative crop substitution to more effectively displace marijuana cultivation, which has been long prevalent in some rural parishes. The agriculture sector will, however, need to be strengthened through technology transfer and infrastructure improvements to become competitive.

50. **Key challenges that need to be addressed for further agricultural growth and development are:** (i) improving productivity by replacing inefficient production practices and outdated technology; (ii) improving market infrastructure to lower post-harvest and logistical costs; (iii) addressing the problem of praedial larceny;¹⁴ (iv) improving the public and private financial management of weather-related agriculture risks; (v) improving the targeting and efficiency of public expenditures in the agriculture sector to promote competitiveness; and (vi) diversification of agriculture and rural economy that would include: (a) promotion of climate resilient agriculture such as hurricane-resistant crops, salt and drought tolerant crops, and (b) promotion and capture of the value-added agro-processing opportunities. These challenges will be addressed mainly through the ongoing rural economic development project and the technical assistance work on agricultural risk management. Praedial larceny will be considered through the proposed crime and violence project.

51. *The supporting national outcome I focuses on internationally competitive industry structures including development of the agriculture sector.* The goals include promotion of national food security and strengthening of efforts to reduce praedial larceny.

C. Promoting Sustained Growth

52. *Strengthening non-labor competitiveness would be important to achieve sustained growth.* In the financial sector, there exists: (i) inadequate regulations to monitor the strength and performance of the large regional financial institutions that dominate Jamaica and the Caribbean including possible contagion from other jurisdictions and via related parties; (ii) inadequate private sector participation in micro-, small- and mid-sized enterprise (MSME) lending, partly because of insufficient product knowledge, but also because the government's debt and monetary policy may undermine commercial bank lending; (iii) the continued absence of a Jamaican or Caribbean credit bureau to help improve access to credit; and, (iv) the absence of unsecured risk taking instruments (equity and quasi-equity) to support the needs of the SME sector. The government has made progress toward preparing credit bureau legislation, with support from the IFC and IDB. Some of the broader financial sector regulations, stemming from the 2005 FSAP report, are the subject of an IMF Financial Sector Program.

53. *The high cost of electricity is a significant impediment to Jamaica's competitiveness.* At 34 US cents per kWh in Jamaica (compared to 3 cents in Trinidad and Tobago, its main competitor in the region for light manufacturing), the cost of energy adversely affects the welfare of the population and the country's competitiveness. High

¹⁴ Praedial larceny is theft of agricultural produce and livestock; estimated to cost about US\$60 million annually.

energy costs are due to a combination of the choice of imported fuel, inefficient generation and distribution infrastructure, electricity theft, and weakness in sector regulation that does not provide incentive for the operator to minimize costs. Tourism and hotels (45%) and the bauxite and alumina (40%) account for the bulk of the electricity demand. It is estimated that Jamaica will need to commission 200-300MW of additional generation capacity in the next 3-5 years to meet demand and also to replace costly generating installations, on the assumption that the bauxite industry will recover. The government has recently decided to promote LNG as the choice for future energy generation and has sought Bank and IFC support in energy risk management, reducing the cost of electricity and increasing overall supply under economic terms. The IDB will also support energy conservation.

54. **Jamaica's competitiveness is impacted by low broadband penetration in the telecommunication sector.** The two submarine cables that currently serve Jamaica are reaching their maximum capacity. Proposed projects to expand or install new submarine cables are at a strong risk of being delayed or cancelled with their long-term economic viability threatened. Yet, broadband access is important to leverage opportunities for trade and competitiveness, economic diversification and social development.

55. **The high cost associated with the administration of tax is also a major constraint to doing business in Jamaica.** The government is implementing a tax administration reform, which would, for example, reduce the need to retain a full-time staff one day a week for a full year to make various tax payments. The IMF, IDB and USAID are in support of the simplification of the tax payment procedures, which should improve the business climate. The Bank also provided a reform memorandum and will support this initiative with technical assistance as needed.

56. **National outcome V on strong economic infrastructure aims to foster the development of an integrative role for transport, telecommunications and water infrastructure in economic development.** This outcome is being supported by Belgium, CDB, EU, IDB, Japan, USAID, Venezuela and World Bank. Despite the heavy concentration of IDPs, several important areas remain unsupported. For example, the strategy for expanding domestic and international air transport infrastructure and services is being supported by CDB but only for financing the Norman Manley Airport terminal; CDB's financing of the Palisades approach road to the airport is being replaced by resources from China. This situation reinforces the difficulty with which the government will have to achieve its medium-term objectives with its limited fiscal resources and the need to explore Public-Private Partnerships (PPPs) in a broad range of sectors.

57. **National outcome VI on energy security and efficiency aims to foster energy diversification,** and promote energy efficiency and conservation with support from IDB, IFC, PetroCaribe, and the World Bank. The IFC and the Bank are exploring PPP options in energy. Facilitating growth with equity, particularly in uplifting and empowering the lowest quintiles through strengthened MSMEs, is essential to the national goal of a safe, cohesive, and just society.

58. **Climate change and vulnerability are major challenges for Jamaica. Climate variability will exacerbate existing disaster risk,** especially in coastal areas some of which are among the most vulnerable and are characterized by high levels of poverty,

environmental degradation and indiscriminate land use practices. Higher sea levels will compound the storm surge risk, which may also rise with the potential for stronger or more frequent storms. Sea-level rise will also be associated with saline intrusion into coastal aquifers, affecting the availability of freshwater and increasing water stress. Coral bleaching will also impact ecosystems, and livelihoods from tourism and fisheries. The latest Inter-governmental Panel on Climate Change (IPCC) projections indicates a reduction in precipitation in Jamaica throughout the year, with the largest reductions occurring in the summer. The expected reductions in precipitation along with an increase in the intensity of rains will affect slope stability, landslide and flood risks, and cause water availability, storage and delivery problems.

59. **Systematic weather risks, especially hurricanes and associated wind damages set back the income and capitalization gains achieved by farmers,** making it harder for farmers to sustain income growth in the medium- to long-term, losing competitiveness and affecting households' consumption, as well as, widespread destruction of rural infrastructure. However, the challenge of the financial management and transfer of weather risks in the agriculture sector is compounded by the prevalence of micro-climates in areas, such as the Blue Mountains.

60. **Vulnerability of public infrastructure and housing to hurricanes and earthquakes is growing.** The economic losses associated with earthquakes and hurricanes in Jamaica are well documented and show a rising trend, primarily due to an increase in vulnerable structures because of physical deficiency and their location. In addition, a high percentage of the population and much critical infrastructure are located along the coast implying that crucial economic assets are highly exposed to tropical storms and hurricanes. Hurricane Dean is estimated to have resulted in losses of more than US\$300 million in 2007, including damages to more than 500 schools and public educational institutions. Similar strength hurricanes will on average make landfall in Jamaica once every decade. Jamaica can reduce the economic impact and social disruption of future hurricanes and earthquakes by: (i) investing in the reduction of existing vulnerability of its public infrastructure; and, (ii) ensuring stricter enforcement of its physical planning laws and regulations, including identification of "No Build Zones," in order to minimize life and property damage from both inland and coastal flooding and flood events. The Bank is supporting development of a regional risk atlas for hazard risk management, a pilot program for risk reduction and, with IDB, a Pilot Program for Climate Resilience.

61. **Sustained growth also requires addressing the underperformance of boys in school and their engagement in risky behaviors at early age.** The Bank's program addresses the issue of youth at risk with an emphasis on boys through the following actions: (i) knowledge exchange and identifying best practices as part of a Caribbean regional initiative to keep boys out of risk; (ii) engaging with policy makers in Jamaica including representatives from the Youth Ministry, Education Ministry, and academia, to follow up on dissemination of best practices. These are also specific follow up actions for Jamaica agreed upon at a regional workshop in 2009 in a Common Platform for Action to keep Boys out of Risk. The Bank team is working in partnership with other donors and the Commonwealth Secretariat to organize conferences and events; (iii) including a youth at risk perspective and a special focus on boys in World Bank education projects, school to work transition, and skills development projects or technical assistance.

D. Strengthening Governance

62. **Despite a national integrity forum, there is no well-articulated national or agency-specific strategy in Jamaica.** There is need to: (i) strengthen the legislative framework (e.g., the whistle-blower and conflict of interest rules in public bodies' legislation); (ii) establish public trust in the justice and the police systems; and, (iii) ensure timelier, successful detection, investigation, prosecution and punishment for corruption practices. An IDF grant has been earmarked to assist the government in developing a bipartisan governance and anti-corruption strategy for selected public institutions.

IV. JAMAICA-WORLD BANK GROUP COUNTRY PARTNERSHIP

A. The Program under CAS, FY05-09

63. **The FY05-09 Country Assistance Strategy (CAS) program was designed around three Pillars and two cross-cutting themes** (see Annex 5). These were: (i) Pillar I: Accelerating Inclusive Economic Growth supported achievement of macroeconomic stability, and reduction of poverty and increased social inclusion for the poor; (ii) Pillar II: Improving Human Development and Opportunity supported improved access to and quality of education, and HIV/AIDS prevention and care; and (iii) Pillar III: Crime Prevention and Reduction supported an effective community crime prevention system. The Governance theme included enhanced public sector efficiency, expansion of participatory framework and improved accountability and transparency. The environmental sustainability theme supported enhancing government's capacity to respond to natural catastrophes and mainstreaming environmental consideration in investment planning.

64. During this period, the **World Bank** approved five investment loans and one DPL for a total of US\$204.3 million. Jamaica also benefited from four national and seven regional AAAs, as well as, a number of trust fund grants. **IFC** actively engaged in transactions in the financial sector (including SME financing) and infrastructure (energy and airport) with six projects for a total financing of US\$192 million, including US\$70 million from participating banks. **MIGA** also approved two guarantee insurance cover.

B. Summary Findings of the CAS Completion Report

65. **The Bank's program in CAS FY05-09 was aligned with the government's MTF, FY04-09, and it sought to contribute to eight strategic objectives based on the MTF.** The CAS Progress Report of July 2007 presented a Results Matrix with 12 outcomes. These outcomes were intended to be achieved through 10 lending operations and 12 studies, of which 6 had a country-focus and 6 had a regional scope. Later, in response to government requests, the Bank: (i) approved the Hurricane Dean Emergency Recovery Program (ERP), a follow-on HIV/AIDS project, and several Trust Funds; (ii) produced an electricity policy note; and, (iii) undertook studies for parametric risk insurance for coffee and agriculture in general. The country also benefited from the ongoing regional work on risk atlas for hazard risk management.

66. **The CAS Completion Report concludes that the performance over the CAS period was mixed at best** when judged against the goals outlined in MTF, FY04-09. While some modest gains were made in streamlining and better targeting Jamaica’s social programs, there was virtually no progress toward the objective of achieving macroeconomic stability. Of particular concern in that regard are the adverse trends in indicators concerning national debt, fiscal balances, growth and inflation. The outcomes are described fully in the CAS Completion Report (Annex 5).

67. **Portfolio assessments, in terms of outcomes, delivery targets, budget performance and disbursements are considered *fully satisfactory*.** Without exception, both government officials and other stakeholders were appreciative of the recent strengthening of the Bank office in Jamaica and felt that it had greatly helped in improving the country dialogue as well as interaction among external partners.

68. **The performance under FY05-09 CAS suggests six lessons for the future:** (i) realistic outcomes target setting in the partnership strategy, paying due attention to the financial and institutional constraints as well as to Jamaica’s high vulnerability to natural hazards; (ii) projects dimensioned bearing in mind Jamaica’s fiscal constraints; a successful project can always be scaled up as a repeater project or through additional financing; (iii) revisit sectoral priorities to ensure that focus on social sectors is complemented by due attention to growth issues together with issues of governance and corruption; (iv) strengthen supervision of fiduciary aspects especially procurement, if possible, through further decentralization through a mini-hub with the Caribbean countries; (v) ensure adequate dissemination and outreach for analytical and advisory work; and, (vi) further strengthen aid coordination, especially vis-à-vis IDB and EU, and explore the possibility of a joint CAS by the key partners.

C. Current Bank Group Program

69. **The World Bank Group active in Jamaica includes the IBRD, IFC and MIGA.** The World Bank portfolio in Jamaica includes seven IBRD projects totaling US\$135.3 million, focused on strategic interventions with innovative features. The lending portfolio is relatively new with a disbursement ratio of 22 percent or US\$30 million. In addition, five grants for US\$6 million, and an additional two regional grants for which Jamaica is also a beneficiary for a total of US\$1.45 million. The IBRD investment lending is highlighted in Table 3.

Loan	Amount (US\$M)
Early Childhood Development	15.0
Education Transformation Program	16.0
Second HIV/AIDS	10.0
Inner Cities Basic Services Project	29.3
Social Protection Project	40.0
Hurricane Dean ERL	10.0
Rural Economic Development Initiative	15.0
<i>Total</i>	135.3

70. **All project and grants under implementation are making satisfactory progress.** All operations are rated “Satisfactory” or “Moderately Satisfactory” for overall implementation and progress toward achieving development objectives. The Trust Fund activities are important but get least attention from a weak institutional structure in the country and do not attract the same level of supervision. Hence, it is important to seek partners as is being explored with the UNDP and USAID for the IDF

grant on Governance. In terms of fiduciary risk, all projects have “Satisfactory” or “Moderately Satisfactory” ratings for both Procurement and Financial Management. These ratings reflect increased in-country trainings provided and networking among implementing agencies facilitated since upgrading of the Bank office in 2008.

71. **Jamaica is currently IFC’s second largest country exposure in the English-Speaking Caribbean, closely behind Trinidad and Tobago.** At the end of December 2009, IFC's disbursed and held portfolios totaled US\$109 million and US\$137 million, respectively. Syndicated loans (B loans), for which IFC is lender of record, amounted to US\$72 million also at the end of December 2009. In FY08, IFC committed US\$17.5 million new financing into First Jamaica’s residential and commercial real estate development projects. In FY09, IFC signed US\$25 million in new commitments in Jamaica.

72. **Demand for IFC’s support has been particularly strong in infrastructure and the financial sector.** In infrastructure, IFC committed US\$46 million in investment (including US\$20 million from syndicating banks) for the three-phase upgrade and expansion of the Sangster Airport in Montego Bay, the first privatized airport in the English-Speaking Caribbean. The project is expected to help increase the airport’s capacity to nine million passengers per year, sufficient to accommodate Jamaica’s expected growth in tourism traffic for the foreseeable future. Additionally, IFC committed US\$123 million (of which US\$50 million is from syndicating banks) in two projects to support the expansion and restructuring of independent power production and distribution. This represents a total financing of US\$169 million in FY03-FY09.¹⁵

73. IFC committed US\$30 million to National Commercial Bank of Jamaica (NCBJ), a leading local bank, to support its diversification of funding sources and strengthen its balance sheet. In addition, US\$20 million – a preferred share subscription of \$10 million and a US\$10 million loan – was committed to First Global Bank. With IFC’s financial and advisory support, the bank will augment the level of credit made available to MSMEs, enhancing the still modest 21 percent of Jamaica’s banking penetration. First Global expects to generate 240 SME loans for a total of US\$55.5 million.

74. IFC’s advisory portfolio focuses on the Air Jamaica Privatization Project as well as increasing the access to finance. IFC is mandated by the government to design and implement the privatization strategy for the national airline, Air Jamaica. The privatization of the airline is one of the government’s key objectives. Air Jamaica plays a significant role in Jamaica's aviation sector with over 45 percent market share (1.7 million annual passengers). However, the company represents a significant burden on the government's fiscal account (on average, US\$15 million per month). As part of its regional credit bureau program, IFC advised government on a proposed credit bureau legislation. When enacted, this legislation should facilitate the availability of credit to currently underserved segments of society. IFC recently signed an advisory agreement with one of Jamaica’s largest microfinance institutions to provide diagnostics and strategic advice to increase its reach.

¹⁵ While committed in Trinidad & Tobago, the IFC’s US\$37 million to the cement company TCL was used to upgrade and double the clinker capacity of its Jamaican plant.

75. **MIGA has provided cumulative guarantees of US\$275 million in Jamaica since 1992.** The portfolio fell from US\$169 million at end-FY07 to a total guarantee exposure of US\$72 million at end-2008 as a result of guarantees expiring as debt were amortized for underwritten power projects. The outstanding projects are guarantees for the financing for the expansion of two stages of Kingston Port Container Terminal.

D. International Development Partners

76. **A total of seventeen IDPs¹⁶ are active in twelve sectors with most support directed to the social sector (39%), followed by budgetary support (30%) with strong support for growth and competitiveness.** In 2008, ongoing development partner support amounted to US\$2.1 billion, of which 18.6 percent was grant. As of end-2008, the largest development partner was IDB with US\$673 million, followed by Venezuela¹⁷ with US\$410 million, CDB with US\$314 million, the EU with US\$257 million and the World Bank with US\$120 million. In addition, Japan provided significant amount of PHRD and JSDF grants through the World Bank.

77. **Two bilateral IDPs (CIDA and DFID) have regional strategies while USAID, IDB and the World Bank have country strategies.** All strategies and sectoral support are provided in line with government priorities articulated through the PIOJ and in the MTF.

78. **The depth of coordination among IDPs has increased,** particularly since the 2008 upgrading and strengthening of the Bank country office. The Bank participates in the annual retreat with the government and development partners, and it chairs the thematic group on Debt and Growth. The IFC co-located with the World Bank in August 2009. In doing so, the World Bank Group will strengthen coordination and increase access to its advisory services, public-private partnerships work, and foster deeper private sector development.

E. CPS Consultations

79. **World Bank Group held extensive stakeholder consultations in July 2009 with key stakeholders.** A total of 116 people were consulted including thirty-one members of Parliament in a joint session. The other stakeholders were representatives of: government (29), private sector (17), civil society (13), trade unions (12), youth (8), and other international development partners (6).

80. **Stakeholders identified six top priority areas for support:** (i) debt and fiscal sustainability to achieve economic stability and the fiscal space needed to undertake critical public sector investment in support of higher level of development; (ii) crime and violence, which deter productive investment and growth; (iii) environment and disaster management, which impact directly the well being of citizens and fiscal stability through higher costs of rehabilitation and recovery programs after major disasters; (iv) rural

¹⁶ CDB, China, CIDA, Commonwealth Fund for Technical Cooperation, DFID, EU, FAO, India, IDB, Japan, Korea, OAS, San Jose Accord, UNAIDS, UNDP, UNEP, UNICEF, USAID, Venezuela, and World Bank.

¹⁷ Jamaica signed the PetroCaribe agreement with Venezuela in 2005. This agreement allows Venezuela to supply crude oil and petroleum products to Caribbean countries on concessional financing terms.

development, which is critical to reduce the rural-to-urban drift and the relatively higher incidence of poverty in the rural areas; (v) human capital development, which is critical to improving Jamaica’s competitiveness; and (vi) cost of energy, which is critical to improving citizens’ welfare and competitiveness¹⁸.

F. Indicative Jamaica-World Bank Group Partnership Strategy, FY10-13

81. The indicative Bank Group support for FY10-13 is based on: (i) the government’s own priorities articulated in its MTF, (ii) consideration of opportunities for deeper partnerships with other IDPs, (iii) the recommendations of the CAS Completion Report, and (iv) lessons from ongoing projects. The Bank is also mindful that it is small in terms of the financial resources it provides to Jamaica, accounting for 5 percent of on-going IDP supported projects and programs in the public sector. **The CPS, therefore, seeks to continue to pay attention to Bank comparative knowledge and technical support, which has been highly valued by Jamaicans in the past.**

<i>Year</i>	<i>Lending</i>	<i>Grants/TF</i>	<i>AAAs</i>
2010	Education Transformation (approved), Rural Economic Development (approved), DPL 1	Landslide Risk Reduction JSDF (approved), Statistics Strategy TA (approved), Governance IDF (approved) and Obstacles for High and Inclusive Growth (approved)	Country Economic Memorandum
2011	Energy, DPL 2, Jamaica Pilot Program for Climate Resilience (with IDB) ¹⁹	Tax IDF, Jamaica Pilot Program for Climate Resilience (with IDB) ²⁰	Public Expenditure Review , Country Social Assessment
2012	Crime and Violence, DPL 3 (possibly), Skills for inclusive Growth	Debt IDF	Poverty Assessment, Country Environmental Analysis
2013	Agricultural Risk Management		Agricultural Review, Infrastructure

82. **World Bank support will: (i) remain focused on programs to maintain social stability and strengthen human capital in an environment of tight fiscal space and (ii) broaden to address fiscal and debt sustainability issues, the growth agenda and deepen efforts in crime and violence prevention.** Jamaica’s fiscal space remains limited and the interventions identified in the Partnership Strategy have been carefully chosen to help the government achieve its objectives while mindful of its limited human and financial resources, as well as limited Bank budget. The size and focus of the support will be predicated on the country’s debt and fiscal situation, as further deterioration could adversely impact the level of private sector investment and thereby the level of IFC investment activities. The Bank’s Programmatic Fiscal Sustainability Series (DPL1 and 2, and possibly DPL 3), which supports the government’s medium-term fiscal and debt sustainability reform program, will be a cornerstone for optimizing Bank Group synergies in Jamaica.

¹⁸ The individual group discussions are summarized in *Jamaica-World Bank Group Country Partnership Strategy, 2010-2013: Consultations Report*, processed (August 2009).

83. **The World Bank country envelope for Jamaica is known for only the first year.** The lending plans over the partnership period are indicative as it has always been. The Bank's capacity to lend can change over time and there is a higher degree of certainty that lending plans indicated for the earlier years of the CPS period can be delivered than those for the later years. The proposed pipeline is a careful balance between DPL, investment lending and TA support (see Table 4).

84. **Through this CPS, the World Bank Group aims at** (i) *supporting economic stability* and (ii) *promoting inclusive and sustained growth, with a particular focus on strengthening governance*. While this strategy will continue or scale up successful support from the previous strategy, it has more focus on the growth agenda, compared to the previous strategy, and deeper human capital development and competitiveness focus (see Annex 2: CPS Results Chain).

Pillar I: Supporting Economic Stability, Results Area 1: Fiscal and Debt Sustainability

85. The CPS seeks to **contribute** to achieve the following outcomes:

- ***Medium-term fiscal and debt sustainability enhanced through fiscal consolidation and enhanced fiscal reporting and accountability.*** Bank support will seek the establishment of an institutional framework for the consolidation of all public body accounts into central government budget process, and will support the government to publish a consolidated public sector budget for presentation in Parliament. Approval of a Fiscal Responsibility Framework (FRF) in this context will improve fiscal discipline and budgetary process. Currently, the public bodies' expenditures exceed that of the central government and their significant deficits contribute to government contingent liabilities.
- ***Improved fiscal and debt sustainability over the medium-term through decline in total public debt-to-GDP ratio and reducing debt service and debt burden through debt management activities.*** The Bank will continue to support the government with debt management and tax administration to achieve improvements in its overall fiscal deficit from 12.7 percent of GDP in 2010 to 2.5 percent in 2013, and the debt-to-GDP ratio from 139.7 percent to 124.2 percent over the same period. To these ends, the Bank will continue to support the government with its fiscal and debt sustainability reform program with two or three additional DPLs, and possibly an associated TA to support expeditious implementation of the government's reform agenda. The TA will finance, among other areas to be agreed with the government, debt management, tax administration and aspects of doing business. The Bank has already submitted reform memoranda for debt management and doing business, and the USAID has submitted reform agenda in tax administration. Bank Group support in these areas will be in close collaboration with CDB, DFID, IDB, UNDP and USAID. In addition, a Country Economic Memorandum in FY10 will focus on debt sustainability and growth agenda, and inform support under the next DPL. The Bank will also seek IDF funding for debt and tax management. The governance IDF will also contribute to the

¹⁹ In addition, Jamaica could be included in the Caribbean Advanced Regional Communications Infrastructure Program.

²⁰ The Pilot Program for Climate Resilience is financed through a mixture of both grants and concessional funding on IDA-like terms.

economic stability pillar. The Bank may also provide additional non-lending technical assistance, including monitoring and evaluation of debt through the DeMPA program.

- ***Abolition of deferred financing for government expenditures.*** The Bank will seek the enactment of the legislation abolishing the authority to permit deferred financing.

Pillar II: Promoting Inclusive Growth, Results Area 2: Strengthening Human Capital

86. The CPS seeks to **contribute** to achieve the following outcomes:

- ***Enhanced resource management and quality of education to be improved through decentralized decision-making in the education system.*** This is one of the examples where Bank and IFC programs are fully integrated in this CPS. The Bank will support establishment of the necessary infrastructure for a more decentralized education system in Jamaica, while the IFC is discussing public-private partnership (PPP) advisory services for schools with a view to improving the quality and access of secondary education. The main purpose of this effort would be to construct new schools under the PPP schemes to eliminate the shift system. The cooperation agreement recently signed with CIDA offers an opportunity for expanded advisory services. IFC will also focus on the emerging information technology sector.
- ***Quality of services by the early childhood institutions enhanced through compliance of minimum standards required for registered institutions.*** To achieve this outcome, the Bank is building on its experience with the Results-Based disbursement approach, used in Jamaica as the first pilot in the Caribbean. With the early childhood development project, it is expected that the number of early childhood institutions that are registered and meet the minimum standards would be increased. Overall, Bank Group support is being closely coordinated with the other IDPs, particularly the CDB, IDB, OAS, UNICEF and USAID.
- ***Enhanced health and education services through the conditional cash transfer (CCT) mechanism.*** The Bank will contribute to achieve this outcome through its continued support to PATH, Jamaica's CCT mechanism, and building on its previous successes (about 80 percent of benefits reached the poorest 40 percent of the population; a 38 percent increase in health care visits for children younger than 6 years for CCT beneficiaries; and, it has effectively encouraged households to send their children to school more regularly, resulting in CCT students' school attendance rate being three percent higher than that of similar students not in the program).
- Other instruments used to contribute to achieve the above outcomes are the ongoing HIV/AIDS project and the planned Skills for Inclusive Growth Project (FY12), which will contribute to address the shortage of skills and education of the workforce.
- In addition, a number of analytical underpinnings will be completed: The Education PER (FY10) is being financed by the UNDP, with in-kind support from the Bank. The Country Economic Memorandum (CEM, FY10), which will examine the various labor market anomalies discussed earlier and will inform projects in human development and crime and violence prevention. The PER (FY11), Regional Nurse Migration II (FY10) and Poverty Assessment (FY12) will also inform projects on human development as well as in other areas in support of promoting inclusive and sustained growth.

Results Area 3: Crime and Violence Prevention

87. **The CPS seeks to contribute to reduced crime and violence in the twelve inner cities basic services project beneficiary communities.** In seeking to achieving a reduction in crime and violence in Jamaica, the Bank is adopting a new approach, which is a departure from numerous crime prevention programs common in Jamaica and in developing countries where single-discipline approaches (e.g., mentoring, dispute mitigation, youth at risk programs) are implemented without evidence-based rationale, and only in the best cases subject to rigorous process monitoring and ex-post evaluation. The Bank will be linking the monitoring of crime patterns to programming, which will be facilitated by the development of a cutting-edge crime and violence information platform and early warning system for crime prevention planning and interventions across multiple disciplines. Through its support, the Bank seeks to improve the quality of life in the targeted areas and poor urban informal settlements through improved access to basic urban infrastructure, financial services, land tenure regularization, enhanced community capacity, and improvements in public safety. Towards achieving the above outcome, the Bank is implementing the Inner Cities Basic Services Project and the recently approved Crime and Violence JSDF grant. A comprehensive and integrated Crime and Violence Project (FY12) will be informed by a Country Social Assessment (FY11) and lessons from the existing projects.

Results Area 4: Promoting Rural Development

88. **The CPS seeks to contribute to improved market penetration by small scale producers and tourism service providers.** The Bank aims to achieve this outcome through its support to community and business groups in medium-sized farming and eco-tourism to move up the supply chain. IFC efforts in support of the tourism sector will develop linkages with the local enterprises (e.g., agribusiness), notably via advisory services and managerial skills building.

Pillar III: Promoting Sustained Growth, Results Area 5: Strengthening non-labor competitiveness

89. **The CPS seeks to contribute to the following outcomes: medium-sized farmers moved up the supply chain and small scale agricultural producers received capacity training.** The ongoing rural development initiative will support medium-sized farmers to move up the supply chain and also work with small scale agricultural producers and tourism product providers on capacity training so that they are better integrated with the tourism sector, rest of the economy, and the export markets.

90. In addition, the Bank and the IFC will collaborate closely to optimize synergies in supporting the reduction in distortions and the enhancement of the efficiency of the tax system. The focus will be on public-private partnership, energy diversification, conservation, efficiency and institutional training for policy analysis and regulation. Achieving results in energy efficiency and diversification will depend on: (i) reducing the electricity utility's energy losses to yield significant benefits for Jamaica's energy security and efficiency, and (ii) strengthening the process for setting tariffs to avoid passing utility costs to consumers, as is currently practiced, to lower energy prices and bolster Jamaica's competitiveness. The proposed energy program may be supplemented with GEF grants.

91. The Bank and IFC will also explore including Jamaica in the Caribbean Advanced Regional Communications Infrastructure Program (CARCIP) using grant resources. This program will follow a public-private partnership model to promote the deployment of the required submarine regional communications infrastructure, while at the same time ensuring that: (i) it is complemented with terrestrial broadband links; and (ii) the content and applications are developed to increase value-added use of the infrastructure. The program will be rolled out to the CARIFORUM countries in phases, depending on their readiness and interest in joining the program.

92. In **investment climate**, the Doing Business Reform Unit of the Bank and IFC, included Jamaica in the Caribbean Business Enabling Environment analytical work and separately submitted a reform memorandum around the areas covered by the Doing Business indicators. Group support in these areas will be in close collaboration with CDB, DFID, IDB, UNDP and USAID. Jointly with the Bank, IFC action will include developing a better business environment for special economic zones, investment and trade promotion. In addition, to contribute to support the government in addressing the energy challenges, the Bank and the IFC will collaborate to optimize synergies through a new Energy Project (FY11). The project will focus on public-private partnership, energy diversification, conservation, efficiency and institutional training for policy analysis and regulation, and will be informed by the two ongoing regional studies: the “Energy Study” and the “Impact of the Financial Crisis on the Energy.”

93. **Financial markets development and access to finance** – IFC will cover several areas including supporting entrepreneurs via better access to finance through M/SME/trade finance, and advisory services to help banks reach MSMEs market segments. Concerning capital markets development, IFC will focus on a more regional approach, a likely area will be the insurance market. IFC is working with the Bank in Jamaica on credit bureau legislation, part of a Caribbean-wide initiative, which has been presented to the Parliament for discussion, and aims at achieving sharing of credit information between specified bodies and licensing of credit bureaus. Work done by the Bank under fiscal and debt sustainability could eventually result in creating greater financial market investment opportunities, which IFC could support.

94. **Infrastructure** – IFC’s main areas will include energy, transport (air and road) and logistics (supporting SEZ). Work done in energy, and to a lesser extent transport and logistics, will be mainly driven by two cross cutting themes: climate change challenges, and reaching the poor. IFC will be involved in supporting PPP both via its advisory services and investments. The recently signed cooperation agreement with CIDA offers an opportunity for expanded advisory services support by IFC to the English Speaking Caribbean, including Jamaica. In energy, both the Bank and IFC will be advising the government on potential investment in natural gas. IFC’s other activities may include investments in growth sectors such as tourism and manufacturing.

Results Area 6: Climate Resilience and Vulnerability Reduction

95. The CPS seeks to **contribute** to achieve the following outcomes:

- ***Climate resilience and vulnerability reduction measures strengthened, particularly through reduced landslide risks in an initiative in four communities.*** Jamaican and Bank systems for safeguards management will be harmonized while integrating the

lessons learned from the JSIF Use of Country Systems pilot, and scaling-up this initiative to other agencies. A regional GDDRR project is also supporting with climate change issues. In addition, Jamaica will benefit from the Pilot Program for Climate Resilience (PPCR)²¹ in 2010, under which country-led activities will include: (i) pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning; (ii) strengthen capacities at the national levels to integrate climate resilience into development planning; (iii) scale-up and leverage climate resilient investment, building upon other ongoing initiatives; and (iv) enable learning-by-doing and sharing of lessons at various levels. The ongoing JSDF grant for landslide risk reduction will strengthen the capacity of the national disaster management agency on risk reduction and reduce landslide risks in four vulnerable communities across the country. IFC will address climate change issues such as raising benchmark in environmental standards and a cleaner energy mix.

- ***Agriculture weather risk coverage introduced.*** The Bank will focus on the public investment needed to design and implement public and private financial risk management mechanisms and instruments, through the Agriculture Risk Management Support (FY13) with potential complementary operation from IDB's MIF to support the private sector insurance sector. An agricultural review will examine prospects for using agriculture to anchor development, identify cropping patterns to minimize windstorm damage, and examine the extent and challenges of praedial larceny.

Cross-Cutting Outcome, Result Area 7: Strengthen Governance

96. **The CPS seeks to contribute to achieving *more efficient financial management and allocation of budget expenditures to achieve results*.** Through the DPLs, the Bank will support the government to improve its PEFA indicators related to fiscal planning, expenditure policy and budgeting, and to the scope, nature, and follow-up of external audits. In addition, the Bank will support the government to implement its Auditor-General's operational plan and develop internal audit plans within the ministries to enhance availability and timeliness of information for public financial management, and better accountability in the use of public resources. The Bank will collaborate closely with the IDB and the EU which are also active in this area.

97. MIGA will continue to provide political risk coverage for commercial lending to Jamaica, consistent with this Partnership Strategy.

V. RESULTS-BASED MONITORING AND EVALUATION

98. Country-level systems for poverty, economic, and human development monitoring are being strengthened through government efforts and IDPs' support. The government has established a national M&E coordinating unit within the PIOJ, and is

²¹ The PPCR is one of the Climate Investment Funds (CIFs), which are 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 would be jointly implemented, with the IDB.

establishing Ministerial Focal Points that would monitor the MTF implementation and its related social outcomes. Building M&E capacity within the Ministries. The Bank recently approved a statistics trust fund to support the national statistics strategy and will work with the government to monitor CPS outcomes particularly in education, where capacity building efforts are ongoing in the context of the Bank's support for the Education Transformation Program. The Bank is also soliciting bilateral support to deepen M&E efforts in Jamaica. The CPS will be monitored quarterly internally and once a year with the client along the line of a Results-Based Portfolio Review initiated in 2008.

VI. MANAGING RISKS

99. **External and internal risks could impact significantly Bank Group support. The most important risk in the current global crisis is economic.** The global financial crisis and resulting economic downturn has reduced demand for Jamaica's key exports – tourism, bauxite/alumina, and light manufacture – and reduced remittances from North America and Europe. The crisis has also increased the government's cost of servicing its variable rate and US dollar-denominated debt as well as the cost of rolling over existing debt. These developments are projected to further reduce economic growth, increase unemployment, strain government finances, and pressure the currency. A comprehensive fiscal and debt sustainability package is under implementation under an IMF Standby Agreement, which also provides for increased support for the poor and the vulnerable through the flagship conditional cash transfer program.

100. *While the current economic risks are substantial, there are several mitigating factors including ongoing macro-monitoring and country dialogue by the World Bank.* Declining oil and food prices in 2008 reduced external financing requirements. Declining inflation also helped limit the negative impact of slower growth on the poor. In addition, a recent DPL supported actions to improve fiscal balances and address the debt generating process, and, thus, reduce financing vulnerabilities. Funding from the CDB, IDB, and the World Bank mitigated a sizable portion of the external roll-over risk in FY09/10. In FY10/11, the roll-over risk is for domestic debt. The government has also negotiated an IMF program. A concerted effort by the CDB, IDB and World Bank over the medium-term will also mitigate economic risks.

101. **Natural disasters are a continual risk.** Jamaica is highly vulnerable to multiple natural disaster risks—particularly floods and hurricanes. The fiscal cost from past events has been high and natural disasters have the potential to derail economic growth and poverty reduction. They also pose a heavy fiscal burden, increasing indebtedness and redirecting public resources away from long-run development plans. *The government has insurance against catastrophic natural disasters, is exploring the expansion of the scope of insurance. Major private sector enterprises would be partly covered by their own insurance.* The Jamaican government 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.

102. **The political risk remains significant.** The government was elected in 2007 with a two seats majority. Three of its sitting members of Parliament were challenged on dual citizenship and eligibility issue and a fourth one added later. Rather than dealing with the issue head-on and risk a re-election, the cases were heard in the courts. The foreign citizenships were given up and by-elections won with increased majority. The opposition did not participate in the third court-mandated by-election. Under the circumstances, the government's program remains vulnerable to special interests. While the growth slowdown and pressing financial needs may exacerbate political concerns, it is just as likely that they may also spur consensus on the need for short-term actions. *The political risk is reduced by the government's consultative approach to reform implementation and the dialogue among country stakeholders on the fiscal and economic costs of inaction.* The government has been meeting with its social partners and has discussed with the Opposition Party the limited options it has in the current environment. There does not appear to be any short-term risk of a social unrest as demonstrated by the recent opposition-led demonstration against increased tax measures on food.

103. **Fiduciary risk is high.** Financial management and procurement take on special importance because of governance and corruption issues. *The Bank mitigates this risk by having the same fiduciary staff cover all Bank projects in the country; undertake "sweeping" missions to cover all projects; and, since 2009, arranges regular training and networking for implementing agencies during the "sweeping" missions.*

104. **Governance and crime issues could give rise to reputational risks.** It is generally believed that many persons benefit from public sub-contracts in inner-city infrastructure rehabilitation projects, often in return for providing enforcement services to politicians. *The Bank will mitigate against this risk by careful ring fencing of projects under supervision, including regular supervision and examination of procurement transactions.*

105. **Weakness in institutional capacity in the country could hamper implementation of the Partnership Strategy.** This risk becomes more important as the Bank broadens its areas of support and into the growth agenda. Years of fiscal constraint has meant that many of the ministries and agencies have staff but not resources to provide services or that the staff do not have the right skills and motivation. This situation had been compounded by a new government with limited previous managerial experience; the new government has to learn the skills on the job. *In this environment, the Bank will enhance dialogue and continue its existing practice of supporting a project management team, funded by the investment project, with adequate number of staff and provision for training to ensure efficient and effective project implementation and monitoring.*

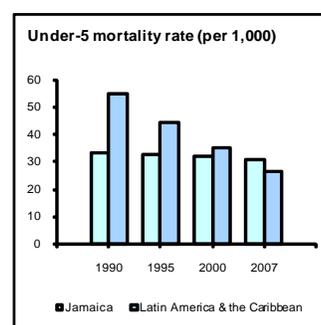
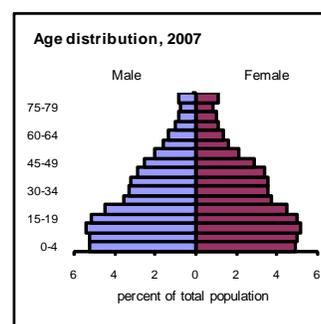
106. **Following the extraordinary level of budgetary support to Jamaica proposed in this CPS, there is a risk that the Bank would not be in a position to provide similar support in the future if Jamaica were to face acute and large financing needs either because of lack of sufficient follow through in implementing critical reforms or because of external shocks.** *These risks will be mitigated to some extent through continued policy dialogue, accompanied by technical assistance as needed, and a number of activities to mitigate and manage natural disasters, such as the CCRIF and landslide risk reduction efforts.*

Annex A2: Jamaica At-a- Glance

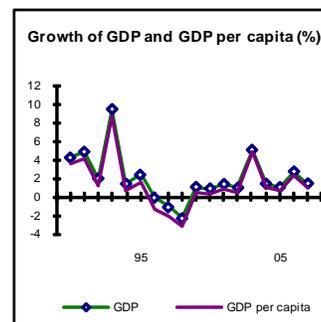
Jamaica at a glance

1/19/10

Key Development Indicators	Jamaica	Latin America & Carib.	Upper middle income
(2008)			
Population, mid-year (millions)	2.7	561	824
Surface area (thousand sq. km)	11	20,421	41,497
Population growth (%)	0.5	12	0.7
Urban population (% of total population)	53	78	75
GNI (Atlas method, US\$ billions)	118	3,252	5,854
GNI per capita (Atlas method, US\$)	4,400	5,801	7,107
GNI per capita (PPP, international \$)	5,300	9,678	12,072
GDP growth (%)	-1.6	5.7	5.8
GDP per capita growth (%)	-2.1	4.4	5.0
(most recent estimate, 2003–2008)			
Poverty headcount ratio at \$125 a day (PPP, %)	<2	8	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	6	17	..
Life expectancy at birth (years)	73	73	71
Infant mortality (per 1000 live births)	26	22	21
Child malnutrition (% of children under 5)	3	4	..
Adult literacy, male (% of ages 15 and older)	81	92	95
Adult literacy, female (% of ages 15 and older)	91	90	93
Gross primary enrollment, male (% of age group)	95	120	112
Gross primary enrollment, female (% of age group)	95	116	109
Access to an improved water source (% of population)	93	91	95
Access to improved sanitation facilities (% of population)	83	78	83



Net Aid Flows	1980	1990	2000	2008 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	125	271	10	26
<i>Top 3 donors (in 2007):</i>				
European Commission	4	7	33	38
Canada	8	28	5	7
Belgium	0	0	0	4
Aid (% of GNI)	5.1	6.5	0.1	0.2
Aid per capita (US\$)	59	113	4	10
Long-Term Economic Trends				
Consumer prices (annual % change)	27.3	22.0	8.2	12.3
GDP implicit deflator (annual % change)	18.3	25.1	10.6	5.1
Exchange rate (annual average, local per US\$)	18	7.2	42.7	88.0
Terms of trade index (2000 = 100)	..	..	..	..
Population, mid-year (millions)	2.1	2.4	2.6	2.7
GDP (US\$ millions)	2,679	4,592	9,009	10,377
<i>(% of GDP)</i>				
Agriculture	..	8.0	7.0	5.6
Industry	..	37.1	25.5	23.8
Manufacturing	..	17.2	10.6	9.3
Services	..	54.9	67.4	70.6
Household final consumption expenditure	63.8	64.9	74.2	90.7
General gov't final consumption expenditure	20.2	13.0	14.3	15.3
Gross capital formation	15.9	25.9	29.2	24.5
Exports of goods and services	51.1	48.1	39.1	35.6
Imports of goods and services	51.0	51.9	51.9	65.2
Gross savings	10.8	18.5	23.0	..



1980–90 1990–2000 2000–08
(average annual growth %)

Population, mid-year (millions)	11	0.8	0.5
GDP (US\$ millions)	2.3	16	2.1
<i>(% of GDP)</i>			
Agriculture	2.0	-0.6	-1.3
Industry	2.4	-0.8	1.1
Manufacturing	2.7	-1.8	-1.3
Services	-0.3	3.8	2.5
Household final consumption expenditure	..	..	..
General gov't final consumption expenditure	..	..	..
Gross capital formation	..	..	..
Exports of goods and services	..	..	..
Imports of goods and services	..	..	..
Gross savings	..	..	..

Note: Figures in italics are for years other than those specified. 2008 data are preliminary. .. indicates data are not available.

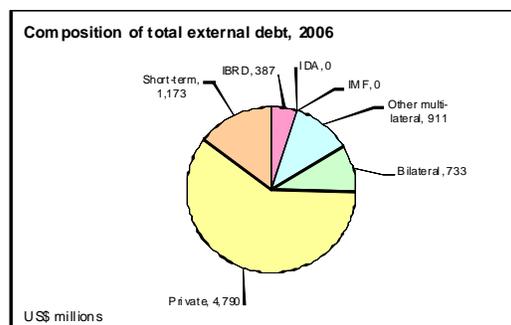
^a. Aid data are for 2007.

Development Economics, Development Data Group (DECDG).

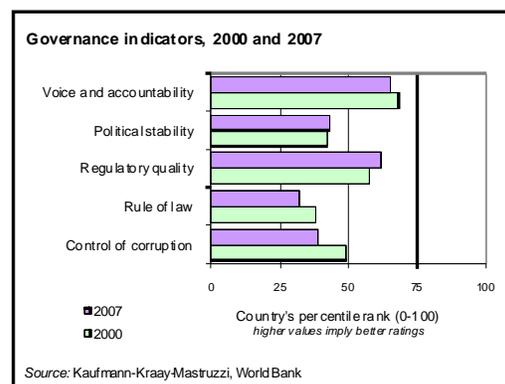
Balance of Payments and Trade	2000	2007
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	1,555	2,118
Total merchandise imports (cif)	3,429	5,218
Net trade in goods and services	-822	-1,964
Workers' remittances and compensation of employees (receipts)	892	2,021
Current account balance as a % of GDP	-35.6	-9.1
Reserves, including gold	1,049	2,445

Central Government Finance	2000	2007
<i>(% of GDP)</i>		
Current revenue (including grants)	28.1	30.5
Tax revenue	25.6	27.4
Current expenditure	27.8	30.3
Overall surplus/deficit	-1.9	-3.1
Highest marginal tax rate (%)		
Individual	25	25
Corporate	33	33

External Debt and Resource Flows	2000	2007
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	4,720	7,994
Total debt service	704	825
Debt relief (HIPC, MDRI)	-	-
Total debt (% of GDP)	58.8	79.8
Total debt service (% of exports)	18.4	12.0
Foreign direct investment (net inflows)	468	882
Portfolio equity (net inflows)	0	0



Private Sector Development	2000	2008
Time required to start a business (days)	-	8
Cost to start a business (% of GNI per capita)	-	7.9
Time required to register property (days)	-	54
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2007
Access to cost of financing	..	72.2
Tax rates	..	60.0
Stock market capitalization (% of GDP)	44.6	114.9
Bank capital to asset ratio (%)	9.2	8.7



Technology and Infrastructure	2000	2007
Paved roads (% of total)	70.1	73.9
Fixed line and mobile phone subscribers (per 1,000 people)	33	106
High technology exports (% of manufactured exports)	0.1	0.1

Environment	2000	2007
Agricultural land (% of land area)	47	47
Forest area (% of land area)	31.5	31.3
Nationally protected areas (% of land area)	..	16.2
Freshwater resources per capita (cu. meters)	..	3,541
Freshwater withdrawal (% of internal resources)	4.4	..
CO2 emissions per capita (mt)	4.0	4.0
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	3.1	3.4
Energy use per capita (kg of oil equivalent)	1,514	1,445

World Bank Group portfolio	2000	2007
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	415	360
Disbursements	98	19
Principal repayments	60	48
Interest payments	22	22
IDA		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Total debt service	0	0
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	58	202
Disbursements for IFC own account	0	27
Portfolio sales, prepayments and repayments for IFC own account	5	5
MIGA		
Gross exposure	93	168
New guarantees	0	37

Note: Figures in italics are for years other than those specified. 2007 data are preliminary.
.. indicates data are not available. - indicates observation is not applicable.

9/24/08

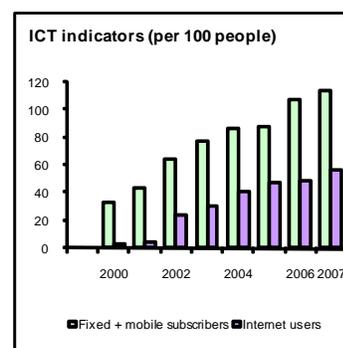
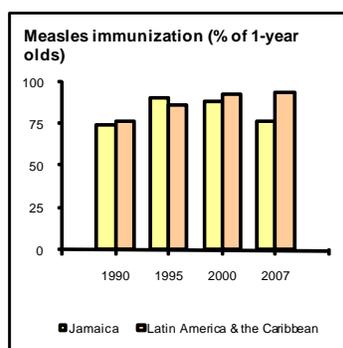
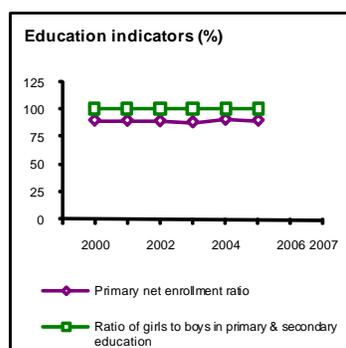
Development Economics, Development Data Group (DECDG).

Millennium Development Goals

Jamaica

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Jamaica			
	1990	1995	2000	2007
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$ 125 a day (PPP, % of population)	<2	<2	<2	<2
Poverty headcount ratio at national poverty line (% of population)	..	27.5	18.7	..
Share of income or consumption to the poorest quintile (%)	5.8	6.4	5.4	5.2
Prevalence of malnutrition (% of children under 5)	..	4.0	3.8	3.1
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	96	..	90	90
Primary completion rate (% of relevant age group)	91	..	87	82
Secondary school enrollment (gross, %)	64	66	86	87
Youth literacy rate (% of people ages 15-24)	..	..	92	94
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	102	..	101	101
Women employed in the nonagricultural sector (% of nonagricultural employment)	50	49	47	48
Proportion of seats held by women in national parliament (%)	5	12	13	13
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1000)	33	33	32	31
Infant mortality rate (per 1000 live births)	28	27	27	26
Measles immunization (proportion of one-year olds immunized, %)	74	90	88	76
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	170
Births attended by skilled health staff (% of total)	79	95	97	97
Contraceptive prevalence (% of women ages 15-49)	55	66	69	..
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.3	0.9	1.4	1.6
Incidence of tuberculosis (per 100,000 people)	7	7	7	7
Tuberculosis cases detected under DOTS (%)	..	92	100	83
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	92	93	93	93
Access to improved sanitation facilities (% of population)	83	82	83	83
Forest area (% of total land area)	31.9	31.7	31.5	31.3
Nationally protected areas (% of total land area)	..	..	..	15.0
CO2 emissions (metric tons per capita)	3.3	3.9	4.0	3.8
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	4.2	4.4	3.8	3.6
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	4.4	11.7	19.1	13.6
Mobile phone subscribers (per 100 people)	0.0	1.8	14.2	100.0
Internet users (per 100 people)	0.0	0.1	3.1	56.1
Personal computers (per 100 people)	..	0.5	4.6	6.8



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

1/19/10

Development Economics, Development Data Group (DECDG).

Annex B2: Selected Indicators of Bank Portfolio Performance and Management

CAS Annex B2 - Selected Indicators* of Bank Portfolio Performance and Management

As Of Date 02/23/2009

Indicator	2006	2007	2008	2009
Portfolio Assessment				
Number of Projects Under Implementation ^a	5	5	7	7
Average Implementation Period (years) ^b	3.3	4.3	2.2	2.9
Percent of Problem Projects by Number ^{a, c}	0.0	0.0	0.0	14.3
Percent of Problem Projects by Amount ^{a, c}	0.0	0.0	0.0	18.7
Percent of Projects at Risk by Number ^{a, d}	0.0	0.0	0.0	14.3
Percent of Projects at Risk by Amount ^{a, d}	0.0	0.0	0.0	18.7
Disbursement Ratio (%) ^e	24.6	26.9	34.2	7.9
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	55	0
Proj Eval by OED by Amt (US\$ millions)	1,304.2	0.0
% of OED Projects Rated U or HU by Number	44.4	0.0
% of OED Projects Rated U or HU by Amt	43.5	0.0

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex B3: IBRD/IDA Program Summary

CAS Annex B3 - IBRD/IDA Program Summary

As Of Date 12/31/2009

Proposed IBRD/IDA Base-Case Lending Program^a

<i>Fiscal year</i>	<i>Proj ID.</i>	<i>US\$(M)</i>	<i>Strategic Rewards b (H/M/L)</i>	<i>Implementation b Risks (H/M/L)</i>
2010	<i>JM Education Transformation Project</i>	16.0	H	M
	<i>JM Rural Economic Development Initiative</i>	15.0	H	L
	<i>JM-Debt and Fiscal Sustainability DPL 1</i>	200.0	H	M
	Result	231.0		
2011	<i>JM Energy Investments and TA</i>	25.0	H	M
	<i>JM-Debt and Fiscal Sustainability 2</i>	200.0	H	M
	Result	2 25.0		
	Overall Result	456.0		

Annex B3: Jamaica: IFC Investment Operations Program

Annex B4: Summary of Nonlending Services

CAS Annex B4 - Summary of Nonlending Services -

As Of Date 02/23/2009

<i>Product</i>	<i>Completion FY</i>	<i>Cost (US\$000)</i>	<i>Audience^a</i>	<i>Objective^b</i>
Recent completions				
JM Poverty Analysis	FY06	227		
FSAP Jamaica	FY06	178		
Jamaica - Insolvency ROSC	FY06	2		
JM Energy Sector Policy	FY09	81		
JM Addressing Debt Problem	FY09	45		
GCMSM: Jamaica Debt Market Development	FY09	72		
Underway				
JM-CEM	FY10	61		
MTDS - Jamaica	FY10	57		
Planned				

a. Government, donor, Bank, public dissemination.

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

Annex B6: Macroeconomic Outcomes and Projections, FY07/08-FY13/14

	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Projections</i>			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Accounts and Prices							
Real GDP growth (%)	0.6	-1.6	-3.5	0.6	1.9	1.9	2.0
Inflation (CPI, end of period, %)	12.4	20.2	9.0	11.2	7.1	6.7	6.3
Exchange Rates							
Buy rate (J\$/US\$ - end of period)	70.8	88.0	89.2	93.9	98.4	102.5	106.3
Fiscal Sector							
Central Government (as GDP %)							
Revenues	27.3	26.6	28.3	27.7	27.8	27.9	27.9
Expenditures	31.1	34.0	38.2	34.2	32.1	30.5	28.6
Primary Balance	7.8	4.8	6.2	7.0	7.7	8.3	9.1
Overall Balance	-3.8	-7.3	-10.0	-6.5	-4.3	-2.6	-0.7
Expanded Overall Balance (as GDP %) ¹	-8.2	-9.4	-12.7	-7.5	-4.9	-2.5	-0.5
Public Debt (as GDP%) ²	113.5	124.1	139.7	140.2	132.7	124.2	115.6
External Sector							
Current Account Balance (as GDP%)	-18.4	-18.0	-9.4	-8.8	-6.6	-5.9	-5.0
<i>Of which:</i> Exports of goods (fob)	18.3	17.0	11.8	12.0	12.6	12.9	13.2
<i>Of which:</i> Imports of goods (fob)	50.4	50.0	38.9	39.0	39.5	39.0	38.4
Net International Reserves (in millions of US\$)	2,083	1,628	1,378	1,078	1,325	1,450	1,761
Memorandum items:							
GDP (in billions of J\$)	923	1,037	1,071	1,194	1,317	1,445	1,582
Oil prices (composite, fiscal year basis)	77.6	87.3	62.0	71.0	74.7	77.3	77.3
1 Includes net profits of Air Jamaica, Petrojam Ethanol, Sugar Company of Jamaica, Clarendon Aluminum Production, Wallenford Coffee Company, Manley International Airport, Caymanas Track Ltd., Jamaica Urban Transport Corporation and the national road construction company (NROCC).							
2 Including Petro Caribe Debt.							
Sources: IMF and the World Bank.							

Annex B8: Operations Portfolio (IBRD/IDA and Grants)

CAS Annex B8 - Jamaica

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 1/4/2010

Closed Projects 71

IBRD/IDA *

Total Disbursed (Active)	21.19
of which has been repaid	0.00
Total Disbursed (Closed)	261.33
of which has been repaid	337.42
Total Disbursed (Active + Closed)	282.52
of which has been repaid	337.42
Total Undisbursed (Active)	110.05
Total Undisbursed (Closed)	0.26
Total Undisbursed (Active + Closed)	110.31

Active Projects

Project ID	Project Name	Last PSR			Fiscal Year	Original Amount in US\$ Millions				Difference Between Expected and Actual Disbursements ^{al}		
		Supervision Rating				IBRD	IDA	GRANT	Cancel.	Undisb.	Orig.	Frm Rev'd
		Development Objectives	Implementation Progress									
P095673	JM Early Childhood Develop	MS	MS	✓	2008	15				13.7	2.7	
P107407	JM Education Transformati	S	S	✓	2010	16				16.0		
P109575	JM Hurricane Dean ERL	S	S	✓	2008	10				4.5	2.5	
P091299	JM Inner City Basic Servic	MS	MS	✓	2006	29.3				20.0	11.3	
P105122	JM Rural Economic Develop	S	S	✓	2010	15				15.0		
P106622	JM Second HIV/AIDS Proje	S	S	✓	2008	10				8.2	1.4	
P105024	JM Social Protection	S	S	✓	2008	40				32.7	0.7	
Overall Result						135.3				110.1	18.6	

Annex B8: Committed and Disbursed Outstanding Investment Portfolio (IFC)

B8 (IFC) for Jamaica

Jamaica
Committed and Disbursed Outstanding Investment Portfolio
As of 12/31/2009
(In USD Millions)

<u>FY Approval</u>	<u>Company</u>	<u>Committed</u>					<u>Disbursed Outstanding</u>				
		<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi Equity</u>	<u>*GT/RM</u>	<u>Partici pant</u>
2009	First Global Bank	10	0	3.93	0	0	0	0	3.93	0	0
2008	First Jamaica	17.5	0	0	0	0	0	0	0	0	0
2005	Jamaica Energy	15.27	0	8	0	38.18	15.27	0	8	0	38.18
2003	JPS Co.	0	0	30	0	0	0	0	30	0	0
6/8/2002	Montego Bay Airport limited	39.02	0	0	3.29	33.94	39.02	0	0	0	33.94
2005	National Commercial Bank	9.71	0	0	0	0	9.71	0	0	0	0
Total Portfolio:		91.5	0	41.93	3.29	72.12	64	0	41.93	0	72.12

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

Annex 1: CPS Results Matrix FY10– FY13

Country Goals	Issues and Obstacles	Pillars/CAS Outcomes to which the CPS contributes to	Milestones in FY11/12	Bank Program (and Partners)
<i>Pillar I: Supporting economic stability</i>				
Enhance macroeconomic stability through fiscal consolidation and debt management	Containing the growth of public debt and reducing the overall debt burden in order to establish fiscal solvency, flexibility, and space for social and investment spending.	<p>(i) Medium term fiscal and debt sustainability enhanced through fiscal consolidation and enhanced fiscal reporting and accountability:</p> <p>Consolidated public sector fiscal accounts presented and discussed in Parliament <i>Baseline:</i> Central government and public bodies budgets are presented separately (FY09/10) <i>Target:</i> Parliament receives and discussed consolidated public sector budget (FY12/13)</p> <p>(ii) Improved fiscal and debt sustainability over the medium term through:</p> <p style="padding-left: 40px;">a) Decline in total public debt to GDP ratio <i>Baseline:</i> 139.7% of GDP (FY09/10) <i>Target:</i> 124.2% of GDP (FY12/13)</p> <p style="padding-left: 40px;">b) Reducing debt service through debt management activities <i>Baseline:</i> 16.0% of GDP (Interest payments, FY09/10) <i>Target:</i> 10.5% of GDP (Interest payments, FY12/13)</p> <p>(iii) Abolition of deferred financing for government expenditures <i>Baseline:</i> Annual average deferred financing during FY01/01-FY05/06 was J\$497 million <i>Target:</i> Enactment of legislation abolishing the authority to permit deferred financing</p>	<p>(i) Fiscal Responsibility Framework passed.</p> <p>(i) Consolidated public sector budget presented in Parliament</p> <p>(ii)a) 132.7% of GDP</p> <p>(ii)b) 11.2% of GDP (Interest payments)</p> <p>(iii) Abolishment of deferred financing enacted</p>	<p><i>Ongoing operations:</i> FDS DPL (\$100M)</p> <p><i>Partners:</i> IMF, CDB, IDB, USAID</p> <p><i>Planned operations:</i> FS DPL I (FY10, \$200M), FS DPL II (FY11, \$200M)</p> <p><i>AAA:</i> CEM (FY10), PER (FY11)</p> <p><i>TF:</i> Statistics Strategy TA (FY10), Tax IDF (FY11), Debt IDF (FY12)</p>
<i>Pillar II: Promoting inclusive growth</i>				
World-class	Significant number of	(i) Enhanced resource management and quality of		<i>Ongoing operations:</i>

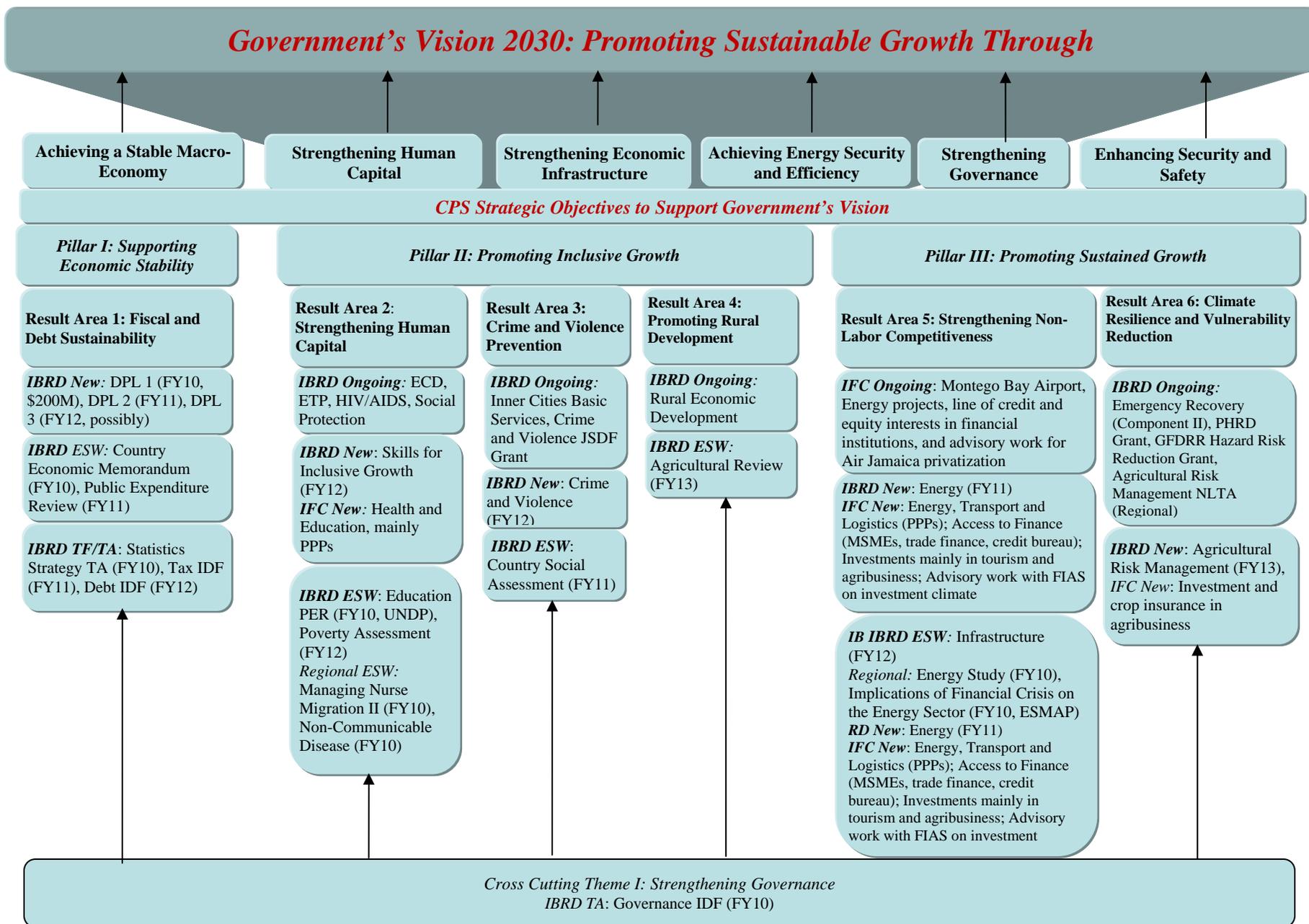
Country Goals	Issues and Obstacles	Pillars/CAS Outcomes to which the CPS contributes to	Milestones in FY11/12	Bank Program (and Partners)
education and training, and effective social protection	school leavers are functionally illiterate	<p>education to improve the quality of education through decentralized decision-making in education system</p> <p><i>Baseline:</i> None (2010) <i>Target:</i> Legal identity for the National Education Inspectorate, National Education Trust and Jamaica Teacher Council are established and resources allocated (2013)</p> <p>(ii) Quality of services by the early childhood institutions enhanced through compliance of minimum standards required for registered institutions</p> <p><i>Baseline:</i> 3% (Registered, FY09/10) <i>Target:</i> 20% (FY12/13)</p> <p>(iii) Enhanced health and education services for children in PATH beneficiary families</p> <p>Percentage of poor children benefiting from PATH <i>Baseline:</i> 60% (2008), <i>Target:</i> 64% (2012)</p>	<p>(i) Legal identity of all three agencies are established</p> <p>(ii) 15%</p> <p>(iii) 64%</p>	<p>Early Childhood Development, Education Transformation, Social Protection</p> <p>Partners: IDB, UNICEF</p> <p>Planned operations: Skills for Inclusive Growth (FY12)</p>
Security and safety		<p>i) Reduce crime and violence in the inner cities basic services project beneficiary communities.</p> <p><i>Baseline:</i> 6.3 robberies in Whitfield Town (2006-08 average) 1.3 robberies in Flankers (2006-08 average)</p> <p><i>Target:</i> 3 robberies in Whitfield Town (FY12/13) 1 robbery in Flankers (FY12/13)</p> <p>(i) Households in ICBSF beneficiary communities feel safer</p> <p><i>Baseline:</i> 26% (2006), <i>Target:</i> 75% (2013)</p>	<p>(i) 4 robberies in Whitfield Town, 1 robbery in Flankers</p> <p>(ii) 50%</p>	<p>Ongoing operations: Inner Cities Basic Services Project (ICBSF), Crime & Violence JSDF Grant</p> <p>Planned operations: Crime and Violence (FY10)</p>

Country Goals	Issues and Obstacles	Pillars/CAS Outcomes to which the CPS contributes to	Milestones in FY11/12	Bank Program (and Partners)
Pillar III: Promoting sustained growth				
Strong economic infrastructure, energy security and efficiency, and an enabling business environment ²²	High cost of energy production, with 90 percent dependence on imported high cost petroleum products	Businesses gain by improved access to reliable energy and lower cost of paying taxes: (a) Reduce electric utility's energy losses to yield significant benefits for energy security and efficiency <i>Base: 23% loss (2010)</i> <i>Target: 15.8% (2013)</i> (b) ease of paying taxes <i>Baseline: 72 payments and 52 full days to comply with tax laws for 14 different taxes (2010)</i> <i>Target: 20 days to pay taxes (2013)</i>	(a) 20% (b) 30 days	Planned operations Caribbean Advanced Regional Communications Infrastructure Program (FY10), Energy Program (FY11) FS DPL1 (\$200M, FY10), FS DPL 2 (\$200M, FY11)
Effective governance	Absence of forward look budget and prioritization of expenditures. Inefficient allocation of expenditures to achieve results intended in the budget. Lack of hard budget constraints for public bodies. As a result, the deficit of these public bodies has had a high fiscal impact over the last years. Delays in preparation of the audited financial statements	Budget expenditures are allocated efficiently to achieve development results: Progress multi-year perspective in fiscal planning, expenditure policy and budgeting: <i>Baseline: C+ rating (PEFA indicator 12, 2007)</i> <i>Target: A rating by FY2013</i> Improved transparency of public finance. Implementation of Auditor General operational plan and development of internal audit plans for ministries. Progress in scope, nature and follow up of external audits: <i>Baseline: C+ rating (PEFA indicator 26, 2007)</i> <i>Target: B rating (2013)</i> Increase efficiency of financial management	Presentation of a consolidated public sector budget in the Parliament.	Ongoing operations: FDS DPL (\$100M) Partners: IDB, EU Planned operations: FS DPL I (\$200M, FY10) AAA: PER(FY11) TF: Governance IDF (FY10)
Internationally competitive industry		Medium-sized farmers move up the supply chain	10	Ongoing operation: Rural Economic

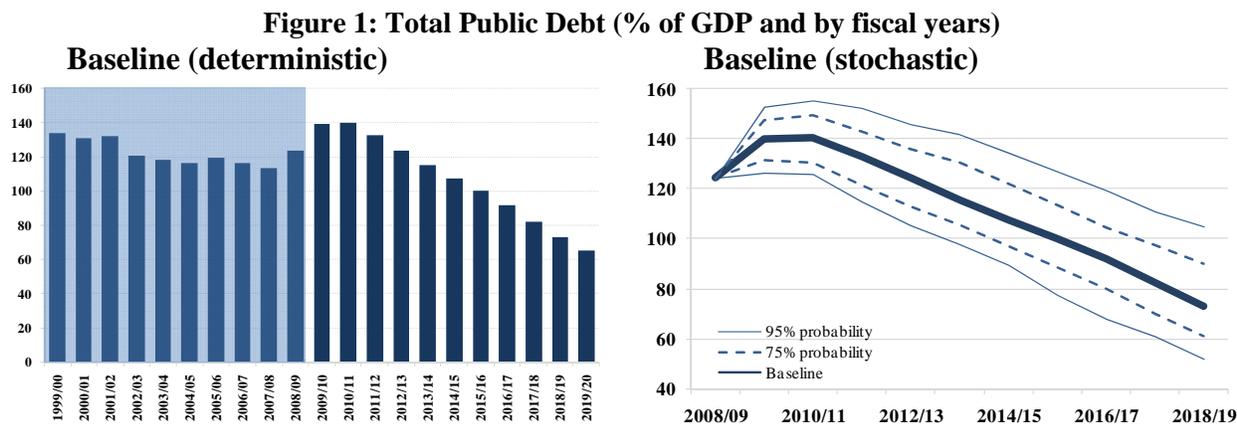
²² Enabling business environment is a supporting government goal (see Annex G).

Country Goals	Issues and Obstacles	Pillars/CAS Outcomes to which the CPS contributes to	Milestones in FY11/12	Bank Program (and Partners)
structures	Low market penetration by small scale producers and tourism product providers.	<p><i>Baseline:</i> None (2010), <i>Target:</i> 20+ farmers (2013)</p> <p>Small scale agricultural producers & tourism product providers received capacity training</p> <p><i>Baseline:</i> 0 (2010), <i>Target:</i> 75 (2013)</p>	40	<p>Development Initiative</p> <p>Planned operation: Agricultural Risk Management (FY13)</p>
Hazard risk reduction and adaptation to climate change	<p>Lack of coordination, weak enforcement and overlapping institutional mandates</p> <p>Inappropriate land use practices</p> <p>No market-based risk transfer mechanism</p>	<p>Increased capacity to integrate climate resilience to development strategies</p> <p><i>Baseline:</i> No strategic program on climate resilience (2010) <i>Target:</i> Strategic program on climate resilience (2013)</p> <p>Landslide risks are reduced in four communities</p> <p><i>Baseline:</i> None (FY09/10) <i>Target:</i> 4 communities reduce landslide risk reduction</p> <p>Agriculture weather risk coverage</p> <p><i>Baseline:</i> None (2010), <i>Target:</i> 1000+ farmers (2013)</p>	<p>Climate change policy adopted</p> <p>100 stakeholders trained in landslide risk reduction methodology.</p> <p>30 farmers</p>	<p>Ongoing: JSDF Landslide Risk Reduction</p> <p>Planned operation: Pilot Program for Climate Resilience (with IDB)</p>

Annex 2: Jamaica: CPS Results Chain



1. **Jamaica has a high burden of public sector debt (139.7 percent of GDP estimated at the end of FY09/10) that is about J\$554,143 or US\$6,212 per person.** Total public debt including domestic and external debt steadily increased from 84 percent of GDP in 1997 to a peak of 134.1 percent of GDP in FY99/00 following the financial crisis of the mid-1990s. Since 2003, gross public debt to GDP decreased to 113.5 percent in FY07/08, mostly due to high primary surpluses and decreasing interest rates and is estimated to be 139.7 percent at the end of FY09/10. In terms of its composition, domestic public debt as a share of total public debt increased from 10 percent in 1991 to 55.3 percent by end FY09/10, while the share of external debt fell from 90 percent to 44.7 percent over the same period (see Figure 1).



Source: World Bank staff projections

2. **After the initial rise in FY09/10, and FY10/11, the debt-to-GDP ratio is projected to decrease in the medium-term to 115.6 percent in FY13/14.** The increase in debt ratios during FY08/09 and FY09/10 are expected to be temporary reflecting the worsening global environment and declining domestic economic activity. The debt-to-GDP ratio is projected to decline after the next fiscal year. In particular, government debt excluding guarantees is projected to decline substantially, reflecting the tight fiscal stance at the central government level. Regarding the increases in the debt-to-GDP ratio in FY08/10, main contributing factors are: (i) a large increase in the amount of external debt in local currency terms due to a 23 percent exchange rate depreciation in FY08/09; and (ii) decline in primary budget surplus by 3.0 percent in FY08/09 (only partially covered by the following increase in FY09/10) due to the impact of the global economic crisis and the underperformance of fiscal revenues. This unfavorable performance resulted primarily from fiscal revenues undershooting the budget targets by 9.8 percent. Budget expenditures were only 0.7 percent higher than the budget target in FY08/09.

3. **The composition of Jamaica's gross public debt indicates significant exposure to currency, interest and roll-over risks.** Roughly 50 percent of the total public debt including government guaranteed debt and PetroCaribe debt is indexed or denominated in foreign exchange. This indicates a high exposure of Jamaican debt to fluctuations in foreign exchange rate. The exposure of public debt to changes in interest rates is also significant, as variable-rate instruments account for about 55 percent of the domestic and 18 percent of the external debt. By increasing the amount of variable-rate instruments, the country has been able to extend the maturity of domestic public debt, but it has increased the exposure of public debt to interest rate movements. With a share above 60 percent, Jamaica has markedly relied on credit from the private sector in its external borrowing. Only 36.7 percent is from multilateral or bilateral

creditors. A large portion of the domestic debt has a maturity of five year or below while 79.6 percent of the external debt has a maturity longer than 5 year.

Table 1: Total Public Debt*
(In percent of, as of October 2009)

Total Public Debt (% of GDP, estimated end FY2009/10)	139.7
Domestic	77.2
External	62.5
By Currency (% of total public debt)	
Jamaican Dollar	70.9
Foreign Currency or indexed	68.8
<hr/>	
Domestic Public Debt	
By Currency (% of domestic public debt)	
Jamaican Dollar	84.5
Foreign Currency	15.5
By Interest composition (% of domestic public debt)	
Fixed	45.1
Variable	54.9
By Maturity (% of domestic public debt)	
< 1 year	28.0
1-5 years	45.6
> 5 years	26.4
<hr/>	
External Public Debt	
By Creditor (% of external public debt)	
Private	63.3
Multilateral	21.4
Bilateral	15.3
By Interest Composition (% of external public debt)	
Fixed	82.2
Variable	17.8
By Maturity (% of external public debt)	
< 1 year	0.6
1-5 years	19.8
> 5 years	79.6

*Note: Total public debt in this table includes central government total debt, government-guaranteed debt and Petrocaribe debt. It excludes non-guaranteed Public Bodies debt.

4. **Stronger control of public bodies is critical for reducing the net public debt.** The primary surplus, seignorage, and real GDP growth have had a significant impact lowering debt-to-GDP between FY03/04 to FY06/07. Central government primary surplus peaked at 14.3 percent of GDP in FY03/04 and remained at nearly the same level in FY04/05. Despite this high primary surplus, debt levels hardly fell as other debt accumulating flows contributed substantially to debt²³. Other debt accumulating flows are primarily attributable to the assumption of liabilities from public bodies. This contributed to debt growth considerably in the past seven years (14.2 percentage points of GDP in 2007/08), highlighting the importance of reforms to increase control over the Public bodies' debt generating process.

5. *The rest of this annex a summary of a Debt Sustainability Analysis (DSA) conducted using Monte Carlo simulations.* A baseline scenario is constructed using the latest projections for the Jamaican economy. Several alternative scenarios are constructed to analyze the impact of different shocks on the path of debt to GDP ratio and to

²³. Public Bodies' fiscal accounts are not consolidated with the Central Government's accounts, which is why debt assumed by the Central Government is referred to as other debt accumulating flows.

understand the sensitivities of the debt dynamics to changes in baseline assumptions. We estimate FY2009/2010 figures and project the following ten years. The key assumptions for the baseline scenario are summarized below.

Debt Sustainability Analysis Key Assumptions												
Fiscal Year	Est.		Projections									
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Baseline Scenario												
GDP growth (%)	-1.6	-3.5	0.6	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Average Nominal Interest Rate (%)	13.5	15.5	12.4	10.9	10.4	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Average Real Interest Rate (%)	-0.6	8.5	1.5	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Exchange Rate (end of period, J\$/US\$)	88.0	89.2	93.9	98.4	102.5	106.3	106.3	106.3	106.3	106.3	106.3	106.3
Exchange Rate (average J\$/US\$)	76.3	88.8	91.5	96.1	100.4	104.4	104.4	104.4	104.4	104.4	104.4	104.4
Inflation Rate (GDP deflator, %)	14.1	7.0	10.9	8.3	7.7	7.4	7.4	7.4	7.4	7.4	7.4	7.4
Growth of real primary spending	10.1	-2.6	-5.5	-0.8	-1.3	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7
Primary Balance (% of GDP)	4.8	6.2	7.0	7.7	8.3	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Treasury Bill Rate (end of period, %)	21.5	14.0	11.0	9.8	11.2	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Treasury Bill Rate (average of period, %)	17.0	17.5	13.1	10.6	10.5	11.0	11.0	11.0	11.0	11.0	11.0	11.0

6. The baseline scenario assumes fiscal consolidation. In the baseline, Jamaica is expected to post a 6.2 percent primary surplus in FY09/10 and to further consolidate the fiscal position in the following four years (8.0 percent primary surplus on average). The key variables are then kept constant, with primary surplus of 9.1 percent of GDP through FY19/2020. In the baseline, the debt to GDP ratio is estimated to be 139.7 percent of GDP in FY09/2010 and peak the following year at 140.2 percent of GDP before decreasing and eventually reaching 115.5 percent of GDP by FY13/14 and 65.4 percent of GDP by FY19/20. The evolution of the debt to GDP ratio is driven by the assumptions embedded in the baseline scenario. First, a large fiscal consolidation that generates an improvement in the primary balance starting with the base year (FY09/10). Second, GDP growth is projected to be higher than its average of 1.5 percent between 2003 and 2008. Third, the real interest rate remains below its level in FY09/10 throughout the period.

7. The results of the alternative scenarios, which are generated by adjusting selected variables, are presented in the table below. The analysis indicates that, given the global external environment and even with the successful implementation of the government reform plans, net debt to GDP is unlikely to fall below 100 percent of GDP by FY11/12 as originally anticipated by the government. Even under the most favorable scenario, total debt is not expected to fall below 110 percent of GDP in FY13/14. At the same time, however, under the most extreme scenario of no reform, debt is expected to increase from 140 percent to 143 percent of GDP over the same period.

Debt Sustainability Analysis - Results (In percent of GDP)												
	Est.			Projections								
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Baseline Scenario												
GDP growth (percent)	-1.6	-3.5	0.6	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Inflation (GDP deflator, percent)	14.1	7.0	10.9	8.3	7.7	7.4	7.4	7.4	7.4	7.4	7.4	7.4
Average Real Interest Rate (percent)	-0.6	8.5	1.5	2.6	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Primary Balance	4.8	6.2	7.0	7.7	8.3	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Total Debt	124.1	139.7	140.2	132.7	124.2	115.6	107.4	100.2	92.1	82.6	73.2	65.4
Interest payments	12.2	16.0	13.4	11.2	10.5	9.5	8.9	8.3	7.6	6.8	6.0	5.4
Alternative 1: Variables at historical average												
Total Debt	124.1	139.7	137.6	128.8	120.3	111.6	101.3	93.5	85.1	75.3	65.8	58.0
Interest payments	12.2	16.0	13.1	10.9	10.2	9.2	8.3	7.7	7.0	6.2	5.4	4.8
Alternative 2: Fiscal Shock												
2a: NO fiscal reform												
Total Debt	124.1	139.7	149.3	146.3	145.0	143.0	139.6	137.9	136.3	132.3	130.1	127.9
Interest payments	12.2	16.0	14.2	12.4	12.3	11.8	11.5	11.4	11.2	10.9	10.7	10.5
2b: Fiscal consolidation												
Total Debt	124.1	139.7	137.3	127.1	118.6	109.8	99.1	90.9	82.0	71.7	61.8	52.9
Interest payments	12.2	16.0	13.1	10.7	10.1	9.1	8.2	7.5	6.8	5.9	5.1	4.4
Alternative 3: Shock to Exchange Rate												
3a: 30% depreciation in FY2010/2011												
Total Debt	124.1	139.7	182.2	163.8	150.4	137.8	124.4	117.7	109.3	100.5	91.5	81.9
Interest payments	12.2	16.0	17.4	13.8	12.8	11.4	10.3	9.7	9.0	8.3	7.5	6.8
3b: 10% depreciation in FY2010 - 2020												
Total Debt	124.1	139.7	160.8	149.0	140.0	130.8	120.9	113.8	105.0	96.0	86.9	78.4
Interest payments	12.2	16.0	15.3	12.6	11.9	10.8	10.0	9.4	8.7	7.9	7.2	6.5
Alternative 4: Shock to Growth												
4a: Negative Shock in FY2010/2011												
Total Debt	124.1	139.7	145.8	137.6	130.8	122.8	112.9	105.7	97.8	88.0	78.6	70.8
Interest payments	12.2	16.0	13.9	11.6	11.1	10.1	9.3	8.7	8.1	7.3	6.5	5.8
4b: Negative Shock in FY2010 - 2020												
Total Debt	124.1	139.7	141.8	135.6	130.7	124.7	116.4	111.2	104.8	96.7	88.5	82.1
Interest payments	12.2	16.0	13.5	11.5	11.1	10.3	9.6	9.2	8.6	8.0	7.3	6.8
Alternative 5: Shock to Interest Rate in FY2010/11												
Total Debt	124.1	139.7	140.3	140.7	133.3	125.7	115.1	108.2	100.0	90.9	81.1	73.4
Interest payments	12.2	16.0	13.4	11.9	11.3	10.4	9.5	8.9	8.2	7.5	6.7	6.0
Alternative 6: Combination of Recession and Depreciation												
Total Debt	124.1	139.7	151.6	133.0	126.8	118.7	109.0	101.8	93.3	84.3	74.6	66.7
Interest payments	12.2	16.0	14.5	11.2	10.8	9.8	9.0	8.4	7.7	7.0	6.1	5.5

Annex 4: Government's Fiscal Reform Program and the Bank's Support

1. The new programmatic DPL series envisaged under this CPS is to support the government's medium term reform program, which includes as a core component policy actions aimed at fiscal sustainability.
2. **The government's fiscal sustainability reform program is part of its medium-term socio-economic policy framework.** The framework sets out the broad package of policies, strategies and programs proposed by the Government for implementation over the period 2009-2012, and is focused on fiscal and debt sustainability, establishment of an efficient and equitable tax system, financial system stability and price stability. It supports the overall vision, goals and outcomes of Jamaica's long term development plan, Vision 2030, and is the vehicle that transforms these long term goals and outcomes into medium-run priorities, strategies, programs and measures. The new Fiscal Responsibility Framework (FRF) is at the core of the Government's reform program and will be submitted to Parliament and implemented over the course of the next two years. It specifies responsibilities, processes, and targets for achieving the Government's objective of reducing public debt to below 100 percent of GDP by 2015/16.
3. The FRF is designed to strengthen the budget process by enhancing the mechanisms for transparency and establishing clearer goals, targets, and limits for public spending, deficits, and debt. The government authorized the Ministry of Finance and the Public Service in November 2008 to initiate a consultative process with stakeholders and legal experts in order to prepare a draft FRF for Cabinet submission and then for submission to Parliament. The FRF would introduce the principles of responsible fiscal management through amendments to the Financial Accountability Act (FAA) and the Public Bodies Management Act (PBMA) and also improve fiscal transparency through detailed reporting requirements and greater parliamentary oversight over the expenditures of all public bodies. In addition, the government has reviewed and proposed amendments to all financial legislation to make it more manageable and to combine the various pieces into a comprehensive public financial management act.
4. The FRF specifies that the Minister of Finance will be responsible for the development and implementation of a fiscal policy framework, supervision and monitoring of public financing, and coordination of international and intergovernmental fiscal relations. Each year the Ministry of Finance will table in Parliament a fiscal policy paper, including the Fiscal Responsibility Statement (FRS) and the Fiscal Management Strategy (FMS). The FRS specifies an acceptable overall fiscal balance and level of total public debt and sets out the fiscal policy measures necessary to achieve these targets. The FMS assesses current and projected financing needs and presents a three year plan for the development of the economy, including the level of public expenditure as percentage of GDP. In addition, the FMS will establish targets over a set of fiscal indicators, e.g., annual public borrowing, the overall balance, and the primary balance. The MOF will also provide an explanation to Parliament in the event of any deviation from these targets and the Minister will have to inform Parliament of any changes in policy.

5. The objective of the FRF is to achieve explicit targets for public debt, public sector wage bill, and the overall fiscal balance. A central feature of the FRF is the emphasis on greater transparency in the preparation of annual estimates of revenue and expenditure and any changes in policies or practices. The Auditor General will review the fiscal policy paper to ensure that it complies with the principles of prudent fiscal management. These principles are specified in the FRF as prudent management of contingent liabilities, maintenance of debt at sustainable level, gearing of borrowing towards productive purposes, and management of expenditures at levels consistent with revenues.

6. Public bodies' rationalization is being facilitated by the new Public Sector Transformation Unit in the Cabinet office. A strategic action plan has been submitted to Cabinet with a view to facilitating the establishment of an efficient, responsive and cost effective framework of operations for the Public Sector, consistent with good governance, and in line with the government's development objectives. This action plan was developed by the Public Sector Transformation Unit (PSTU), launched by the Prime Minister and has been fully operational since November 2009. The PSTU's recommendations are to be implemented through transition teams in each Ministry. The scope of work of the PSTU includes: (i) prior reviews of all Ministries, Departments and Agencies, including Public Bodies, to determine what functions should be retained, privatized, contracted out, abolished or be merged with other sector entities; (ii) the development of a master rationalization plan with milestones and cost estimates; (iii) the implementation of a Government Wide Network (GovNet) including establishment of integrated IT systems; and (iv) the implementation a Strategic Human Resource Management Structure/System. The government expects the PSTU to complete its work during a period of 18 months (by May 2011). Implementation of reforms by transition teams are expected to take place during and after this period. The PSTU is working with a Consultative Monitoring Group, fully functional since December 2009, including representatives from the private sector, universities and trade unions, to ensure extensive consultations and engagement in social dialogue with stakeholders at all levels.

7. The FRF also includes measures aimed at improving the governance of public entities. Critical amendments to the PBMA have been submitted for Parliamentary approval as part of the FRF. The key features of these amendments include: (a) prohibiting Public Bodies from entering into negotiations to issue debt without prior approval by the Minister of Finance; (b) requiring Public Bodies to submit corporate plans and any modifications to the Minister of Finance for endorsement and the Parliament for approval; (c) requiring the Minister of Finance to prepare an annual report to Parliament of estimates of revenue and expenditure for all Public Bodies; and (d) requiring Public Bodies to submit information on their financial operations to the Financial Secretary. These amendments also include regulations to strengthen the Financial Distribution Policy, Acquisition of Shares, Code of Conduct for Directors, and Code of Audit Practices. Additionally, the Ministry of Finance is providing training in corporate governance to the leadership of Public Bodies.

8. In an unprecedented departure, the FRF includes a provision for submission of public bodies' accounts to Parliament for approval; this will directly support the PSTU's strategy to improve public sector governance. The annual Budget Memorandum in FY2010/11 will include a discussion of the movements of the consolidated public sector

with a summary table showing at least the main aggregates for the consolidated public sector. The inevitable data gaps and discrepancies would be acknowledged and addressed over time, but such consolidated budgeting and reporting should help to support the measures proposed under the FRF. Clear targets would also be set for expanding the coverage and quality of reporting in the annual Estimates of Revenue and Expenditure report for public entities. The government is aiming to increase the coverage of entities complying with “Statement A” reporting. Milestones in producing consolidated fiscal accounts (consistent with international Government Financial Statistics standards) will also be established. The winding-up of inactive public bodies would be completed within a reasonable timeframe (e.g. end-2010). The costs and benefits of the program should be evaluated, including any fiscal savings, and published on the Ministry’s webpage.

9. Progress has been achieved in improving Tax Administration and further improvements are being sought. The government has been implementing a major Tax Administration reform to increase the tax base, enforce compliance, increase efficiency and effectiveness of the Tax Administration and Customs Department, and thereby boost government revenues. In FY09/10, the government’s tax reform efforts focus on: improving compliance, improving information and communication technology, and improving enforcement. The authorities have received support from the World Bank, US Treasury, IRS, CARTAC and USAID.

10. In the context of tax administration reform, a number of important steps have been undertaken: i) a large taxpayer office was established on April 15, 2009 with two offices in Kingston and Montego Bay. As of end-December 2009, the 205 largest taxpayers were covered and the authorities are aiming at taking 200 more companies into the scope of the Office by end FY2009/10; ii) a Customer Care center was established on April 1, 2009 with the objective of improving customer service, standardizing the response to tax related inquiries by tax payers, and keeping tax payers current with their taxes. The Center covers the entire country and all types of taxes; iii) a Forensic Data Mining Unit was established in June 2009. The Unit is increasing tax compliance and enforcement by making use of forensic techniques to gather information about the tax obligations of tax payers and check this against the actual filing of taxes so as to prevent tax evasion; iv) a High Intensity Team was established in June 2009. The team is comprised of auditors and collectors and put forward a combined effort to improve collections. The Team will act as a field extension of the Forensic Data Mining Unit; v) a Special Enforcement Team was established in July 2009. The Team is comprised of 6 people and focuses on enforcing compliance after other efforts have failed.

11. The Government’s reform agenda is part of a well-specified, medium-term program designed to support macroeconomic stability and the achievement of fiscal and debt sustainability to further longer-run development objectives. The reform program is ambitious and substantive, and is expected to be completed over a period of two years due to the perception within the country that the need for fiscal and debt management reform is urgent. Therefore, the Bank’s support to the Government’s program is proposed as a series of two programmatic development policy operations. The policy actions and outcome indicators supported by the proposed programmatic DPL series are sequenced to match the government’s phased approach to reforms, which is necessary in the context of the specific conditions and procedures that prevail in Jamaica.

Annex 5: CAS Completion Report

Country: Jamaica

Date of CAS: April 2005

Period: FY06-09

CAS Completion Report Prepared by: Prem C. Garg

I. INTRODUCTION

1. This completion report reviews the implementation of the Country Assistance Strategy (CAS) covering Bank assistance to Jamaica during FY06-09. The CAS was approved by the Board in April 2005 and a progress report on its implementation was presented to the Board on July 19, 2007. The report assesses the alignment of the Bank strategy with Jamaica's long-term strategic goals, the extent to which intended outcomes are being achieved, and the Bank performance in contributing to those achievements. Drawing from the experience in implementing this CAS, the report concludes with lessons for designing future Bank assistance to Jamaica.

2. In addition to discussions with the country team, the assessment is based on reviews of relevant program documents such as the CAS, the CAS Progress Report, Project Appraisal Documents, Project Implementation Status and Results Reports, Reports on Analytical and Advisory Activities, Implementation Completion Reports and IEG/QAG evaluations and assessments. A one week country visit to Jamaica provided the opportunity to solicit feedback from key government counterparts, other development partners in Jamaica, selected stakeholders from the Jamaican civil society as well as some of the potential beneficiaries under the Bank-supported projects. Lists of the key Bank and non-Bank individuals consulted in preparing this completion report as well as the project sites visited during the country visit are shown in Annex 5A.

II. JAMAICA'S LONGER-TERM STRATEGIC GOALS

3. The 2005 CAS was guided by Jamaica's Medium-Term Socioeconomic Policy Framework (MTF) for 2004-07. The Framework noted the numerous economic reforms Jamaica had undertaken since the early 1980s to reduce poverty by increasing the role of market forces in allocating resources, fostering private sector activity, overhauling the trade policy and trade regime, restructuring of the financial sector, enhancing human capital, and improving social protection. While lauding Jamaica's relatively good social indicators, the Framework lamented, however, the disappointing performance overall with low economic growth, large public debt, weak export performance, low productivity, weak institutions, poor educational performance, environmental degradation and, above all, an exceptionally high incidence of violent crime.

4. Going forward the MTF outlined the following key macro- and social policy objectives for the medium-term:

- Maintenance of a stable macroeconomic framework (keeping inflation in single digit range, accelerating GDP growth to above 3%, eliminating budget deficit by 2005/06,

maintaining competitive exchange rate, and reducing debt to GDP ratio to less than 100%);

- Eradication of poverty and increased social inclusion for the poor (reducing vulnerability of the poor, increased access to housing and sanitation, and use of participatory approaches in developing policies and programs);
- Improved education and health status for the population (improved access and quality for both primary and secondary education, prevention and control of morbidity and mortality, prevention and treatment HIV/AIDS);
- Creation of a safe and secure Jamaica (reduction in violent crimes, reform of the Justice sector to provide improved access to justice);
- Improved governance (enhanced public sector efficiency, increased openness in public management); and
- Environmental sustainability (sustainable management of Jamaica's natural resources).

5. Judged against the expectations articulated in the MTF, Jamaica's progress towards the above goals over the CAS period (FY06-09) must be considered mixed at best. While some modest gains were made in reducing poverty and in better-targeting of Jamaica's social programs, there was virtually no progress towards achieving macroeconomic stability. The governance indicators also deteriorated; as per Transparency International rankings, Jamaica slipped from 57 in 2003 to 84 (out of 132 countries) in 2007. Jamaica scored particularly poorly on public security – in turn, a reflection of persistently high violent crime rate.

Environmental sustainability also suffered with forests and watersheds increasingly degraded, and beaches, coral reefs and harbors threatened by pollution²⁴.

6. Of particular concern are the adverse trends in indicators concerning growth, inflation, fiscal balances and national debt (Table 1). After some hopeful signs early in the CAS period, the GDP growth over the four year period (2006-09) averaged 1.1%, far below the 3.3% target under the MTF and indistinguishable from the longer-term trend (annual GDP growth of 1% since 1991). Achieving price stability also proved to be an elusive goal with annual inflation averaging over 14% compared to the less than 6% foreseen under the MTF. Central Government's primary surplus was also nowhere close to the targeted 14% and as a result little progress was made in bringing the national debt to a more manageable level.

		2005/06	2006/07	2007/08	2008/09
Real GDP Growth (%)	Target	3.0	3.0	3.5	3.5
	Actual	1.8	2.4	0.7	-0.5
Inflation(%, eop)	Target	8.5	6.0	6.0	6.0
	Actual	11.4	8.0	19.9	15.4
Primary Surplus CG (% of GDP)	Target	13.7	14.1	14.0	14.1
	Actual	10.7	8.1	6.8	7.4
Public Sector Debt (% of GDP)	Target	126.5	116.6	108.6	100.5
	Actual	131.8	115.3	123.1	119.6
Sources: IMF, WB					

²⁴ Planning Institute of Jamaica, 2008: Medium-Term Socio-Economic Policy Framework 2009-2012.

7. Reinforcing the worrisome macro-economic performance is the perception of broader weakening of the rule of law, exemplified by Jamaica's high murder rate – over 1,600 people (or 64 per 100,000 population) were murdered in 2008, making Jamaica one of the most violent places in the world.

8. The main bright spots in this generally dismal picture are the continuing reduction in absolute poverty with the country well-positioned to reach most of the MDGs²⁵ (Annex 5B). However, sustainability of these gains on the social front also remains a question mark given the fragile macro-economic situation as well as the likely fall out from the current global financial crisis.

9. Although in part the disappointing performance over the past few years is due to external shocks (2007 Hurricane Dean, sharp increase in food and fuel prices during 2006/07, and the recent global financial turmoil), it also reflects design weaknesses in the MTF itself. Specifically, the MTF

- was more a statement of good intentions rather than a coherent program of priority actions consistent with the country's financial and institutional capacities; would have benefited from a critical analysis of the reasons behind Jamaica's lagging macro-economic performance over the previous two decades and the lessons from the failed reform efforts of the past;
- suffered from inadequate attention to sources of growth and to the role of primary sectors such as agriculture;
- did not focus adequately on the efficiency and sustainability of public expenditures in social sectors (e.g., financing of tertiary education, attention to broader health sector issues beyond HIV/AIDS);
- did not address adequately the issues of corruption and the rapid growth of the underground economy; and
- did not take into account adequately the natural disasters that impact Jamaica on a regular basis.

10. Thus, while the goals and aspirations articulated in the MTF were unexceptionable, and still remain valid, the Framework provided little guidance on how they were to be achieved, especially considering the financial, institutional, environmental, and socio-political constraints facing Jamaica.

III. CAS OUTCOMES

11. The World Bank Group Strategy for 2006-09 was designed around three mutually reinforcing pillars (**accelerating inclusive economic growth; improving human development and opportunity; and crime prevention and reduction**) and two cross-cutting themes (**governance and environmental sustainability**). The strategy was based on a close collaboration with the government and was consistent with the goals outlined in the MTF. Not surprisingly, the CAS suffered from some of the same weaknesses as the

²⁵ Two notable exceptions being performance vis-à-vis child mortality and maternal mortality goals.

MTF. Despite that, the Bank was able to make a positive contribution to Jamaica's longer-term goals although not as much as it could have had its strategy been underpinned by a more critical assessment of the realism and implementability of the MTF. In particular, many of the risks noted in the CAS (natural disasters, external economic shocks, policy slippage/slow implementation and limited fiscal space) did materialize and should have gotten more attention in designing of the CAS program.

12. Since the Jamaica CAS design did not incorporate a results framework with monitorable CAS outcomes, this evaluation has to be based on intended outcomes and results chains inferred from discussions in the CAS text and from elaborations in the CAS Progress Report. A retrofitted results summary matrix building on the work done under the CAS Progress Report is shown in Annex 5B. The CAS implementation also suffered from a lack of systematic monitoring and reporting of intended outcomes, leading to weak empirical underpinning for the CAS evaluation. Unavoidably, therefore, this evaluation includes an added layer of subjective judgments, over and above what is normal for such evaluations. Also, in the absence of data on specific CAS outcomes, country outcomes that this CAS was intended to support take on added importance.

13. As discussed below, the performance along each of the three CAS pillars as well as for the Environmental Sustainability theme is rated as *moderately satisfactory*. In contrast, the performance under the Governance theme is rated as *moderately unsatisfactory*. The performance for the CAS as a whole is rated as *moderately satisfactory*. The summary ratings reflects scope for improving upon the CAS program through better focus and greater realism in defining the CAS objectives coupled with generally satisfactory outcomes at the individual product level.

Pillar I: Accelerating Inclusive Economic Growth (Moderately Satisfactory)

14. Pillar I was intended to promote two main objectives: *achievement of macroeconomic stability; and reduction of poverty and increased social inclusion for the poor*. The Bank CAS was to contribute to the first objective by providing access to broader information base for informed policy making through analytical and advisory work. In parallel, the Bank's lending program was to support the "inclusion" objective through streamlining and better targeting of the education and health services under the PATH²⁶ program.

15. Going by Jamaica's macroeconomic trends over the past few years (Para. 6), the performance on the first objective was clearly unsatisfactory. Considering that the Bank's contribution in this area was to be primarily through analytical work, surprisingly little effort was devoted to analytical work and economic monitoring during the CAS period; AAA expenditures during the CAS period amounted to less than 10% of the country services budget compared to 25-30% share in most other countries (Para. 43). The CAS should have also been more forthright in assessing the realism of MTF's macroeconomic targets and in recognizing the limitations of the CAS approach in influencing actual

²⁶ Jamaica's National Program for Advancement through Health and Education.

government policies and programs. More proactive follow-up and dissemination of the findings of the pre-CAS analytical work would have also been helpful.

16. An encouraging development in this respect is the recent approval of a US\$100 million Development Policy Loan (DPL) to support fiscal and debt sustainability following more intensive engagement on macro-economic issues between the Bank and the newly elected government in Jamaica. The DPL is focused on: (i) aligning the budget to medium-term expenditure priorities; (ii) improving efficiency of public sector spending through public sector reform; and (iii) lowering public debt to reduce macroeconomic vulnerabilities. The DPL complements parallel support from IDB and the EU, the other two major development partners in Jamaica. It is a step in the right direction in addressing Jamaica's chronic macro imbalances; however, it is coming too late in the current CAS cycle to affect outcomes for this CAS. Also, given the severity of Jamaica's macroeconomic difficulties, the reform program will need sustained efforts and support over several years if it is to move Jamaica away from the economic stagnation of the past two decades. It is too early to tell whether the GOJ and its development partners will have the will and the staying power to sustain these efforts over the long term. Some of the stakeholders, especially IDB, wondered whether the single tranche design of the DPL implied less than total commitment by the World Bank to the reform program adopted by the GOJ.

17. As to the second objective under this pillar, the CAS appears to have made a significant contribution to provide better and more cost-effective social assistance to the poor under the Social Safety Net Project. Through support for the PATH program, the Project had as of September 2008, reached about 300,000 beneficiaries, almost half of whom were from the poorest quintile (and 80% from the two poorest quintiles). The project contributed to the consolidation of the major cash assistance programs into the PATH program and also supported desirable behavioral changes to encourage human capital development of the poor children.

18. Also commendable was the Bank support channeled through the Jamaica Social Investment Fund (JSIF) for demand-driven, community infrastructure (especially for education, health and roads) under the National Community Development Program (NCDP). Performance indicators monitored as part of the NCDP completion report show significantly improved student performance and increased usage of health care facilities in communities served under that Project. The JSIF itself is a good example of successful institution building in Jamaica through sustained support by the Bank. These gains however need to be tempered by the fact that the related CAS milestones—adoption of legislation to mainstream PATH as a conditional cash transfer mechanism; and introduction of special bonuses for secondary school students to minimize drop-outs—are still pending suggesting need for further consensus building within Jamaica around those programs.

19. The Bank assistance for macro-economic stabilization and inclusive growth was complemented by support from IFC and MIGA to the private sector for addressing the infrastructural constraints and supporting financial markets development. IFC's activities in Jamaica were part of its broader effort to support growth and competitiveness in the English Speaking Caribbean. IFC mobilized two loans totaling US\$46 million (including \$20 million from syndicating banks) for development and expansion of the Montego Bay

Airport, the main gateway for tourist arrivals to Jamaica. As a result of these investments, the Airport's annual handling capacity has been boosted to 9 million passengers a year, eliminating capacity constraints for the foreseeable future. IFC also provided a \$123 million (of which \$50 million through syndication) to Jamaica Energy Partners, an independent power producer to help finance the expansion of its power plant from 74.2 MW to 123.6 MW. Finally, IFC provided US\$68 million of assistance to support lending to Micro, Small and Medium sized enterprises as well as to promote insurance services and real estate development²⁷. IFC is also advising the Government in designing and implementing the strategy for privatization of the national airline, Air Jamaica. MIGA's contribution included two guarantees for a total of \$79.2 million to help double the capacity of the Kingston Port Container Terminal to over 3 million 20-foot containers (equivalent units) per year.

Pillar II: Improving Human Development and Opportunity (Moderately Satisfactory)

20. Pillar II also supported two main objectives: *Improved access to and quality of education; and HIV/AIDS prevention and care*. Support under the first objective was to be focused on secondary education (through the ongoing ROSE II project) and on early childhood development (through preparation and implementation of a sector-wide strategy to bring congruence to the programs of several donors active in the sub-sector). The ROSE II project, nearing completion, appears to have positively influenced learning outcomes through improved teaching methodologies and through locally determined school improvement sub-projects in 99 targeted schools. The project also supported construction of two new secondary schools (creation of 800 additional places) in under-served areas. To address the needs of children from poor households, the project included a scholarship program to support placement of 450 poor children in private schools. However, for reasons not fully understood, the scholarship program experienced significant drop-outs and the number of students successfully completing the three-year program is likely to miss the target.

21. In early childhood development, a sector-wide strategy was prepared with financing by a PHRD grant from Japan and the strategy is now being financed by a \$15 million loan from the Bank. The project aims to: (i) improve the monitoring of children's development, the screening of household level risks, and the risk mitigation and early intervention systems; (ii) enhance the quality of early childhood schools and care facilities; and (iii) strengthen Early Childhood organizations and institutions. After several delays, the project became effective on February 9, 2009 and project mobilization is under way; nonetheless, due to capacity constraints in the Early Childhood Commission, the main GOJ counterpart, successful project implementation will require continuing intensive support from the Bank. Feedback from other partners active in the sub-sector (especially, the UNICEF) during the CASCR mission also suggests the need for further efforts at building consensus around the project approach and strategy. In particular, questions remain about whether the ECD Commission should only have policy

²⁷ US\$20 million to First Global Bank for on-lending to MSMEs, US\$30 million to National Commercial Bank of Jamaica to support its diversification of funding sources and strengthen its balance sheet, and US\$18 million to First Jamaica Investment Limited to support its real estate development projects.

making and regulatory functions or whether it should also have direct implementation responsibilities as stipulated under the project.

22. Both the ROSE II project and the ECD project appear well-targeted to the sectoral needs and priorities. However, both would have benefited from greater realism during the design/appraisal stage. The Rose II project was clearly over dimensioned in relation to the fiscal space, necessitating painful restructuring and cancellations. The ECD project, on the other hand, appears to have underestimated the institutional constraints in launching a new initiative such as that—leading to delayed effectiveness and a slow take-off.

23. From the Education sector perspective, a key missed opportunity concerned engaging the government on the overall financing for the sector, especially the issue of financing and cost recovery for tertiary education. Considering the unusually high unit costs for the tertiary education²⁸ and considering that the tertiary education mostly benefits the better-off segments of the population²⁹, both efficiency and equity considerations would suggest revisiting of the current financing patterns, keeping in mind of course the political sensitivity of the issue. An Education Sector Transformation project is currently under preparation for approval in FY10 and is expected to address this gap.

24. CAS support under the second objective of this pillar was aimed at assisting the government in curbing the spread of HIV through: (a) the expansion of preventive programs; (b) the strengthening of treatment, care and support for people living with HIV/AIDS; and (c) and strengthening of Jamaica's multi-sectoral capacity to respond to the epidemic. The two Bank-supported HIV/AIDS projects appear to have played important catalytic role in leveraging resources from various donors in successfully addressing the issues. The projects have made significant contribution to the expansion of preventive services for the at-risk population; and for treatment, care and support for people infected and/or affected by HIV/AIDS. The projects helped in the development and adoption of the National HIV/AIDS policy, development of HIV policies in various sectors as well as preparation of the new National HIV/AIDS Strategic Plan (2007-12). The projects also helped foster an environment that reduces stigma and discrimination by sensitizing and mobilizing community leaders and opinion makers in support of the HIV programs. A particularly noteworthy achievement of the program is the reduction in mother to child transmission rate from 25% in 2002 to 5% in 2008. The main unfinished agenda in this regard concerns delay in amending the Public Health Act due to the slow legislative processes.

25. As in case of the Education sector, the Bank missed an opportunity to be even more effective by not focusing adequately on the broader Health sector issues, including the deterioration in quality of health care, financial sustainability of the sectoral expenditures, and the lack of progress on MDGs related to infant mortality and maternal mortality. Given the progress made on the HIV/AIDS issue, any future support in the

²⁸ The unit cost at the tertiary level is more than six times the unit cost of primary education in contrast to the OECD average of 2.2.

²⁹ 61% of the expenditures accrue to the top quintile.

sector should take a more comprehensive perspective of the sectoral constraints and priorities including the shifting morbidity and mortality profiles towards the non-communicable diseases.

Pillar III: Crime Prevention and Reduction (Moderately Satisfactory)

26. The key outcome under Pillar III was to develop an *effective community crime prevention system*. The CAS support to that end included both AAA and lending. The study on Caribbean Crime, Violence and Development, prepared jointly with the UN Office on Drugs and Crime, was a high quality product, well received all around. The study analyzed the implications of crime for growth, highlighting crime as a developmental issue, and promoting new methodologies to address crime prevention and reduction. Going by the numerous favorable references made to the study by various stakeholders during the CASCR mission, the Bank also did a good job of disseminating its findings and the study is playing an important role in shaping stakeholder views on the crime problem in Jamaica.

27. The Inner City Basic Services Project is the other major intervention under this Pillar of the CAS. The project supports demand-driven infrastructural investments to help improve quality of life in 12 crime-prone inner city areas. Specifically, the project aims to: (a) increase access and improve the quality of water, sanitation, solid waste collection systems, electricity, roads, drainage and related community infrastructure for over 60,000 residents of poor urban settlements; (b) facilitate access to microfinance for enterprise development and home improvements; (c) increase security of tenure for households in the project areas; and (d) enhance public safety through mediation services, community capacity building, skills training and related social services. It is an innovative project with potentially high rewards. However, the project design and appraisal were not as thorough as they could have been. Notwithstanding the large expenditures on project preparation (financed through a PHRD grant), the project suffered from poor quality technical designs suggesting inadequate oversight of the survey and design work. The implementation has also suffered delays due to difficulties in attracting qualified contractors to work on infrastructural sub-projects located in high crime areas. Also of concerns are the delays in the process for regularization of land tenure for the urban poor. With the first batch of project-funded facilities coming on stream in the near future, the project supervision also needs to give greater attention to the O&M aspects of the completed facilities. Given the multi-dimensional nature of the crime problem in Jamaica, and the need to show visible results to change the mindsets in the affected communities, it will be unreasonable to expect quick results.

Cross-Cutting Theme I: Governance. (Moderately Unsatisfactory)

28. Although good governance was considered “fundamental to the strategic objectives of the Government” and governance was a cross-cutting theme under the CAS, the CAS included little substantive analysis of the underlying issues or of the Bank strategy for addressing the problem. Most explicit of the governance-related CAS objectives were *expansion of participatory framework* to promote active community involvement in development projects and *strengthening of the country financial management and procurement systems* to improve accountability and transparency in the

use of public resources. Other objectives mentioned in the CAS included to enhance *public sector efficiency* by strengthening link between policy, planning and budget allocation and *strengthening of the regulatory framework* to promote fair competition and encourage private investment. The CAS paid little explicit attention to the issues related to corruption and growth of the underground economy.

29. The overall performance appears decidedly mixed. Good progress has been made in promoting community involvement in the selection and implementation of community infrastructure through NCDP and ICBS projects – leading to better sub-project selection, and improved sustainability of the facilities due to greater ownership by the beneficiaries³⁰. The Country Fiduciary Assessment, done jointly with the IDB, helped identify important issues for strengthening Jamaica’s procurement and financial management systems and the follow-up is being supported through an IDF grant. The feedback from many implementing agencies indicated, however, continuing delays and difficulties related to GOJ’s procurement procedures and practices, suggesting the need for a more concerted follow-up in this regard.

30. Not unexpectedly, nothing much happened on the other two objectives given that the CAS had no concrete plans for pursuing those objectives. The CAS Progress Report attempted to concretize the public sector reform objective by narrowing it down to improving the planning, budgeting and monitoring systems in the Ministry of Education through the ROSE II project. However, even that narrower objective got derailed due to a questionable dropping of the governance component following restructuring of the ROSE II project³¹.

31. The recently approved DPL brings much needed attention to the governance theme—a theme crucial to the longer-term prospects for Jamaica. Among other things, the DPL supports actions aimed at rationalization of public bodies, improving efficiency and effectiveness of public sector compensation and incentives, improving the accounting and financial reporting system, improving internal and external control systems, reducing distortions in the tax systems, and enhancing the tax administration³². This is a large agenda and significant progress will require sustained efforts over several years.

32. Were it not for the actions initiated under the DPL, the CAS performance under the governance theme would have merited an unsatisfactory rating.

Cross-cutting Theme II: Environmental Sustainability (Moderately Satisfactory)

33. In the absence of a comprehensive assessment of the environmental challenges and options facing Jamaica, the agenda under the environmental sustainability theme

³⁰ Based on the beneficiary feedback the community-based contracting under these projects also contributed to skills development in the community including development of management skills, bookkeeping skills, conflict resolution and communication skills, and construction skills

³¹ This is likely to be taken up as part of the Educational Transformation Project, currently under preparation (Para. 23).

³² This would be complemented by parallel support from IDB for improving the incentive framework and the business environment for the private sector.

focused on two outcomes: *enhancing GOJ's capacity to respond to natural catastrophes* and *mainstreaming environmental consideration in investment planning*. The Bank did a commendable job in helping Jamaica participate in the Caribbean Catastrophe Risk Insurance Facility (CCRIF) against natural hazards. The Bank also showed commendable flexibility and speed both in modifying NCDP following the Hurricane Ivan and in approving an Emergency Recovery Loan to help Jamaica deal with the aftermath of Hurricane Dean. The Emergency Loan, being implemented through the JSIF, aims to restore basic community infrastructure in education, health and transport damaged by the Hurricane Dean and also to increase the GOJ's ability to respond to natural hazards. After a somewhat slow start, the project now appears to be progressing satisfactorily. As regards mainstreaming of environmental considerations, certification of JSIF for ISO 14000 is a major achievement allowing the Bank to rely on country's own environmental management systems.

34. Considering the frequency with which natural catastrophes impact Jamaica, the CAS was remiss in not recognizing and addressing such threats more proactively (e.g., through greater realism in target-setting as well as contingency planning). The CAS would have also benefited from a comprehensive Country Environmental Assessment to help define the priority agenda for future support by the Bank under this theme.

IV. BANK PERFORMANCE

34. The overall Bank performance for the CAS period is rated *moderately satisfactory* based on missed opportunities as well as scope for improvement in terms of Quality of Products and Services, in portfolio management, and in Country Dialogue and Aid Coordination.

A. Quality of Products and Services (*Moderately Satisfactory*)

35. **Program delivery: Lending.** The planned and actual lending deliveries over the CAS period are summarized in Annex E.3. The CAS proposed a base case lending program of \$75 million for four investment projects during FY06-09. The high case scenario included an additional \$75 million for policy-based lending subject to satisfactory portfolio performance as well as satisfactory macroeconomic performance in line with the GOJ's MTF. Based on the encouraging macroeconomic trends during 2006/07, Jamaica was shifted to the high case as part of the CAS Progress Report to the Board in July, 2007. Although the improvements in macro-economic trends reported in the CAS PR turned out to be short-lived, the change in government following the October 2007 elections led to a more intensive dialogue between GOJ and the Bank, and stepped-up lending by the Bank going beyond the confines of the original CAS.

36. Actual deliveries during the CAS period comprised six operations for a total of \$204.3 million substantially above the level envisaged under the base case scenario. In part, the enlarged program reflected emergency response to Hurricane Dean. More importantly, however, it reflected recalibration of the assistance strategy in light of the new government's resolve to address the long standing economic problems of Jamaica. Most important manifestation of this new relationship was a \$100 million Development Policy Loan (DPL) by the Bank approved in January 2009 to help initiate policy and

institutional reforms to put Jamaica on a sustainable development path (Para. 16). A follow-up operation to continue the reforms initiated under DPL I is also under preparation.

37. Of the four projects envisaged under the CAS, two –the Inner City Basic Services Project (ICBS) and the Early Childhood Development (ECD) Project—have already been approved, the latter, one year behind schedule due to delays in preparation. The third project (Youth at Risk), expanded and refocused on continuation of support for the PATH program, has also been approved through a \$40 million loan in FY08. The fourth project (Rural Development) is under preparation and is expected to be delivered in FY10. The project will build on the successful experience under NCDP I but unlike that project will focus on support for productive investments to stimulate growth of the rural economy by enabling farmers to better access markets and by encouraging pro-poor tourism. A commendable feature of both the ECD project and the Social Protection project is the move made towards the SWAp modality, thereby bringing added focus on outputs and outcomes as well as greater reliance on GOJ's own budgetary and fiduciary mechanisms.

38. Besides the two unplanned operations noted in para. 36 (Emergency Recovery Loan for Hurricane Dean and the DPL), the actual program also included one other project not foreseen under the CAS—A US\$10 million loan to help sustain past Bank support for combating HIV/AIDS. Given the multiplicity of donors active in the HIV/AIDS area, as well as emerging health sector priorities, there is some question as to whether the overall impact could have been increased through shifting the focus of this operation on broader health sector issues accompanied, if necessary, by some support for sustaining the gains of the previous project through Additional Financing. A constraining factor in that respect appears to have been the lack of sound diagnostic analysis of the health sector to underpin the design of a broader health sector project.

39. Excepting a few isolated cases, the lending program during the CAS period appears well targeted to the country priorities and was suitably adjusted to take account of the emerging opportunities and needs. None of the six projects approved during the CAS period has been subject to a Quality at Entry assessment by QAG and hence there is no independent feedback available on the design quality of these projects. However, summary reviews for the CASCR suggest that generally the projects were well-designed with due attention to fiduciary and safeguard aspects as well as to lessons from the past. An area for improvement would have been the results frameworks underpinning these projects as well as the M&E arrangements for tracking progress during implementation. Missing base line data also appeared to be a common problem. Ensuring better readiness for implementation before approval should be another priority to help minimize subsequent delays in project effectiveness and extension of closing dates.

40. In some cases, the project designs could have also been improved through more careful attention to the contextual factors. Thus, for example a better recognition of the fiscal constraints bearing upon the ROSE II project would have avoided the painful restructuring that the project had to go through subsequently. Similarly, greater attention to the social setting bearing on the ICBS project would have avoided some of the contracting problems being experienced now. The recently approved ECD project would have also benefited from greater recognition of the difficulties in launching a new initiative such as that.

41. Overall, the lending program delivery appears to have been managed efficiently with delivery costs and elapsed times well below the Bank norms. The elapsed time between Board approval and PCN issuance averaged 7.6 months compared to the Bank-wide average of 14.3 months. The average delivery cost for the six Jamaica operations (\$326,000) also compares favorably with the Bank-wide average (\$341,000). Also indicative of the efficient management of the lending pipeline is the negligible amount spent on “dropped” projects.

42. **Program delivery: AAA (Moderately Unsatisfactory).** Based on the country service budget data for Jamaica during FY06-0933, out of a total expenditure of \$4.35 million, only about \$350,000 was spent on AAA—less than 9% of the total budget and far below the 25-30% range found in most Bank country programs. Altogether, there were just four AAA tasks undertaken by the Bank during the CAS period: Poverty Analysis, FSAP, Energy Sector Policy and TA for Addressing Debt Problems.

43. The sparse AAA expenditure for Jamaica during the CAS period needs to be seen, of course, in the context of an extensive program of studies undertaken by the Bank focusing on the Caribbean Region as a whole. Over the four-year CAS period, seven regional studies were completed including Caribbean Growth and Competitiveness (FY06), Caribbean Social Protection Strategy Review (FY06), Caribbean Infrastructure Assessment (FY06), Caribbean Skills Enhancement FY07), Caribbean Pensions (FY07), Caribbean Crime and Violence (FY07), Caribbean Air Transport (FY07), and The Canada-Caribbean Remittance Corridor (FY09) with a total delivered cost of \$1.6 million. Many of these regional studies were indeed of relevance to Jamaica and helped in the Bank country dialogue. However, for Jamaica to match the Bank wide norms on AAA spending, an improbably high two-thirds of the total budget for the regional studies would have to be allocated to Jamaica. Thus, the Bank resources devoted to AAA were rather low, suggesting significant under-investment by the Bank in building its knowledge base to underpin effective country dialogue. Some of the issues/areas that would have benefited from additional analytical work included:

- better understanding of Jamaica’s dismal record with past reform efforts and lessons for the future from that experience;
- robustness of the statistical base underpinning Jamaica’s national accounts and its possible impact on assessing Jamaica’s economic growth trends;
- the priority agenda for controlling the underground economy in Jamaica;
- issues and priorities for putting Jamaica’s social sector (especially health and education) on a sustainable path for the medium to long-term;
- issues and priorities in managing Jamaica’s natural resources and environment; and
- Issues and priorities in stimulating growth of the rural economy³⁴.

44. Feedback from the stakeholders during the CASCR mission suggests that the Bank AAA is well-regarded all around for its analytical quality. The Bank needs to do however

³³ Only partial data for FY09; the overall picture is however unlikely to change even with complete data for FY09.

³⁴ Apparently, a study of the Jamaica Rural Economy was initiated but dropped in FY07 before completion.

a better job of disseminating the findings and recommendations of its AAA, especially to stakeholders outside of GOJ and especially for the regional studies relevant to Jamaica. Many stakeholders were unaware of the Bank's regional studies, thus reducing their potential impact. (The report on Crime Violence and Development was a notable exception in this respect). Other areas for greater attention included more systematic economic monitoring and non-lending technical assistance to support capacity building for implementation of complex institutional reforms.

45. Considering that the country budget is being used rather efficiently with little scope for reallocations away from lending and supervision work, it would appear that addressing the AAA gaps will require some augmentation of the country budget; that should not be unreasonable given shift of the Jamaica program to the High case scenario.

B. Portfolio Management (Moderately Satisfactory)

46. To-date four projects³⁵ have closed during the CAS period and another one (ROSE II) is expected to close on June 30, 2009. Although none of the closed projects has yet been evaluated by the IEG, staff ratings of project status in the respective ICRs/ISRs suggest that all five are expected to achieve their developmental objectives. If confirmed by the IEG evaluations, this will represent a significant break from the past track record as 38% of the Jamaican projects closed since FY90 have failed to achieve their developmental objectives.

47. With six new approvals and five exits during the CAS period, the active portfolio at end FY09 will comprise five projects. The ISR ratings suggest satisfactory outlook for all five projects. However, discussions with some of the implementing agencies during the CASCR mission indicate that in some cases, the ISR ratings may be on the generous side and may underestimate the challenges in bringing those projects to satisfactory completion. In particular, it appears that the ICBP and the ECD projects will need intensive supervision given their implementation experience so far and the innovative designs of the two projects.

48. None of the projects under supervision during the CAS period has been subject to independent QAG assessment; review of project documents and discussions with TTLs suggest, however, good performance overall by the Bank in assisting the clients in timely identification of problems and in providing sound professional advice to help address those problems. The supervision efforts seem to be adequately resourced with supervision coefficient similar to Bank wide norms. The supervision also appears to be getting reasonable managerial oversight from the country and the sector units.

49. The main area for improvement during supervision is the quality and timeliness of advice and assistance to clients in resolving procurement issues. Several implementing agencies noted, besides slow response, lack of continuity in staffing of procurement related supervision as well as inconsistencies in advice provided by the different missions in some cases. The supervision reporting will also benefit from more carefully chosen performance indicators as well as timely data reporting on the selected indicators. The recent joint GOJ/Bank CPPR also rightly highlight the need for better management of

³⁵ HIV/AIDS Prevention and Control Project, NCDP I, Social Safety Net Project, and DPL I.

effectiveness delays and frequent extension of closing dates leading to delayed project benefits. The feedback from GOJ also suggested need for further decentralization of the Bank supervision support, especially for the fiduciary functions.

C. Country Dialogue and Aid Coordination (Moderately Satisfactory)

50. All through the CAS period the Bank enjoyed cordial relations with GOJ, successfully overcoming the past perceptions about the Bank being an advocate of structural adjustment through conditionality. The election of a reform-minded government in 2007 further strengthened the Bank country dialogue leading to upgrading of the CAS program to the high case scenario. The government counterparts appeared generally appreciative of the advice and assistance provided by the Bank during the CAS implementation. Also commended were the Bank's speed and flexibility in helping Jamaica cope with the natural disasters.

51. The Bank also did a good job during the CAS preparation in consulting a wide spectrum of stakeholders including NGOs, Chambers of Commerce, trade unions and academic institutions. However, the Bank was not as successful in sustaining this dialog during the CAS implementation. For much of the CAS period, the Bank had only a skeleton presence on the ground (single, locally recruited professional staff) and outreach to various stakeholders was left mainly to visiting Bank missions. The situation appears to have improved considerably following upgrading of the Bank office in March 2008. Nevertheless, there is scope for the Bank to further intensify its engagement with these non-governmental constituencies both to understand better their view point and perspectives and to explain to them the logic behind the policies and programs supported by the Bank. Worth special mention in this regard is the need to assure adequate dissemination of the findings from the Bank's AAA. Maintenance of a user-friendly, up-to-date website should be another priority.

52. Jamaica has been a pilot country for reducing the transactions costs of development assistance through harmonization of donor policies, programs and procedures. During the CAS period, the Bank work proactively to harmonize its assistance with those of others, especially IDB and EU who together with the World Bank are the three major development partners for Jamaica. Some of the specific steps in that regard included: (a) joint consultations with non-governmental stakeholders by IDB, DFID, CDB and WB to inform their respective country strategies; (b) joint country fiduciary assessment by IDB and WB to support country procurement and financial management systems agreeable to both Banks; (c) preparation of PEFA jointly by EU and the WB to underpin a common donor approach under the DPL; and (d) preparation of FSAP jointly by IMF and WB. IDB and WB also designed their assistance strategies to complement each others with the World Bank focusing on social sectors and the IDB on private sector development. The Bank also worked closely with the IMF in analyzing and advising on the macro-economic issues.

53. Notwithstanding the progress made to-date, there is scope for doing better particularly through timely information sharing among donors; apparently, many donor staff located in Jamaica would like to do that but are prevented by confidentiality rules established by the respective HQs. Donor feedback during the CASCR mission also

suggested that during processing of the recent DPL, the cooperation among IDB, EU and the WB was not as good as it could have been with the three co-financiers unduly focused on establishing the primacy of their individual contributions. The Bank should also make efforts to strengthen its dialog and cooperation with the UN agencies in Jamaica, especially UNICEF and FAO. To reduce aid management costs to Jamaica and to promote greater coherence in the advice and assistance to Jamaica, the three main partners, EU, IDB and WB may consider adopting a joint assistance strategy for Jamaica. Shifting to the SWAp modality using country fiduciary and safeguard systems would be another area for improving donor harmonization and aid effectiveness.

54. Without exception, both GOJ and other stakeholders were appreciative of the recent posting by the Bank of a senior staff in Jamaica and felt that it had greatly helped in improving the country dialogue as well as interaction among external partners.

V. LESSONS FOR THE FUTURE

55. The performance under the current CAS suggests six lessons for the future:

- Be more realistic in setting targets for CAS outcomes paying due attention to the financial and institutional constraints as well as to Jamaica's high vulnerability to natural hazards;
- Ensure that projects are dimensioned with due regards for Jamaica's fiscal constraints—a successful project can always be scaled up as a repeater project or through additional financing;
- Revisit sectoral priorities to ensure that focus on social sectors is complemented by adequate attention to growth issues. Issues of governance and corruption should be another focal area for the future;
- Strengthen supervision of procurement aspects, if possible, through decentralization (perhaps through a mini-hub dealing with the Caribbean countries);
- Ensure adequate funding for analytical and advisory work including its dissemination and outreach; and
- Further strengthen aid coordination, especially vis-à-vis IDB and EU. Consider possibility of a joint CAS by the key partners.

Attachments:

Annex 5A: List of Key Persons Consulted and Projects Sites Visited

Annex 5B: CAS Completion Report Results Matrix

Annex 5C: Planned and Actual Lending Deliveries during the CAS Period

Annex 5D: Planned and Actual AAA Deliveries during the CAS Period

Annex 5A: List of Key People Consulted and Project Sites Visited

A. Govt. of Jamaica

Dr. Omar Davies, Ex-Minister of Finance
Dr. Wesley Hughes, Director General, Planning Institute of Jamaica
Ms. Scarlett Gillings, Managing Director, JSIF
Dr. Kevin Harvey, Project Director, HIV/AIDS Project
Dr. Maureen Samms-Vaughn, Executive Director Early Childhood Commission
Ms. Marjery Newland, Executive Director, ROSE II Project

B. World Bank Staff

Dr. Badrul Haque, Special Representative, Jamaica
Ms. Chingboon Lee, Sector Manager, LCR HD
Ms. Antonella Bassani, Ex-Lead Economist for Jamaica
Ms. Tesliuc Cornelia, TTL for SSN and SP Projects
Ms. Shiyao Chao, TTL for HIV/AIDS Project
Mr. Abhas Jha, Ex TTL for ICBS Project
Mr. Fily Sissoko, Regional FM Adviser
Ms. Cynthia Hobbs, TTL ROSE II and ECD Projects
Mr. Taimur Samad, TTL for ICBS Project

C. Other Development Partners

Mr. Minh Pham, Resident Coordinator, United Nations
Mr. Gerard S. Johnson, Resident Representative, IDB
Ms. Helen Jenkinson, Head Economic and Social Section, EC Delegation
Mr. Alberto Menghini, Project Manager, EC Delegation
Dr. Gillian R. Smith, Assistant Resident Representative, FAO
Ms. Geraldine O'Callaghan, Head of Office, DFID
Mr. Chris Gilbreth, Second Secretary, Development Cooperation, CIDA
Ms. Nada Marasovic, Program Coordinator, UNICEF
Ms. Sian Williams, ECD Advisor, UNICEF
Mr. Loy Pires, Regional Manager, Caribbean, IFC
Mr. Pierre Nadji, Senior Strategy Officer, IFC

D. NGOs

Prof. Trevor Munroe, Center for Leadership and Governance, University of the West Indies
Dr. Carolyn Gomes, Executive Director, Jamaicans for Justice
Ms. Sonita Morin-Abrahams, Executive Director, RISE Life Management Services
Dr. Elizabeth Ward, Co-Chair, Violence Prevention Alliance
Ms. Sheila Nicholson, Program Director, PACT
Mrs. Georgia Scott, Executive Director, Youth Opportunities Unlimited
Ms. Donna Parchment, Executive Director, Dispute Resolution Foundation
Ms. Claudette Pious, Director, Children First
Ms. Dorothy Whyte, Women Resource and Outreach Center

E. Project Sites Visited

ICBS Project: Federal Gardens
ROSE II Project: Waterford High School

Annex 5B: CAS Completion Report Results Matrix

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
Pillar One: Accelerate Inclusive Economic Growth								
<p>Achievement of macroeconomic stability</p> <ul style="list-style-type: none"> • <i>Fiscal balance: -3.6% (2006) -2 to -3% (2009)</i> • <i>Inflation: 11.4% (2006) 5 to 6 % (2009)</i> 	<ul style="list-style-type: none"> • Lack of institutional and human capital limits Government's ability to benefit from a wide range of policy options. 	<ul style="list-style-type: none"> • Government has access to broader information base for informed policy decisions. 	<ul style="list-style-type: none"> • Achieved. A total of four studies were completed. 	<ul style="list-style-type: none"> • Completion and dissemination of AAAs, and policy discussion. 	<ul style="list-style-type: none"> • All studies have been completed and impacted policy debate. 	<p><u>Studies</u></p> <ul style="list-style-type: none"> • FSAP (FY06) • CEM (FY04) and PER(FY04) dissemination • Economic monitoring & dialogue 	<ul style="list-style-type: none"> • Government of Jamaica is still dealing with issues mentioned in FSAP. • No Bank follow-up on FSAP's recommendations. • The CEM (i) highlighted a need to control crime (400 firms were surveyed on crime); (ii) recommendations were integrated in MTF; and (iii) was the starting point for the "Partnership for Progress" dialogue. • Part of CEM, PER and FSAP recommendations are incorporated in the programmatic DPLs starting FY09. • CPIA and WDI 	<ul style="list-style-type: none"> • Government targets for fiscal balance and inflation not achieved due to external shocks: Hurricane Dean (Aug. 2007), Tropical Storm Gustav (Aug. 2008), and financial, fuel, food and fertilizer crises starting Aug. 2008. The hurricane & the tropical storm together caused damages estimated at over US\$1 billion or 10% of the

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
						<ul style="list-style-type: none"> PEFA (FY07) 	<p>macroeconomic data updated and systematic economic monitoring since Feb. 2008. A Caribbean Macroeconomic Report (October 28th, 2008) was shared with the Government.</p> <ul style="list-style-type: none"> PEFA (FY07) was led by the European Commission, delivered to Government and donors but not published. 	2008 GDP.
<p>Reduction of poverty and increased social inclusion for the poor</p> <ul style="list-style-type: none"> <i>Comprehensive coverage of social welfare program to ensure that the benefits reach those for whom they are intended.</i> 	<ul style="list-style-type: none"> Fragmented programs undermine full impact of social safety net programs. 	<ul style="list-style-type: none"> Poor families have increased access to education and health services. E.g., enhanced impact of PATH program through improved targeting, e.g. 60% of PATH beneficiaries 	<ul style="list-style-type: none"> 45% of PATH beneficiaries are from the poorest quintile of the population (2006, JSLC survey) and 80% are from the poorest two quintiles 	<ul style="list-style-type: none"> Passage of the National Assistance Act establishing an appropriate institutional framework for the delivery of social 	<ul style="list-style-type: none"> Not achieved. Opposition from local government to National Assistance Act (7 drafts of the bill as of today). Interim arrangements 	<p><u>Lending</u></p> <ul style="list-style-type: none"> Social Safety Net (FY02) Social Protection SWAp (FY08) National Com. Devt. (NCDP) (FY03) Inner City Basic Services (FY06) National Com. Devt. II (FY08) 	<p><u>Lending:</u></p> <ul style="list-style-type: none"> NCDP closed June 30th 2008. ICR under preparation. Community-based projects in the education and health sectors have been implemented in poor areas. Inner City Basic Services: closes in 2011. National Com. Devt. II under 	<ul style="list-style-type: none"> The outcome in the CAS that “60% of PATH benefits will go to the poorest quintile of the population by FY09” is not likely to be achieved. Inner City

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
<ul style="list-style-type: none"> Participatory approach to developing policies and programs to combat poverty. 	<ul style="list-style-type: none"> Social safety net programs provide inadequate incentives for upper secondary students at risk of dropping out of school to complete school. 	<p>are in the poorest quintile of the population by FY09.</p> <ul style="list-style-type: none"> Increased school attendance and preventive health care among PATH beneficiaries: 3% and 38% respectively compared to control group by FY09 (Achieved) 	<p>(Household Survey 2006).</p> <ul style="list-style-type: none"> Number of Beneficiaries of PATH in Sept. 2008 are about 300,000. 87% of children 0-11 months old comply with health conditionality; and 86% of poor children and youth attend school regularly (ISR June 26th, 2008). Improved student performance (55% NCDP vs. 48% 	<p>assistance benefits and mainstreaming of PATH as a conditional cash transfer program (planned).</p> <ul style="list-style-type: none"> Development of a Beneficiary Identification system to identify beneficiaries for social safety net programs (achieved) and beneficiaries linked to complementary services to promote school graduation 	<ul style="list-style-type: none"> Partially achieved. Special bonuses for students to complete secondary education and move to tertiary education scheduled to be implemented. 	<p><u>Studies</u></p> <ul style="list-style-type: none"> Poverty Assessment (FY06) Caribbean 	<p>preparation for approval in June 2008.</p> <ul style="list-style-type: none"> Social Safety Net: closing March 2009. (i) An efficient system to disburse cash benefits to the poor, (ii) waiver on secondary school fees and access to health care provide vital support for poor families and access to social services. Social Protection SWAp (FY08): Effective since October 10th 2008. <p><u>Studies:</u></p> <ul style="list-style-type: none"> Jamaica PA (FY06). It informed the GoJ's own development agenda and particularly its current thrust towards addressing critical inner city and rural development issues (CASPR, 2007). "A Time to Choose: 	<p>Basic Services has slow disbursements issues.</p>

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			comparison group) and increased usage of health care facilities in 78% of NCDP communities vs. 70% in comparators (Draft ICR Oct. 8 th 2009).	(planned).		Growth and Competitiveness (FY06) • Caribbean Skills Enhancement (FY07)	Caribbean Development in the 21 st Century” (FY05). It provided substantive intellectual underpinnings for the CSME. It was disseminated widely to libraries in the Caribbean; and case studies of successful firms in Jamaica were highlighted. It has a long shelf-life. • “Skills Challenges in the Caribbean Phase I Report: School and Work.” (FY08). The study scope was the OECS but some issues are generic and applicable to Jamaica.. • “Skills Challenges in the Caribbean Phase II Report. Nurse Education and Labor Market in English Speaking CARICOM” submitted to	

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
						<ul style="list-style-type: none"> • Caribbean Social Protection Strategy Review (FY06) • Caribbean Pensions (FY07) 	<p>CARICOM for comments in June 2008. A follow-up task to operationalize the findings has been approved during the Decision Meeting.</p> <ul style="list-style-type: none"> • Completed and delivered in 2005. Used by Jamaican government for the enhancement of past programs, e.g. adequacy of benefits; better targeting; linking past adult beneficiaries to complementary services to increase their employability. • Draft of “Caribbean Pensions Reforms and Portability of Benefits” has been delivered to client for comments in May 2008. 	<ul style="list-style-type: none"> • Follow-up measures are needed to complete the study, but no funding was awarded for finalization of this study in FY09.

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
Pillar Two: Improve human development and opportunity								
<p>Improved access to and quality of education</p> <ul style="list-style-type: none"> • Increased attendance at the secondary level (MDG # 3) • Improved educational performance at different levels. 	<ul style="list-style-type: none"> • Need to improve efficient management of the recurrent education budget for better results. 	<ul style="list-style-type: none"> • Teachers adopt improved methodology to enhance quality of learning outcomes and increased access to upper secondary education by the poor. 	<ul style="list-style-type: none"> • Achieved. GNAT scores increased from 23.7% in 2002 to 48.3% (English) and 38.5% (Maths) in 2006 (ISR June 2008). New methodology was recently introduced in schools and teachers are enthusiastic about it. Bursary program and construction of 2 secondary schools in poor areas has led to larger access. • Extensive 	<ul style="list-style-type: none"> • Diagnostic tools developed and teachers trained to assist students with learning problems in language and maths (achieved). 	<ul style="list-style-type: none"> • Achieved. Tools finalized. Cluster training ongoing in 25 school clusters, 108 resource teachers and 962 teachers trained. 691 students received bursaries to participate in Independent Schools. (ISR, May 2008). School reported identification of students with learning difficulties and development of strategies to work with them. 	<p><u>Lending:</u></p> <ul style="list-style-type: none"> • Reform of Secondary Education II (FY03) 	<ul style="list-style-type: none"> • ROSE II under implementation will close June 30th, 2009: <ul style="list-style-type: none"> - 99 School Improvement Projects grants to improve student outcomes (attendance, retention and achievement) have been disbursed. - Improved student outcomes in English and Maths. • Use of new teaching tools. • Increased access to school. • Extensive results evaluation to be done in 2009. 	<ul style="list-style-type: none"> • Students who received bursaries dropped out before additional welfare benefits were introduced. 440 out of 691 bursary recipients are expected to graduate.

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
	<ul style="list-style-type: none"> Lack of attention to ECD issues inhibiting performance at later stage of schooling. 	<ul style="list-style-type: none"> Government has access to information and policy options to underpin the formulation of a sector-wide Early Childhood Development strategy. 	<p>evaluation will be done by Ministry of Education in 2009 (AM May 2008).</p> <ul style="list-style-type: none"> Achieved, recently completed, completed in part by a PHRD grant. 	<ul style="list-style-type: none"> Early Childhood Development sector-wide strategy. 	<ul style="list-style-type: none"> Achieved. The National Strategic Plan for Early Childhood Development (NSP) was endorsed by the Cabinet on April 7, 2008. The NSP is in its first year of execution. It is being disseminated and used to secure additional donor funding. 	<ul style="list-style-type: none"> Early Childhood Development (FY08) Social Safety Net (FY02) Social Protection SWAp (FY08) 	<ul style="list-style-type: none"> The PHRD Grant is completed and the Completion Report is currently being drafted. The Early Childhood Development project should be effective by December 2008. PATH successful in increasing school attendance and preventive health care for poor children (3% and 38% respectively compared to control group by FY09 (March 2007 evaluation)). 	<ul style="list-style-type: none"> Early Childhood Development Project will become effective pending the adoption of the operational manual, and the formal signing of the Subsidiary Agreement.

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
						<u>Studies</u> <ul style="list-style-type: none"> Caribbean Challenges for Tertiary Education (FY09) 	<ul style="list-style-type: none"> Partially dropped due to fund reallocation to complement the “Nurse Education and Labor Market” study. The remaining budget (\$10,000) will be used to respond to demands from clients on education-type NLTA (St Lucia for example). 	
HIV/AIDS prevention and care <ul style="list-style-type: none"> To improve access to prevention, treatment, care and support services for people living with HIV/AIDS (PLWHA). 	<ul style="list-style-type: none"> Stigma, discrimination and incomplete information on sexual practices limit access to HIV/AIDS prevention, treatment and care. Lack of 	<ul style="list-style-type: none"> PLWHA have expanded HIV/AIDS prevention, treatment and care: <ul style="list-style-type: none"> Increased proportion of ante-natal care attendees receiving mother-to-child-treatment interventions (15% in FY01, 96.3% in FY06, 	<ul style="list-style-type: none"> Achieved. Behavior change communication for safer sexual practices. <ul style="list-style-type: none"> % of HIV positive pregnant women receiving a complete course of ARV prophylaxis to reduce the risk of MTCT: < 10% (2002); 47% (2004); 74% 	<ul style="list-style-type: none"> Adoption of a new National HIV/AIDS Strategic Plan for 2007-2012 and amendment to the Public Health Act. 	<ul style="list-style-type: none"> Partially achieved. Strategic Plan for 2007-2012 and an M&E plan have been adopted while Public Health Act has not been amended yet. A slow legislative process but moving in the right direction. 	<u>Lending</u> <ul style="list-style-type: none"> HIV/AIDS Prevention and Control (FY03). Component 1: Preventive programs targeted at high-risk groups and the general population. Component 2: Basic health care, treatment and support for PLWHA. 	<ul style="list-style-type: none"> HIV/AIDS Prevention and Control (FY03): closed in May 31st 2008. ICR in preparation. <ul style="list-style-type: none"> Extension of prevention services (for general and at-risk population) Treatment, care and support of people PLWHA Addressing stigma and discrimination Expansion of HIV testing. Condoms promotion and distribution 	<ul style="list-style-type: none"> A change in administration has slowed down the amendment of the Public Health Act. The draft is ready to be submitted to Cabinet and will then be referred to Parliament for discussion and approval. The HIV/AIDS Prevention

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
	funds to increase coverage and sustain treatment and care for PLWHA .	97% in FY09).	(2005); 84% (2007); 85% (2008) (Draft AM, October 2008). • 100% of health districts have at least one trained counselor providing specialized HIV/AIDS Voluntary Testing and Counseling (ISR Sept. 2008) which allows patients that are tested HIV positive to be oriented towards the adequate care (Procurement of ARV by Global Fund).	• Access to PLWHA has been expanded.	• Achieved. Majority of AIDS patients have access to local clinics. FBOs, NGOs and CBOs are providing support and counseling to bed-ridden patients and outreach to at-risk people like sex workers and males having sex with males.	• HIV/AIDS Prevention and Control II (FY09).	-Ensuring safer blood transfusion -Strengthening of the health system labs. -Development of core staff at central and regional levels to manage HIV/AIDS program. • HIV/AIDS Prevention and Control II (FY09): became effective September 23 rd 2008. Implementation off to a good start.	and Control project scope was reduced and only 2-3% of the project funding was executed by FBOs, NGOs and CBOs, instead of the target 10%. This might have implications on the reaching out to at-risk groups.
Pillar Three: Crime prevention and reduction								
Crime prevention and reduction • <i>Develop effective</i>	• Absence of proven methodologies and	• Communities test and adopt urban intervention strategies likely to	• Important progress in implementation of public	• Beneficiary communities are piloting	• In inner cities and poor urban areas, 19 community-	<u>Lending</u> • Inner City Basic Services (FY06): - Component	• Implementation in progress. Project risks downgrading from current	• Slow pace of progress of infrastructure works: (i)

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
<p><i>community crime prevention system.</i></p> <ul style="list-style-type: none"> • <i>Reduce the incidence of violence in schools.</i> 	<p>resources in urban interventions likely to impact public safety.</p>	<p>enhance public safety.</p> <ul style="list-style-type: none"> • Government and stakeholders have a broader base for underpinning discussion on crime prevention strategies. 	<p>safety component: training in conflict resolution, after-school activities. No indicators yet (ISR June 20th, 2008).</p> <ul style="list-style-type: none"> • Achieved. Caribbean Crime and Violence study (FY07) delivered to Government in March 2007. It contributed to discussions in the press and with donors. + ongoing assessment of crime reduction interventions in Jamaica with Norwegian Trust Fund. Discussion on role of 	<p>social prevention activities.</p> <ul style="list-style-type: none"> • Communication strategy for dissemination developed and implemented. 	<p>based projects under contracting and 2 under implementation. No new streetlights installed yet. (ISR June 20th, 2008).</p> <ul style="list-style-type: none"> • Achieved. Three major dissemination conferences, including an InfoShop Washington session, with representatives of the Jamaican Government, international organizations, diplomats, academia, civil society, experts, private sector, professionals, students, 	<p>1: Access to Services (basic infrastructure and financial services) - Component 2: Public Safety Enhancement and Capacity Building</p> <p><u>Studies</u></p> <ul style="list-style-type: none"> • Caribbean Crime and Violence study (FY07) 	<p>Satisfactory rating and possibility of extension and restructuring. Good progress in component 2, while slow progress of infrastructure works.</p> <ul style="list-style-type: none"> • Completed and published March 2007. • Ongoing study “Jamaica Youth Crime and Violence – Meta-Analysis of Impact Evaluations” funded by TFESSD. 	<p>High unwillingness of contractors to work in high crime and poverty communities targeted by the project, (ii) inadequacies in original designs for works and (iii) significant construction sector cost inflation since original contract estimates in 2006.</p>

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			deportees.		<p>media and others.</p> <ul style="list-style-type: none"> • Conference in Kingston at UWI (Sept 2007) with regional government representatives, experts, donors, academia and civil society with local, regional, and international press coverage (more than 150 articles and features on the report from major news publications and wires). 			
Cross-cutting Theme One: Governance								
<p>Enhance effectiveness of public resource utilization</p> <ul style="list-style-type: none"> • <i>Enhanced public sector</i> 	<ul style="list-style-type: none"> • Corporate planning process at the ministry level 	<ul style="list-style-type: none"> • Enhanced effectiveness of Ministry of Education in utilization of public 	<ul style="list-style-type: none"> • Dropped. Planned under the upcoming Education Transforma 	<ul style="list-style-type: none"> • Functional Management Information System has been 	<ul style="list-style-type: none"> • Dropped. Planned under the upcoming Education Transformati 	<ul style="list-style-type: none"> • Reform of the Sec. Educ. II (FY03) 	<ul style="list-style-type: none"> • ROSE II under implementation will close June 30th, 2009. No results for this component on 	<ul style="list-style-type: none"> • Planned in the initial ROSE II PAD (FY03), the governance component of

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
<p><i>efficiency.</i></p> <ul style="list-style-type: none"> Expansion of participatory framework. 	<p>inadequate due to lack of functional management information systems; o Need to strengthen the link between policy, planning and budget allocation; and strengthen the control of budget performance</p>	<p>resources:</p> <ul style="list-style-type: none"> Ministry using a functional MIS to formulate and manage education reform. Community representatives' active involvement enhances development impact of community based projects in pilot areas. 	<p>tion Project (in FY09). Partially addressed in ECD project.</p> <ul style="list-style-type: none"> Partially Achieved. Participation in project identification was controlled by local elites (Draft Oxford Policy Management Paper, June 2008). 186 community sponsor groups carried out 	<p>established in the line ministry and parish offices.</p> <ul style="list-style-type: none"> System of community based contracts and implementation and consumer report cards have been implemented. 	<p>on Project (in FY09).</p> <ul style="list-style-type: none"> Achieved for both NCDP and Inner City Basic Services. A total of 52 projects (about 30% of portfolio) were implemented by CBC (Community-based contracting) (Draft ICR) Consumer report cards to be implemented 	<ul style="list-style-type: none"> NCDP. II (FY09) Inner City Basic Services (FY06) 	<p>public resource utilization (dropped).</p> <ul style="list-style-type: none"> NCDP closed June 30th 2008. ICR under preparation. -287 community subprojects. Over 90% concentrated in education, health and roads: -Improvement in schools operations and learning outcomes. -Improvement on access and quality of health services. -Road improvements resulted in improvements in travel time, quality of life, safety, economic activity 	<p>the project was removed due to significant project restructuring. The project amount was revised from US\$39.8 million to \$ 12.5 million due to fiscal constraints.</p>

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			<p>community investments.</p> <ul style="list-style-type: none"> Resources were transferred to community groups in 30% of cases. 640 CBO members received training in resource management skills. Across the education, health and road subprojects (90% of portfolio), an average of over 90% of community members were satisfied. 72% of people in NCDP 		<p>after works are completed.</p> <ul style="list-style-type: none"> CBC approach resulted, according to training participants, in leadership experience, management skills, bookkeeping skills, conflict resolution and communication skills and construction skills. 	<p><u>Studies:</u></p> <ul style="list-style-type: none"> CFAA/CPAR Study (FY06) 	<p>(Draft ICR & beneficiary survey). -Community capacity building</p> <ul style="list-style-type: none"> Inner City Basic Services: closes in 2011. Delivered in FY06. Findings and recommendations used for approved IDF on corruption, for IDF to strengthen management systems submitted for approval, and for a Development Policy Loan in pipeline. Has been used for projects funded by governments and other donors. IDB is funding a programmatic TA to address fiduciary issues. 	

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			<p>communities felt that NCDP subprojects benefited the poor versus comparison communities where only 44% said development projects benefited the poor.</p> <ul style="list-style-type: none"> • CBC (Community-based contracting) approaches were able to generate twice the average level of community contributions, at 25% versus 12% across the NCDP portfolio. • 183 					

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			Community Development Plans developed (Draft ICR)					
Cross-cutting Theme Two: Environmental sustainability								
Improve capacity for hazard risk management <i>Minimize the impact of natural hazards.</i>	<ul style="list-style-type: none"> Government lacks the ability to finance after a natural disaster. 	<ul style="list-style-type: none"> Government's ability to respond to catastrophic events is enhanced by access to immediate resources. 	<ul style="list-style-type: none"> Achieved. Jamaica became member of a joint reserve fund triggered by pre-defined variables of wind or ground acceleration. The parametric insurance allows quick payment & provides governments with the necessary liquidity to begin emergency 	<ul style="list-style-type: none"> Jamaica obtains catastrophe risk insurance from CCRIF (achieved) 	<ul style="list-style-type: none"> Achieved. Jamaica became member in May 2007. 	<ul style="list-style-type: none"> Caribbean Catastrophe Risk Insurance Facility (CCRIF, FY07) 	<ul style="list-style-type: none"> In June 2008, Jamaica took advantage of a lower attachment point (threshold) for hurricane coverage. CCRIF has strong support in the Caribbean including Jamaica. CCRIF won the "Initiative of the Year" award at the <i>Review Worldwide Reinsurance</i>. Hurricane Dean Emergency Recovery Loan ERL (FY08). - 22 contracts for rehabilitation of roads and schools in Quartile IV communities signed, of which 11 under 	<p>CCRIF is just one element in a country's arsenal against catastrophes. Other structural mitigation measures thus need to be adopted by the Jamaican government. For example, in the case of a hurricane, CCRIF is not triggered by amount of flooding, but only by wind acceleration. In the case of Dean, an emergency operation and a Trust Fund were set up which</p>

Strategic Objectives/Expected Results	Challenges	Outcomes that the World Bank Expects to Influence through its Interventions	Actual Progress on CAS-Influenced Outcomes	Milestones Achieved or Planned	Actual Progress on Milestones	Bank Group Activity (Lending and AAA)	Status and Current Results	Factors that Have Affected Status & Current Results
			operations. Jamaica has not received pay-outs to date since the thresholds defined in the insurance agreement have not been reached.				implementation <ul style="list-style-type: none"> • GFDRR in the amount of US\$209,047 approved. • NCDP, 97 post-Hurricane Ivan reconstruction subprojects (= 16% of portfolio). 	incorporate capacity building activities.
Ensure environmental sustainability <ul style="list-style-type: none"> • <i>Integrate the principles of sustainable development into country policies and programs; and reverse the loss of environmental resources.</i> 	<ul style="list-style-type: none"> • Lack of coordination between national agencies inhibiting ensuring environmental sustainability. 	<ul style="list-style-type: none"> • Implementing agency is working with the communities to mainstream environmental considerations in investments. 	<ul style="list-style-type: none"> • ISO 14001 certification for JSIF obtained late 2008. This certification will allow the Bank to use the country's environmental management system. 	<ul style="list-style-type: none"> • Actions taken to regularize land tenure for the urban poor in the 12 pilot areas. • Implementing agency adopted Bank environmental safeguards (achieved) 	<ul style="list-style-type: none"> • Very slow progress on regularization of land tenure. • Cities Alliance preparation grant completed and recommendations implemented by the Squatter Management unit. • Achieved. 	<ul style="list-style-type: none"> • Inner City Basic Services (FY06) 	<ul style="list-style-type: none"> • Slow progress, discussion between JSIF and Ministry of Housing. 	<ul style="list-style-type: none"> • Ministry of Housing is the administrator of the public land affected by the regularization.

Annex 5C: Planned and Actual Lending Deliveries during CAS Period FY06 – 09

CAS FY05 and CAS Progress Report FY07				CAS Completion Report FY06 - 09		
Base Case Scenario						
CAS or CAS Progress Report	Planned Year	Project	IBRD (US\$ M)	Status	Year Approved	IBRD (US\$M)
CAS	2006	Inner City Basic Services for the Poor Project	25.0	Active	2006	29.3
		<i>Subtotal in FY06</i>	25.0			
CAS	2007	Early Childhood Development Project	15.0	Active	2008	15.0
		<i>Subtotal in FY07</i>	15.0			
CAS	2008	Rural Development Project	15.0	Slipped to FY10	----	(15.0) ³⁶
CAS Progress Report	2008	HIV/AIDS II	(10.0) ³⁷	Active	2008	10.0
Unplanned	2008	Hurricane Dean ERL	(10.0) ³⁸	Active	2008	10.0
		<i>Subtotal in FY08</i>	15.0			
CAS	2009	Youth At Risk Project (Social Protection)	20.0	Active	2008	40.0
		<i>Subtotal in FY09</i>	20.0			
		TOTAL	75.0			
High Case Scenario						
CAS	2008	Development Policy Loan	75.0	Disbursed	2009	100.0
		<i>Subtotal in FY08</i>	75.0			
		OVERALL TOTAL	150.0			204.3

³⁶ Not part of the total

³⁷ ditto

³⁸ ditto

Annex 5D. Planned Non-lending Services and Actual Deliveries, FY06-09

CAS FY05 and CAS Progress Report FY07		CAS Completion FY06 – 09	
Jamaica			
FY	Product	Status	
2004	The Road to Sustained Growth in Jamaica (CEM)	Closed	Completed in 2005
2005	Fiscal Consolidation for Growth and Poverty Reduction (PER)	Closed	Completed in 2005
2005	Country Fiduciary Assessment (CFAA/CPAR)	Closed	Completed in 2006
2006	Diagnostic of Investment Climate	Closed	Completed in 2005
2006	Financial Sector Assessment Program	Closed	Completed in 2006
2006	Poverty Assessment	Closed	Completed in 2006
2006	PPIAF Assistance for Regulatory Reform	Closed	Completed in 2006
2008	Expenditure Efficiency Study	Dropped	
2008	Use of Country System Diagnostic	Postponed	
2009	Country Economic Memorandum	For FY10	
2009	On-time Demand Driven Electricity Policy Note	Closed	Completed in 2009
2009	Weather-Related Risk Insurance	Closed	Completed in 2009
Regional			
2006	Caribbean Infrastructure Assessment	Closed	Completed in 2006
2006	Caribbean Social Protection Review	Closed	Completed in 2007
2006	Caribbean Growth and Competitiveness	Closed	Completed in 2006
2007	Caribbean Air Transport	Closed	Completed in 2007
2007	Caribbean Skills enhancement	Closed	Completed in 2007
2007	Caribbean Pensions	Closed	Completed in 2007
	Caribbean Crime and Violence Study	Closed	Completed in 2007
2009	The Canada–Caribbean Remittance Corridor: Fostering Formal Remittances to Haiti and Jamaica through Effective Regulation	Closed	Completed in 2009

Annex 6: Jamaica Medium Term Framework, FY09-12

Medium-Term Framework, 2009-2012: National Outcomes, Strategies and Goals	
Strategies	Goals
<i>National Outcome I: Stable macro-economy</i>	
Fiscal and debt sustainability	<ul style="list-style-type: none"> • Reduce the fiscal deficit towards a balanced budget • Reduce public sector debt stock in the medium-term • Manage the composition of the public debt to minimize servicing costs, taking account of risk • Reduce the budgetary cost of public bodies and public sector entities
Tax reform	<ul style="list-style-type: none"> • Implement fundamental tax reform to increase efficiency, simplicity and equity of the tax system • Improve and rationalize tax administration and payment processes • Improve tax compliance in the informal sector by shifting burden of taxation to • Carry out reform of the incentives system to the productive sectors
Financial system stability	<ul style="list-style-type: none"> • Strengthen the legislative and regulatory framework for the financial system • Strengthen the institutional framework and capacity to effectively regulate financial institutions and combat financial crimes
Price stability	<ul style="list-style-type: none"> • Evaluate effectiveness of the monetary policy framework • Control operating targets to influence money supply and exchange rates in line with monetary policy targets • Align domestic inflation with that of Jamaica's major trading partners consistent with desired macroeconomic outcomes
<i>National Outcome II: Security and safety</i>	
Enhance community capacities	<ul style="list-style-type: none"> • Improve the implementation of targeted community interventions • Establish or strengthen community groups • Improve community conformity to legal requirements • Improve programs to prevent youth involvement in crime
Reform and modernize law enforcement systems	<ul style="list-style-type: none"> • Devise and implement an effective management framework for modern policing • Support the reform of the Justice system • Develop human resources system and introduce welfare system, where none exist • Develop an approach Improve training for police and other law enforcement personnel
Improve the security of the border and territorial waters	<ul style="list-style-type: none"> • Strengthen security mechanisms at ports of entry • Improve institutional capacity to monitor marine and aerial domains • Advance the regulatory framework for non-citizens.
Strengthen the anti-crime capability of law enforcement agencies	<ul style="list-style-type: none"> • Increase access to policing services • Adequately equip law enforcement agencies to deliver a timely response
Strengthen the correctional services	<ul style="list-style-type: none"> • Expand the framework for rehabilitation of custodial and non-custodial clients • Strengthen the institutional capacity of the correctional services and its partners • Provide alternatives to jail for mentally ill offenders
<i>National Outcome III: Effective Governance</i>	
Strengthen the process for citizen participation in governance issue	<ul style="list-style-type: none"> • Strengthen local organizations' capacities to foster citizen participation in decision-making process • Create frameworks to ensure that public information is accurate and accessible to all • Identify and improve channels for creating two-way information sharing
Reform the justice system	<ul style="list-style-type: none"> • Present a high standard of justice to promote transparent administration of the law
Strengthen public institutions to deliver efficient and effective	<ul style="list-style-type: none"> • Create mechanisms for efficient and effective delivery of public services • Build capacity of public sector entities to effectively implement stated mandates

Medium-Term Framework, 2009-2012: National Outcomes, Strategies and Goals	
Strategies	Goals
public goods and services	<ul style="list-style-type: none"> Effectively infuse participatory processes in government business, national policy framework, and investment processes Strengthen the capacity for the drafting and promulgation of legislation, including building capacity of the Office of the Parliamentary Counsel Harmonize ICT infrastructure and systems across the public sector Proliferate and promote the delivery of first-class, easily accessible and secure e-government services Strengthen the capacity of local organizations
<i>National Outcome IV: World-class education and training</i>	
Ensure access to adequate early childhood education and development programs	<ul style="list-style-type: none"> Establish an environment for all children 0-8 years old to access high quality and developmentally appropriate programs Strengthen school/home relationships and parental involvement in early childhood education Put mechanisms in place to address the psycho-social needs of children
Accelerate the process of creating and implementing a standards-driven and outcomes-based education system	<ul style="list-style-type: none"> Establish frameworks for improving the quality stock of teachers Increase the use of technology as a tool for enhancing teaching and learning
Develop and establish financing and management mechanisms for schools	<ul style="list-style-type: none"> Create a mechanism that will establish a dedicated pool of funds for education
Ensure a physical environment in all schools that is safe and conducive to learning	<ul style="list-style-type: none"> Ensure that all school plants meet international standards
Expand mechanisms to provide access to education and training for all including unattached youth	<ul style="list-style-type: none"> Increase the use of technology-driven training programs
Establish National Qualification Framework	<ul style="list-style-type: none"> Establish the policy framework to enable seamless articulation among providers for the creation of a National Qualification Framework
Strengthen the mechanisms to align training with demands of the labor market	<ul style="list-style-type: none"> Facilitate collaboration between human resource development in firms and training institutions
<i>National Outcome V: Strong economic infrastructure</i>	
Expand and rationalize land transport infrastructure and services	<ul style="list-style-type: none"> Strengthen the institutional capacities and capabilities of the roads authorities to develop and maintain the road network Produce and implement a formal hazard mitigation strategy and a disaster management contingency plan for road transport Improve and rationalize the road transport infrastructure Ensure the completion of the island-wide highway network Develop driver feedback/intelligent roads Plan and develop modern railway linkages along key routes
Develop a modernized public transport system	<ul style="list-style-type: none"> Develop and implement a long-term plan for the public transport system including for schools, taking into consideration integrated, multimodal transport options Develop and expand public bus system to meet sustainable transport needs
Expand domestic and international air transport infrastructure and services	<ul style="list-style-type: none"> Facilitate the increase and upgrading of domestic aerodromes and air strips Resolve long-term future of Air Jamaica Develop new international airport at Vernamfield integrated into proposed multi-modal transportation system
Expand and diversify maritime infrastructure and services	<ul style="list-style-type: none"> Facilitate the smooth development of strategic maritime infrastructure for cargo and passengers Exploit opportunities to become crewing nation due to worldwide shortage of ships' officers Facilitate growth of ship registry Nurture ancillary and supporting services to develop a maritime center

Medium-Term Framework, 2009-2012: National Outcomes, Strategies and Goals	
Strategies	Goals
Develop Jamaica as a regional logistics hub with multimodal transport linkages	<ul style="list-style-type: none"> • Develop national mechanism and framework to spearhead development of logistics hub • Develop safe and efficient multimodal transport and communication linkages for logistics hub
Expand the broadband network island-wide	<ul style="list-style-type: none"> • Promote multiple modes of information delivery systems and networks including new wireless and wired technologies • Encourage public and private sector partnerships to establish Internet connectivity in publicly accessible spaces
Ensure adequate and safe water supply and sanitation services	<ul style="list-style-type: none"> • Implement Integrated Water Resources Management in an established institutional framework anchored in the Dublin and other related principles and informed by regional and national research findings • Ensure that Millennium Development Goals for safe and adequate water and sanitation are met and surpassed • Provide sufficient water for achieving food security • Introduce mechanisms towards equitable water allocation and encourage recycling of industrial effluent and domestic water
National Outcome VI: Energy security and efficiency	
Diversify the energy supply	<ul style="list-style-type: none"> • Ensure an appropriate integrated policy, legislative, regulatory and institutional framework for the energy sector • Develop and implement programs to achieve set obligatory targets for percentage of renewables in the energy mix • Develop energy diversification priorities in a timely way based on cost, efficiency, environmental considerations and appropriate technologies • Accelerate comprehensive oil and gas exploration program
Promote energy efficiency and conservation	<ul style="list-style-type: none"> • Ensure an appropriate integrated policy, legislative, regulatory and institutional framework for the energy sector • Develop and implement programs to influence market behavior toward and to promote efficient use of energy • Update, apply and enforce building codes to support efficient use of energy • Establish a framework for timely development, decision-making and implementation of the least economic cost expansion for generation, transmission and distribution of electricity • Encourage greater energy efficiency and lower energy costs in the bauxite and alumina industry • Encourage greater energy efficiency in the transport sector
• Supporting National Outcome I: An enabling business environment	
Ensure a facilitating policy, regulatory and institutional framework for business development	<ul style="list-style-type: none"> • Improve and streamline bureaucratic processes for business establishment and operation • Improve processes related to land ownership, titling and transfer • Strengthen legal and regulatory framework for e-commerce and protection of intellectual property rights • Improve customs and clearance processes for imports and exports
Increase access to capital	<ul style="list-style-type: none"> • Develop and implement measures for expansion of the domestic capital market • Use trade and foreign relations to create an enabling external environment for economic growth • Strengthen investment promotion and trade facilitation • Develop an efficient labor market
Improve the labor environment to enhance labor productivity and worker satisfaction	<ul style="list-style-type: none"> • Improve industrial relations mechanisms • Develop and implement a national program of productivity management
Develop the capabilities of micro, small and medium-sized enterprises (MSMEs)	<ul style="list-style-type: none"> • Increase and strengthen acquisition, analysis and application of data and information on MSMEs and the informal sector • Promote and develop entrepreneurship • Increase awareness and information on business opportunities and programs for

Medium-Term Framework, 2009-2012: National Outcomes, Strategies and Goals	
Strategies	Goals
	MSMEs <ul style="list-style-type: none"> • Expand credit facilities for MSMEs • Provide training and capacity development for MSMEs
<i>Supporting National Outcome II: Internationally competitive industry structures</i>	
Develop company sophistication and productivity	<ul style="list-style-type: none"> • Develop world-class capacity in measurement and promotion of productivity • Develop and promote high-quality standards for globally competitive products and services • Identify and strengthen export capacity in targeted areas
Develop economic linkages and clusters	<ul style="list-style-type: none"> • Build horizontal and vertical clusters and networks within the main productive sectors and industries
Enhance framework for competition among enterprises	<ul style="list-style-type: none"> • Strengthen policy, legislative and institutional framework for fair market competition
Promote eco-efficiency and the green economy	<ul style="list-style-type: none"> • Develop the capacity of local companies in process, materials and energy efficiencies • Encourage adoption of environmental management systems
Agriculture	<ul style="list-style-type: none"> • Improve and rationalize road network including farm roads network • Strengthen agricultural research institutions • Strengthen efforts to reduce praedial larceny • Develop a diversified range of agricultural production including higher value-added production • Implement development plans for key agricultural sub-sectors • Promote national food security • Strengthen the capacity of government to play a supporting role in development of the agriculture sector
Mining and Quarrying	<ul style="list-style-type: none"> • Develop cost-efficient energy solutions for metallic and non-metallic minerals sub-sectors • Ensure appropriate policy and regulatory framework for long-term development of the minerals industry • Improve monitoring of rehabilitation of mined-out mineral bearing lands • Establish a national entity to lead the development of the non-metallic minerals sub-sector, particularly limestone
Creative Industries	<ul style="list-style-type: none"> • Develop the policy, legal and institutional framework to facilitate and encourage the development of the creative industries • Promote media literacy and positive use of media as change agent and a source of empowerment • Expand and improve the infrastructure for the creative industries and performing arts • Increase opportunities for products and services in the creative industries
Sport	<ul style="list-style-type: none"> • Develop MSMEs geared at meeting the needs of the “Business of Sports” • Develop financial support systems to create and sustain elite athletes • Establish strong research capabilities in sport • Develop a sport museum as a resource center and attraction for local and foreign visitors • Promote Jamaica as a sports tourism destination
ICT	<ul style="list-style-type: none"> • Create an appropriate policy and regulatory environment conducive to investments in ICT and network development • Expand ICT-focused business parks for major service providers • Develop investment and support framework for development to ICT industry
Tourism	<ul style="list-style-type: none"> • Develop new tourism market segments • Develop diversified geographic source markets • Develop a variety of accommodations • Develop and implement flagship heritage, cultural, historical and nature-based attractions projects

Medium-Term Framework, 2009-2012: National Outcomes, Strategies and Goals	
Strategies	Goals
	<ul style="list-style-type: none"> • Transform the concept, physical ambience and shopping experience of the craft industry • Develop a dynamic and flexible demand-driven education and training system for tourism • Improve partnerships between destination and cruise lines • Integrate airlift requirements for tourism sector into transport policy, planning and implementation • Ensure that the implementation of the national security strategy addresses the concerns of the tourism sector • Develop and apply multi-hazard mitigation measures • Strengthen use of knowledge to increase value of the industry • Expand and promote entrepreneurial and employment opportunities for communities
<i>Supporting National III: Hazard risk reduction and adaptation to climate change</i>	
Improve resilience to all forms of hazards	<ul style="list-style-type: none"> • Create and strengthen national platforms and establish the foundation for hazard risk reduction by engaging in multi-stakeholder dialogue
Develop measures to adapt to climate change	<ul style="list-style-type: none"> • Create mechanisms to fully consider the impacts of climate change and ‘climate proof’ all national policies and plans • Adopt best practices for climate change adaptation
<i>Supporting National IV: Effective Social Protection</i>	
Expand opportunities for the poor to engage in sustainable livelihoods	<ul style="list-style-type: none"> • Give high priority to rural development projects • Design and implement programs that support poor households to seek and retain employment
Create and sustain an effective, efficient transparent and objective system for delivering social assistance services and programs	<ul style="list-style-type: none"> • Develop and strengthen the databases of vulnerable groups and welfare beneficiaries • Increase awareness of the availability and eligibility criteria of social assistance programs
Promote greater participation in and viability of social insurance and pension schemes	<ul style="list-style-type: none"> • Expand the coverage of occupational pension schemes • Promote personal responsibility and planning for retirement
Create an enabling environment for persons with disabilities	<ul style="list-style-type: none"> • Strengthen the capacity of service providers to adequately interact with “PWDs” by improving their knowledge, attitude and practice • Develop physical infrastructure in the public and private spheres to ensure accessibility for “PWDs”
<i>Supporting National Outcome V: Authentic and transformation culture</i>	
Promote core/transformational values	<ul style="list-style-type: none"> • Implement a sustained national program to promote core values
Integrate Jamaica’s National Brand into developmental processes	<ul style="list-style-type: none"> • Undertake comprehensive National Branding for Jamaica • Promote and use intellectual property as a tool for economic development to convey values, images and the reputation of Jamaica, including designs, music, trademarks, geographical indications and certification marks
Strengthen the role of sport in all aspects of national development	<ul style="list-style-type: none"> • Increase physical education and sports programs in schools • Design/upgrade community facilities for multiuse recreational and competitive sport • Increase organized sport activities in communities • Adopt international best practices for training of sports personnel including certification • Ensure national sporting infrastructure to meet the long-term development of sport
Source: Medium-Term Socio-Economic Policy Framework, 2009-2012: Building the foundations for achieving Jamaica’s long-term goals, PIOJ.	

Annex 7: Lending, AAA and TF Program, FY 10-13

Indicative Lending, AAA and TF Program, FY10-13 (Lending Amounts in US\$M in brackets)				
Sub-Pillars/Themes	FY10	FY11	FY12	FY13
<i>Lending</i>				
<i>Fiscal and Debt Sustainability</i>	DPL 1 (200)	DPL 2	DPL 3 (possibly)	
<i>Strengthening Human Capital</i>	Education Transformation Program (delivered)		Skills for Inclusive Growth	
<i>Strengthening Non-Labor Competitiveness</i>	Caribbean Advanced Regional Communications Infrastructure Program (small grant amount)	Energy, Jamaica Pilot Program for Climate Resilience (IDB-led)		
<i>Crime and Violence Prevention</i>			Crime and Violence	
<i>Promoting Rural Development and Reducing Vulnerability</i>	Rural Economic Development Initiative (delivered)			Agricultural Risk Management
<i>AAAs</i>				
<i>Fiscal and Debt Sustainability</i>	Country Economic Memorandum	Public Expenditure Review		
<i>Strengthening Human Capital</i>			Poverty Assessment	
<i>Strengthening Non-Labor Competitiveness</i>				Infrastructure Study
<i>Crime and Violence Prevention</i>		Country Social Assessment		
<i>Promoting Rural Development and Reducing Vulnerability</i>				Agricultural Review
<i>Supporting Environment and Disaster Mitigation</i>			County Environmental Analysis	
<i>Regional AAAs</i>				
<i>Strengthening Human Capital</i>	Managing Nurse Migration II, Non-Communicable Disease			
<i>Strengthening Non-Labor Competitiveness</i>	Energy Study, ESMAP Study on Implications of Financial Crisis on the Energy Sector			
<i>Trust Funds</i>				
<i>Fiscal and Debt Sustainability</i>	Statistics Strategy TA	Tax IDF	Debt IDF	
<i>Strengthening Governance</i>	Governance IDF			
<i>Supporting Environment and Disaster Mitigation</i>	Landslide Risk Reduction JSDF			

