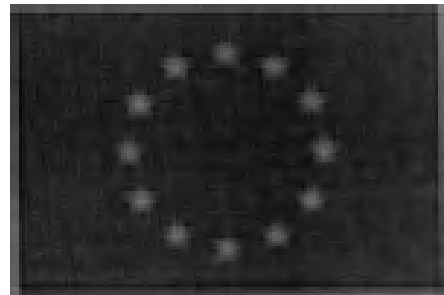
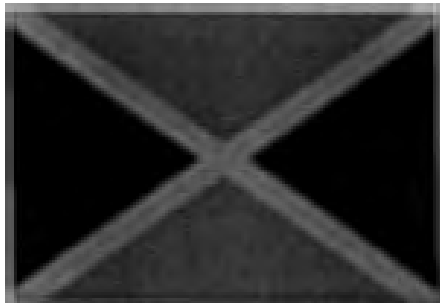


JAMAICA – EUROPEAN COMMUNITY



COUNTRY STRATEGY PAPER

AND

NATIONAL INDICATIVE PROGRAMME

FOR THE PERIOD

2008 - 2013

The Government of Jamaica and the European Commission hereby agree as follows:

- (1) The Government of Jamaica, (represented by the National Authorizing Officer in the person of the Honourable Prime Minister Bruce Orette Golding, and formerly in the person of Dr. the Honourable Omar Davies Minister of Finance,) and the European Commission, (represented by the Head of the European Commission Delegation Ambassador Marco Mazzocchi Alemanni,) hereinafter referred to as the Parties, held discussions in Jamaica from July 2006 to November 2007 with a view to determining the general orientations for cooperation for the period 2008–2013.
During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of Jamaica were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 as revised in Luxemburg on 25 June 2005. These discussions complete the programming process in Jamaica.
The Country Strategy Paper and the Indicative Programme are annexed to the present document.
- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Jamaica for the period 2008-2013, an amount of € 110 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of € 12.9 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The Indicative Programme under Part 2 concerns the resources of the A-allocation. It also takes into consideration financing from which Jamaica benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The B-allocation shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the Indicative Programme.
- (5) Resources can be committed within the framework of the present Country Strategy Paper and Indicative Programme upon the entry into force of the 10th EDF multi-annual financial framework for the period 2008-2013 of the revised ACP-EC Partnership but not before 1 January 2008. Financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Jamaica within the limits of the A- and B-allocations referred to in this document. Financing decisions can also be taken on the basis of Article 72(6) to the ACP-EC Partnership Agreement for humanitarian and emergency assistance funded from the B-allocations. Financing decisions shall be taken and implemented according to the rules and procedures laid down in the EC Council regulations on the implementation of the 10th EDF and on the financial regulation applicable to the 10th EDF and in Annex IV to the ACP-EC Partnership Agreement.
- (6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own

resources, in accordance with Paragraphs 2(c) and 3 of Annex IB to the ACP-EC Partnership Agreement regarding the 10th EDF multi-annual financial framework for the period 2008-2013.

- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Strategy Paper and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

Without prejudice to Article 5.7 of Annex IV concerning reviews, the allocations may be increased according to Article 3(5) of Annex IV in order to take account of special needs or exceptional performance.

- (8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the revised ACP-EC Partnership Agreement and the 10th EDF multi-annual financial framework of for the period 2008-2013, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicates the contrary before the end of this period.

Signatures

Wesley Hughes
WESLEY HUGHES - DIR. GENERAL
Planning Inst. of
Jamaica.
For the Government of Jamaica

22/11/08

For the Commission

Helen Jenkinson
HELEN JENKINSON
CHARGE D'AFFAIRES
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18/11/08

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LIST OF ACRONYMS

ACP	African Caribbean and Pacific
BDS	Business Development Services
BOJ	Bank of Jamaica
CARICOM	Caribbean Community and Common Market
CARIFORUM	Forum of Caribbean ACP States
CAS	Country Assistance Strategy
CBO	Community Based Organisation
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
CRNM	Caribbean Regional Negotiating Mechanism
CSME	Caribbean Single Market and Economy
DFID	Department for International Development
DNAO	Deputy NAO
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FINSAC	Financial Sector Adjustment Company
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GOJ	Government of Jamaica
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HRDIS	Human Resource Development and Institutional Strengthening
IDB	Inter-American Development Bank
IDP	International Development Partner
IMF	International Monetary Fund
ISDNAO	Institutional Strengthening for the Office of the Deputy NAO
JAMPRO	Jamaica Promotion Corporation
JBDC	Jamaica Business Development Centre
JCF	Jamaica Constabulary Force
JLP	Jamaica Labour Party
JSIF	Jamaica Social Investment Fund
MDG	Millennium Development Goals
MOF	Ministry of Finance
MSE	Micro and Small Enterprises
MTF	Medium Term Socio-Economic Policy Framework
NAO	National Authorising Officer
NCH	North Coast Highway
NGO	Non-Governmental Organisation
NIR	Net International Reserves
NSA	Non-State Actor
NSS	National Security Strategy
ODA	Overseas Development Assistance
PAHO	Pan American Health Organisation
PATH	Programme for Advancement through Health and Education
PFM	Public Financial Management

PIOJ	Planning Institute of Jamaica
PMU	Programme Management Unit
PNP	Peoples National Party
PRP	Poverty Reduction Programme
PSD	Private Sector Development
PSMR	Public Sector Modernisation Reform Programme
PSOJ	Private Sector Organisation of Jamaica
REER	Real Effective Exchange Rate
SDS	Sustainable Development Strategy
SERP	Support to the Economic Reform Programme
SFA	Special Framework of Assistance
SME	Small and Medium-Sized Enterprises
SSA	Special System of Assistance
SSN	Social Safety Net
TA	Technical Assistance
TDP	Trade Development Project
TOR	Terms of Reference
TWG	Thematic Working Group
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development
UTECH	University of Technology
UWI	University of the West Indies
WTO	World Trade Organisation

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SUMMARY

This Country Strategy Paper (CSP) presents the framework for EU cooperation with Jamaica over the period 2008-2013.

National development strategy

The government of Jamaica's (GOJ's) national development strategy, which is detailed in the Medium-Term Socio-Economic Policy Framework (MTF), is based on four pillars: Maintaining macro-economic stability and growth; Ensuring that growth is inclusive and that the poor adequately benefit, including enhancing the efficiency and effectiveness of social safety nets; Improving governance, efficiency and effectiveness in the public sector; Ensuring sustainable development, including stimulating sustainable agriculture and tourism

Challenges

An important challenge for sustaining growth is consolidating the macro-economic reforms begun by GOJ, including the continued implementation of a tight fiscal policy and reduction of public debt. By maintaining this policy, Jamaica should see a continuing decline in interest rates and acceleration in investment. However, continuing the strict fiscal policy will continue to put strong pressure on expenditure on social programmes (such as education, crime and justice, and social safety nets) and will require more emphasis on the effective implementation of such programmes, including effective delivery methods.

Growth in Jamaica in the coming years will be tied to Jamaica's competitiveness in the global economy. Realising growth and global competitiveness requires, among other things, improving the educational outcomes, productivity and skills of its population. A further constraint on growth and development is the prevailing crime situation, fuelled in part by the concentration of poverty in specific areas. Another emerging challenge related to the crime issue is the need to satisfy the demand for justice as a means of achieving social cohesion and thus create the conditions for attracting more investment. A final important issue is the sustainability of growth, which is related to agriculture and tourism as well as education and crime.

EU response strategy

The EU response has been drawn up on the basis of these challenges, the government's development strategy, the programmes of other international development partners, and discussions with representatives of civil society. Taking into account the EU's comparative advantages and strengths, it intends to focus on the following areas of support:

Macro-economic support - assisting with the macro-economic reform programme as presented in the MTF. The EU's support for macro-economic reform will pay particular attention to the issues of public indebtedness and the need for fiscal reform in Jamaica, while at the same time targeting social sector performance. The budget support programme will be subject to accountability requirements. The programme will also have a technical assistance component to strengthen the public financial management (governance) and implementation capacity of responsible government institutions. This macro-economic support will be delivered through a general budget support (GBS) programme financed by the 10th EDF, in parallel with over one third of the allocations

under the Sugar Accompanying Measures, which will also be devoted to macro-economic support in line with the Jamaican Country Adaptation Strategy.

Governance (Security and Justice). This programme will be aimed at reducing crime and violence and improving human rights by supporting the Ministries of National Security and Justice in the implementation of the National Security Policy, and by enhancing their capacity to manage crime and uphold the rule of law. By supporting key GOJ policies, this programme aims to improve collaboration between targeted communities and the police, improve public understanding of and trust in the criminal justice system, reduce the backlog of court cases, and improve the working conditions of police and court officers and staff. This sector support programme will be delivered through a sector budget support (SBS) programme financed by the 10th EDF.

A **non-focal programme** will be considered for national capacity building to facilitate the successful implementation of the CARIFORUM-EU Economic Partnership Agreement, strengthening the capacity of the National Authorising Officer’s services, support for non-state actors, and a Technical Cooperation Facility.

The indicative programme:

	Total ENV A (in € million)	%
Focal sectors	93.5	85%
EDF instruments		
Macro economic support (general budget support)	60.5	55%
EDF cooperation programmes		
Governance (Security and Justice) (sector budget support)	33	30%
Non-focal programmes	16.5	15%
Grand total	110	100%

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PART I

STRATEGY PAPER

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CHAPTER I: FRAMEWORK OF RELATIONS BETWEEN THE EU AND JAMAICA

1.1 General objectives of the EU's external policy

In accordance with Article 177 of the Treaty establishing the European Community, Community policy in the sphere of development cooperation is designed to foster:

- the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- the smooth and gradual integration of the developing countries into the world economy;
- the campaign against poverty in the developing countries.

Europe should project a coherent role **as a global partner**, inspired by its core values in assuming regional responsibilities, promoting sustainable development, and contributing to civilian and strategic security.

The European Union has developed a broad spectrum of external relations tools in the shape of the common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, humanitarian aid and financial assistance as well as the external aspects of internal policies (energy, environment, transport, justice and home affairs, etc).

EU external action, including the common foreign and security policy, common trade policy and cooperation with third countries, provides a framework both for integrating all EU instruments and for developing gradually a set of common actions based on common positions in the broader sphere of political relations.

Enlargement has entrusted the EU with even greater responsibilities as a regional leader and global partner. It should therefore strengthen its capacity to promote human rights, democracy and the rule of law as well as its capacity to focus on the fight against poverty, both in its neighbourhood and through its multilateral and bilateral policies, which are mainly aimed at sustainable development and political stability. Thus, the EU will achieve genuine coherence between its domestic and its external agendas, contributing thereby to global security and prosperity.

1.2 Strategic objectives of cooperation with Jamaica

The Treaty objectives are confirmed in Article 1 of the *ACP-EU Partnership Agreement*, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005. The overarching objective of the *Cotonou Agreement* is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy. Cooperation between the Community and Jamaica will pursue these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of “ownership” of the strategy by the country and populations concerned, and the essential elements and fundamental element defined in Articles 9 and 11b of the Agreement.

While the Treaty and the Cotonou Agreement provide the legal basis for EC cooperation with ACP countries, the recently adopted *European Consensus on Development* sets the general policy framework at EU level. The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda, and with particular attention to the Millennium development Goals (MDGs). Human rights and good governance are recognised as other important objectives.

Better aid effectiveness is essential to achieving poverty eradication. Therefore, the EU will advance coordination, harmonisation and alignment. It will promote better donor complementarity by working towards joint multi-annual programming based on partner country strategies and processes, common implementation mechanisms, joint donor-wide missions, and the use of co-financing arrangements. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and will capitalise on new Member States' experience to strengthen their role as donors.

Policy coherence for development will advance in a number of areas. The aim is for all EU non-aid policies to make a positive contribution to developing countries' efforts to attain the MDGs. The principle of concentration will guide the Community's country and regional programming. This means selecting a limited number of priority areas for action, through dialogue with partner countries, rather than spreading efforts over too many sectors. In this context, the Community will be primarily active in the following nine areas, taking into account its comparative advantages in a number of these: trade and regional integration; the environment and the sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; and social cohesion and employment.

The mainstreaming approach will be strengthened for four cross-cutting issues: democracy, good governance, human rights, the rights of children and indigenous peoples; gender equality; environmental sustainability; and the fight against HIV/AIDS.

1.3 Main bilateral agreements

Jamaica has been a signatory to the African, Caribbean and Pacific (ACP) – European Union (EU) partnership agreements for over thirty years, beginning in 1975 with the first of four Lomé Conventions and continuing with the twenty-year Cotonou Agreement signed in June 2000.

The Cotonou Agreement signalled a new era of partnership and political and economic cooperation between the (then) fifteen EU Member States and 77 ACP countries. The Cotonou Agreement promotes sustainable development and poverty reduction, and forms the basis of EU-Jamaica cooperation.

Successive six-year National Indicative Programmes (NIP), funded under the European Development Fund (EDF) and embracing a number of key projects in areas essential to the country's human and economic development, constitute the bulk of EU assistance to Jamaica. Total financial assistance to Jamaica from the EU since the beginning of the Lomé Convention in 1975 is

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estimated at 710 million euros. This amount does not include bilateral cooperation by EU Member States, support under the regional programme, or the trade preferences and protocols.

Apart from EDF funding, other instruments for EU cooperation with Jamaica have included the European Investment Bank (EIB), which has funded loans from its own resources and risk capital. In addition, Jamaica has benefited from the Special Framework of Assistance (SFA) for ACP banana producers and from the Sugar Protocol.

In line with the Cotonou Agreement, in which the ACP countries and the EU agreed to conclude WTO-compatible trading arrangements, Jamaica is actively involved in negotiating, within the framework of CARIFORUM, an Economic Partnership Agreement (EPA) for the Caribbean.

CHAPTER II: COUNTRY DIAGNOSIS

2.1. Analysis of the political, economic, social and environmental situation

2.1.1 Political and institutional situation

Jamaica is a **stable parliamentary democracy** with a bicameral legislature, which holds primacy, and separate judiciary and executive functions. Following the 2002 elections, the elected House of Representatives divided into 36 seats for the ruling People's National Party (PNP) and 24 for the Jamaica Labour Party (JLP), both of which are historically based on labour unions. The next general elections are to be held in 2007. Typically, electoral participation is high at 70%.

The continuing reform of the 14 local authorities has been successful in devolving some decision-making and limited revenue generation powers to local level. Jamaica's performance in international **corruption perception** indices has traditionally been strong, but appears to be declining: between 2002 and 2005 the country's ranking in the Corruption Perception Index¹ fell from 45 to 64. Public financial systems are subject to accountability, with the Public Accounts Committee, Corruption Prevention Commission and public scrutiny operating effectively to maintain **transparency and good governance**. For its part, the government (GOJ) has recently enacted a series of policies and legislation to promote stronger governance structures and processes.

The media is free and openly comments on government activity. **Civil society** consists of a broad range of actors, voicing concerns on a range of single-subject issues (for example, Jamaicans for Justice's campaign against capital punishment) and engaging in wider debate, such as the Independent Jamaican Council for Human Rights' focus on human rights education and the justice and penal systems. These pressure groups are heterogeneous, displaying conservative (the strong religious lobby), moderate, and more liberal tendencies.

GOJ has implemented a range of measures to promote public confidence and improve its ability to tackle the impact and symptoms of criminality, in areas such as community policing, dispute

¹ The Corruption Perception Index is compiled annually by Transparency International. In 2002, Jamaica was in joint 45th place of 102 countries surveyed, and had a corruption perceptions index score of 4.0, in 2006 Jamaica was in 61st place of 163 countries surveyed, with a corruption perceptions index score of 3.7.

resolution, and restorative justice through the National Security Policy. The working conditions of members of the Jamaica Constabulary Force are characterised by a high workload, stress, relatively low remuneration levels, and limited access to counselling, training and infrastructure. Efforts are underway to improve these conditions and to strengthen the management structure within the Force. Despite these efforts however, the problem of police violations of human rights remains significant.

The staffs of the law courts also work in difficult physical conditions. Furthermore, the inadequacy of justice due to lack of timeliness in dealing with problems and the backlog of court cases contributes to the lack of public confidence in the criminal justice system. In 2005, for example, the Family Court saw twice as many cases brought before it as it disposed of. Prisons are experiencing up to 91% overcrowding². The Ministry of Justice is working to develop policy formulation and budget planning processes and to coordinate more effectively with the Ministry of National Security.

The recently formed Caribbean Court of Justice now has the authority to adjudicate on some regional trade and labour issues, but it has not replaced the British Privy Council as the final court of appeal in criminal cases. Although the Jamaican Constitution's Bill of Rights establishes the fundamental **human rights** of individuals and the GOJ has signed most of the relevant international Conventions³, it neither includes anti-discrimination provisions for sexual orientation nor prohibits capital punishment.

As a leading member of CARIFORUM and CARICOM, Jamaica has consistently pursued the creation of a structure of **regional economic integration** and has an efficient partnership with the EU, particularly as it engages in the **Economic Partnership Agreement (EPA) negotiations** between CARIFORUM and the EU.

2.1.2 Economic and commercial situation

Macro-economic performance has improved since the last CSP. Real GDP grew by 1.4% in 2005, recovering strongly in the second half from the impacts of Hurricane Ivan (2004), higher energy prices and the closure of the Petrojam refinery. The data in Annex 1 show a shift away from traditional industries, such as agriculture and manufacturing (although mining remains strong), towards distributive trade, tourism and communications.

The EU Sugar Reform will have a significant socio-economic impact on sugar-producing parishes and in the wider rural economy, as will the government's decision to privatise the industry. The main result of the rationalisation of the sector will be the reduction of seasonal employment (cane cutting), but increases in productivity in the remaining, modernised estates may absorb some of the possible job losses and, within the reformed sugar industry, a new cadre of skilled workers could emerge. For workers in the industry, the impact of the reforms may include a loss of subsidised housing and health, education facilities and other social benefits. Some independent farmers may struggle to find other crops or other profitable uses for their land. However, a positive impact of the rationalisation, and/or privatisation, of the government-owned sugar estates would be the allocation

² Economic and Social Survey of Jamaica, 2005.

³ Such as the International Convention on the Elimination of all Forms of racial discrimination, the Convention on the Rights of the Child and the Convention for the Eradication of All Forms of Discrimination Against Women.

of resources to viable economic activities as well as the avoidance of new debt incurred by government. The EU is providing support for this structural reform, in the order of €5.2m in 2006 with larger allocations for the period 2007 – 2013, which will make a valuable contribution to mitigating the impact on vulnerable rural areas.

The major challenge faced by GOJ is the **public debt** stock, which represented 131.5% of GDP in the fiscal year 2005/06. Gross public debt financing requirements for interest service, principal reimbursements and Central Bank interventions have amounted to 30.5% of GDP on average since the last CSP. Public debt service payments absorb up to 46.7% (FY 05/06) of total budget expenditure. Furthermore, there is potential for debt servicing commitments to increase with international interest rate movements, rising international oil prices, the potential for industrial action, problems in cement production and possible public sector wage inflation. GOJ will have to restrain non-debt expenditure in 2006/7, maintain exchange rate stability, and successfully negotiate a Memorandum of Understanding (MOU) with the unions to contain public sector wages.

The **unemployment rate** has declined steadily from 15.5% in 2000 to 11.3% in 2005, yet remains divided along the gender dimension with female unemployment standing at over twice the level of the male figure. Of further concern is the phenomenon of the ‘working poor’, for whom the demand for labour is failing to keep pace with inflation and is thus depressing wages in real terms. Since the early 1990s, however, there has been a significant decline in **poverty rates**⁴ even though economic growth has failed to take off significantly. This apparent contradiction may be explained in part by the growth in remittances and in the informal sector.

The economy is significantly dependent on receipts from **private current transfers** in the form of **remittances**. These increased in 2005 by 13.3% to US\$1.5 billion, representing only around 15% less than the export component of the current account balance. Loans comprise around 70% of the Official Development Assistance (ODA) portfolio, and required servicing and repayment of US\$167 million. This suggests the paradox that — as the country climbs into the group of middle-income countries (now ranked 79th in the UNDP’s Human Development Index 2004) through demonstrating good governance and some economic progress — the sources of grant funding that could boost this climb will become less readily available, less dependence on ODA and more reliance on capital markets is supported by GOJ’s strong commitment to meeting its debt obligations (reinforced by the constitutional provision to prioritise debt servicing) and by the fact that around 75% of total public debt is held by Jamaican nationals. While Jamaica’s macro-economic reform has made progress in recent years and debt/GDP ratios have been decreasing, the International Monetary Fund (IMF) has urged caution regarding the still high debt level. The government recently secured a 30-year bond issue, suggesting that investor confidence in the economic future is strong. Despite these mitigating factors, the high level of indebtedness remains a barrier to macro-economic sustainability, with recurrent costs and debt servicing absorbing almost 70% of **government expenditure** for 2005/6 and contributing to an overall **fiscal deficit** of 5.2%.

Vulnerability is linked to external shocks, the debt burden and GOJ’s need to manage expenditure while traditional exports (such as banana and sugar) are constrained. High levels of national debt and social risk could threaten the recent gains in the economy. GOJ is concerned about relatively

⁴ GOJ figures released in May 2006 show a 2.1% fall in the poverty rate over the previous year.

low private sector growth rates, crime, sustainable rural development and the size of the public sector.

The government continues to pursue responsible **fiscal management policies**, with the objective of single-digit inflation, a balanced budget, debt reduction, declining interest rates and foreign exchange stability. The extent to which these aims have been achieved is mixed, however, as is demonstrated by the failure to balance the 2005/06 budget and the increase in the debt burden.

On the positive side, **inflation and interest rates** have shown consistent medium-term declines. The reform of the public sector has focused on a recruitment freeze and decline in real wages. The high level of **foreign reserves**, sufficient to cover debt payments due in the coming two years, reduces the country's vulnerability to external shocks. The Bank of Jamaica's (BOJ) reluctance to increase borrowing also minimises a major potential source of money supply expansion and economic instability. With some signs of improvement in the macro-economic fundamentals and competitiveness, the economic outlook is somewhat optimistic.

These significant gains notwithstanding, a number of challenges remain. Chief among these are the management of the debt burden, the efficiency of tax collection and the balancing of the budget. The major obstacle in balancing the budget lies in low economic growth, low realisation of tax revenue, unplanned spending due to external shocks, and debt interest servicing requirements.

Assessment of the reform process

Jamaica possesses a sound and comprehensive policy and legislative framework for fiduciary management. The principal aims of reform are to improve efficiency in investment, through streamlining the public sector, tightening procurement mechanisms and monitoring and evaluating the public expenditure planning process.

The most significant public sector reform yet is the ten-year Public Sector Modernisation Programme (PSMP), initiated in 2002. It is ambitious in scale and scope and aims to deliver benefits ranging from the rationalisation of public sector administration and overhauling the tax system to reforming the financial sector and trade policy and integrating the concept of 'joined-up' Government. Although GOJ has made good progress in the area of tax reform by reducing the number of tax categories and improving compliance, has continued its public sector modernisation programme in collaboration with the IDB, World Bank, DfID and CIDA with the successful completion of the first phase of the PFM and CPAR, and has strengthened the regulatory framework for private sector activities, a full evaluative assessment of the reforms remains premature. A Public Expenditure and Financial Accountability (PEFA) Assessment was conducted in 2007. The findings indicate that there are public finance issues in two main areas:

- (1) Factors that influence Public Financial Management in Jamaica⁵:
 - a) PFM in Jamaica is characterised by a number of very sound elements of PFM activity. There is vigorous engagement by the parliamentary oversight body and effective debate of the appropriations bill. There is evidence of a long history of reform with clear commitment to PFM reform since the 1970s. However, the implementation of a

⁵ According to the preliminary findings of the PFM Performance Measurement Report for Jamaica 2007.

holistic broad based strategy has been somewhat fragmented, without enough emphasis on sequencing and coordination of the reform activities.

- b) The narrow fiscal space under which PFM is carried out has placed a lot of pressure on the country's PFM systems in the sense that it has contributed to a significant decoupling of the budget execution process, inevitably driven by short-term considerations, from the budget formulation and preparation processes.

(2) National Budget and medium term financial perspectives:

Many of the elements of sound strategic planning are already evident and there are some important elements of multi-year budgeting that have been introduced, however these elements have not as yet been integrated into an effective multi-year budget process.

GOJ's fiscal management institutions are generally robust in that its macro-economic programme relates directly to the budget. GOJ also currently has a clear mandate and a parliamentary majority to deliver it and Jamaica's improving credit rating in international capital markets is a vote of confidence in the reform process.

Trade policy and external environment

As a small **open economy**, Jamaica's economic prospects are tied to its ability to trade efficiently with its regional peers and to access the markets of North America and Europe. Trade between the European Union and Jamaica accounts for around 30% of domestic exports and 10% of imports. Jamaica has worked hard to open the economy to multinational corporations and international capital and the **success** of these efforts is reflected in the high ranking, relative to peers, accorded to the country by the UN's Transnationality Index⁶.

As far as trade policies are concerned, of interest is the effective participation of Jamaica in international trade fora and agreements, in particular the WTO. At bilateral and regional level, GOJ has made efforts to promote trade in its national development policies. In this context, Jamaica has also been actively involved in the preparation and negotiation of the EPA within the framework of CARIFORUM. A major trade issue involves the adjustments required as a result of the reform of the EU's sugar regime.

Negotiations under Phase III of the EPA in 2005 provided a framework to strengthen the capacity of GOJ in international trade negotiations, under the ACP programme for capacity building in support of the preparation of the EPA. Regional-level support is received by the Caribbean Regional Negotiating Mechanism (CRNM) and CARICOM Secretariat. The EPA seeks to develop a consensus on the priority areas for free trade between the ACP states and aims to promote development through regional integration, exploring the potential of asymmetric liberalisation, WTO compatibility, and EC assistance in the sectoral adaptation process. GOJ has reaffirmed its commitment to the regional integration objectives of the Regional Support Strategy for the Caribbean and is committed to playing a leading role in ensuring its realisation.

As the waiver for traditional Lomé preferences is expiring at the end of 2007, the security of traditional preferences is dependent on reaching agreement on a new trade regime.

⁶ Jamaica scored 23%, World Investment Report, UNCTAD, 2005.

2.1.3 Social situation including decent work and employment

Jamaica's population stands at 2.6 million, with an annual growth rate of 0.6%. This growth is consistent with the National Population Policy target for a rate below 0.8% over the medium term and a projected population size of fewer than 3 million by the year 2020. This downward trend is desirable in the light of a national policy of achieving a stable population at zero growth.⁷ Of concern is the fact that the number of **Jamaican-born deportees** from the USA is consistently around 3 000 per year, equivalent to around 15% of the natural national growth rate.

Trends in **international migration** rates have had an impact on the population profile of Jamaica, but there have been major problems with the collection of reliable migration data. Nonetheless, the level of emigration has been offset by the increase in the number of returning residents to Jamaica. The Caribbean region is the world's largest recipient of remittances as a percentage of GDP, accounting for approximately 13% of the region's GDP in 2002.

Although Jamaica is ranked as a middle-income country with a per capita income of around US\$3 370 according to World Bank figures for 2006, it is estimated that 14.8% of Jamaica's inhabitants live in poverty.⁸ **Poverty** is characterised by vulnerable groups with low levels of income and consumption and inadequate access to social services such as health and education. Many live in informal settlements in substandard housing with limited access to running and/or treated water supplies. In rural locations, these deficiencies are compounded by isolation due to poor road conditions that constrain service delivery and accessibility to local markets. While, overall, the share of the population living below the poverty line has decreased (from 27.5% in 1995 to 14.8% in 2005)⁹, poverty in rural areas remains substantially higher than in urban areas. Insecurity due to crime and violence is also an important dimension of poverty in Jamaica.

Jamaica enjoys the status of a 'country in green,'¹⁰ in **making progress towards achieving its MDG targets** (See Annex 1). However, its successes are impeded by a lack of improvement in child mortality rates and in maternal health care, where little change has been recorded over the last 20 years.

Although **household size** has been declining over the last three decades, standing at 3.3 persons on average in 2005, rural areas saw this average rise to 3.6, particularly among female-headed households. Moreover, consistent with patterns of fertility and migration, rural areas had the highest number of children (1.2) and adult males (1.1).¹¹

Some 65% of households had access to safe drinking water, while 87% had access to electricity. There was more exclusive use of water for those households closest to Kingston Metro Area than in other regions, although pit latrines remain the main means of sanitary disposal in rural areas.

⁷ Economic and Social Survey of Jamaica 2005.

⁸ See Jamaica Survey of Living Conditions, 2005.

⁹ Jamaica Survey of Living Conditions.

¹⁰ 'Country in Green' – indicating sufficient progress in the 1990s to attain the target values in the specified time period (by 2005 for gender equality and 2015 for the others). MTF, 2005.

¹¹ Jamaica Survey of Living Conditions 2005.

In terms of **employment**, the working age population (15-64) represents 62.8% of the total population (848 200 females and 822 100 males), which is projected to show the largest increase among 30 to 59 year olds.¹² In 2004, data from the Employed Labour Force by Employment Status showed that the *own account* category accounted for 34.2% of the total employed labour force, up from 33.9% recorded in 2003.

There are **few employment opportunities for the poor**, the majority of whom are without skills and work in a narrow range of low-paying jobs. Youth unemployment rates are high and unemployment rates for young women stand at 39.7%, almost double that of young males.¹³ Employment in mining and quarrying increased by 27.5%, while transport, storage and communications declined by 7.2%. Community, social and personal services continued to provide the largest employment by industry, with the service sector accounting for 63% of total employment in 2003.

The Informal Sector Study for Jamaica (2004) indicated that wholesale and retail remained the primary activities among small and medium-sized enterprises (SMEs), employing 18% of the total labour force. The **size of the informal sector** was estimated to be equivalent to 43.7% of GDP in 2001. GOJ has indicated its intention to pursue measures to bring more informal businesses into the formal sector.

Jamaica has a long history of providing social assistance to the poor and its most recent Social Safety Net (SSN) programme, established in 2001, delivers a multi-dimensional welfare package that builds on the foundations of the National Poverty Eradication Programme launched five years earlier.

The government's **social support programmes**, outlined in the MTF, are focused on reducing the number of people living below the poverty line. The policies it promotes are realised through a range of programmes that include the Programme for Advancement through Health and Education (PATH), which is a centrepiece welfare package that amalgamates several former cash transfer programmes into a unified benefits package. A series of planned projects supported by IDPs in conjunction with the government will provide a broad range of infrastructural and social services to underpin human and social capital in community development.

Jamaica suffers from **serious social challenges**, in particular high violent crime rates concentrated in pockets of poverty, which threaten to undermine the social fabric. There were 54 murders per 100 000 persons in Jamaica in 2004. Kingston and St. Andrew, which accounts for 27% of Jamaica's population, also saw an average of 57% of the murders between 1984 and 2001. The drivers of criminality include low social cohesion at family and community levels, the legacy of marginalised 'garrison' areas, low levels of educational attainment and skills training, lack of access to employment and drug abuse. These conditions impact most strongly on economically vulnerable young males. Apart from the fact that crime is driven in part by aspects of poverty, the lack of a secure environment also forms a dimension of poverty in itself.

¹² Jamaica Survey of Living Conditions, 2005.

¹³ MTF, 2004.

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Despite steady progress in the social and economic advancement of women and men, widespread **gender** inequalities continue to exist in terms of outcomes in education, employment and decision-making. Female unemployment is four times higher than that of men despite higher female rates of academic achievement, and gender poverty continues to be characterised by female-headed households who register the lowest per capita consumption figures and have the greatest number of children. Gender-based domestic violence persists with more than 500 incidents reported in 2005, while teenage pregnancy figures continue to rise. Gender poverty is currently being addressed through a number of discreet projects and mechanisms designed to improve gender planning and monitoring. However, efforts to mainstream gender and deal with the disparities through policy and improved programme design are necessary, especially given that all forms of exclusion exemplified by the various manifestations of poverty in Jamaica have a gender dimension.

HIV/AIDS cases are rapidly rising and are a cause for concern given the prevailing pattern of sexual behaviours and its links to the large tourism sector. Jamaica has experienced an overall increase in the prevalence of HIV/AIDS since 1990 and is ranked along with Haiti, Guyana and the Dominican Republic as a Caribbean country with a high prevalence of HIV and AIDS. GOJ recently reported that the adult infection rate stands at 1.5%¹⁴ and is most widespread in young women and heterosexual men, with 66% of cases through heterosexual spread.¹⁵ The growing prevalence of infection amongst adolescent girls presents a key challenge for the health sector. The Ministry of Health and the National Aids Committee, with the assistance of PAHO, prioritise prevention and care strategies to combat the spread of the disease. Left unchecked, the disease will significantly impact Jamaica's productivity and the socio-economic make-up of rural and urban societies.

Jamaica's high **immunisation rates** (at 90%) for communicable diseases such as cholera, yellow fever, yaws, plague, polio and measles is exemplary, but reductions in vaccine coverage due to budget cuts need to be monitored. The rise in non-communicable diseases associated with poor lifestyle and nutrition needs attention and the high number of violent deaths and accidents puts pressure on an already under-resourced health service. Adolescent fertility rates in Jamaica are higher than in any other country in the English-speaking Caribbean¹⁶.

The **poverty rate is high in rural areas**, with those living below the poverty line including unskilled wage labourers, artisanal fisher families, small hillside farmers, unemployed youth and households headed by female farmers¹⁷.

The problems that these marginalised groups face are exacerbated by poor quality services and physical infrastructure that impact on their educational outcomes, maternal mortality rates, and access to agricultural markets. Expected changes in the EU ACP trade regime will further affect the rural-based sugar industry, on which an estimated 100 000 people depend for their livelihoods.

GOJ's policy focus on measures to increase efficiency, competitiveness and productivity in the rural environment is far-reaching. The Rural Development Policy, which was drafted with EU support, is strategically defined in the form of a comprehensive framework that links cross-cutting sectoral

¹⁴ MTF, Feb 2005.

¹⁵ DFID Country Assistance Plan, October 2005.

¹⁶ MTF, February 2005.

¹⁷ PIOJ, Economic and Social Survey of Jamaica, 1994.

themes and promotes ‘joined-up’ planning and project implementation for all the relevant sector interests.

However, steps to reduce rural poverty must go beyond investment in infrastructure and services to include: the provision of agricultural technologies that boost local production; non-agricultural livelihood diversification training in areas of micro-enterprise development linked to educational outputs; increased telecommunications and IT to ensure the self-sufficiency and competitiveness of a rural-based economy; and an overarching integrated participatory process that combines local government systems and community structures.

Jamaica’s international recognition as a country that has accomplished the MDG targets for universal primary education masks the challenges it faces in addressing disparities and inconsistencies in the **education system** that undermine the performance of the whole sector, the social aspirations of the population, and the ability to meet the competitive challenges of the global economy.

Problems pervade all levels of the education system and result in inadequate educational outcomes in terms of poverty reduction¹⁸. Poor quality teaching¹⁹, an inadequate teacher training curriculum, and limitations regarding equity and access are some of the key deficiencies the government must address. Social and economic inequities continue to result in poor attendance and high out-of-school rates at primary and secondary levels, particularly among the children of teenage parents and of the working and non-working poor. This is reflected at secondary level, where participation rates for boys and girls show a decline of 36% and 28% respectively. The rise in anti-social behaviour at school and the poor infrastructure and facilities further amplify the problem. Although the education sector received 10% of the government’s total budget allocation, 94% of recurrent expenditure is earmarked for salaries.

Poverty is strongly correlated with low educational achievement as well as high rates of teenage pregnancy²⁰, drug abuse, domestic violence, child abuse and high levels of crime amongst poor groups. This is further amplified by class disparities in out-of-school rates — more than 25% of the poorest quintile leaves school by 16, while this figure is only 2.2% for the wealthiest quintile. Seventy percent of the wealthiest 10% of children aged 17-18 are still in educational institutions compared with under 29% of the poorest 10%.²¹

In addressing these problems, the Jamaican government is guided by the recommendations of the National Task Force on Education Reform, which calls for a focus on four main components: governance and management; curriculum, teaching and learning support; stakeholder participation; and finance. National-level screening for special educational needs is also important.

Interventions to address poverty through education must have a specific focus on early childhood development through parenting initiatives and techniques that improve cognitive and behavioural outcomes for poor children, and assist in breaking cycles of intergenerational poverty. The Early

¹⁸ World Bank Country Report, 2004.

¹⁹ A critical aspect of student underperformance results from the migration opportunities for skilled teachers, especially at the lower grades (UNDP).

²⁰ Adolescent fertility rates in Jamaica are higher than any other country in the English-speaking Caribbean. MTF 2005.

²¹ See Jamaica Survey of Living Conditions.

Childhood Act (2006) will guide the promotion of educational provisions targeting vulnerable groups and set standards for early childhood development.

Support should target students at major transition points in their education to address their lack of preparedness and readiness to meet the curriculum requirements at the various stages. Attempts to overcome the educational challenges that exist in Jamaica require greater decentralisation of management and funding responsibilities, and community buy-in to ensure that indirect socio-cultural issues that impact educational achievement can be addressed.

Overall, in order to stem the tide of intergenerational poverty, provide a boost to the economy and prepare Jamaica for global market access, linkages between education and the cross-cutting issues, such as national security and health and gender equity, should be addressed in order to increase the stock of human and social capital in society.

2.1.4 Environmental situation

The future of Jamaica's economic development is heavily dependent on the quality of its natural environment to sustain its productive activities in agriculture, mining and tourism, which account for 18% of the country's GDP.²² Jamaica's vulnerability to a number of external and man-made hazards threatens to undermine its resource base and impede the poverty reduction process. In 2004 and 2005 Jamaica was hit by hurricanes Ivan, Dennis and Emily, resulting in significant damage to agriculture, roads and housing. The cost of damage following hurricane Ivan alone amounted to over 8% of Jamaica's GDP for 2003.

Climate change is already having a significant impact in developing countries as highlighted in recent reports of the International Panel on Climate Change (IPCC). The impact increases over the years and is projected to include an increase in extreme weather conditions such as hurricanes. Climate change is a threat to achieving the Millennium Development Goals.

The government has established legislative and planning frameworks with interconnected objectives for dealing with environmental and natural resource challenges, but these are at an embryonic stage in delivering real outcomes that can support sustainable livelihoods and are in harmony with the environment. Natural resource impacts that impede the poverty reduction process include the country's vulnerability to natural disasters, the unchecked depletion of resources, a slow legal reform process, inadequate planning, poor environmental practices and a culture of non-compliance with regard to natural resources.

On 1 April 2001, NEPA (National Environment and Planning Agency) was created by merging the Natural Resources Conservation Authority, the Town Planning Department and the Land Development and Utilisation Commission to "promote sustainable development by ensuring protection of the environment and orderly development in Jamaica through highly motivated staff performing at the highest standard." The Agency is to work within the framework provided by a National Environment and Planning Act, but the act has not yet been promulgated.

2.1.5 Jamaica in the international context

²² MTF, February 2005.

Jamaica is involved in the negotiation and implementation of four multilateral trade agreements. As a signatory to the World Trade Organisation Agreement, Jamaica underwent its first mandatory Trade Policy Review (TPR) in 1998, when its comprehensive programme of structural reform and trade liberalisation was examined. The last TPR was in 2004. The dismantling of price controls, the privatisation of several public sector enterprises, the reduction in import duties from rates as high as 200% to 20%, and enhancement of the private sector were all noted. Jamaica is well-advanced in its preparations for the Caribbean Single Market and Economy (CSME) through the signing and implementation of several protocols, including: legislation providing for the free movement of university graduates, artists, media workers and sports persons from CSME members; the elimination of visa requirements for Intra-Caricom travel; and the transference of social security benefits.²³ As a leader of trade expansion policy in the Caribbean region, Jamaica has signed preferential agreements with Venezuela, Colombia, the Dominican Republic, Cuba, and Costa Rica.

2.2 Jamaica's development strategy

Jamaica's **Medium-Term Socio-Economic Policy Framework (MTF)** embodies GOJ's macro-economic, social, environmental and governance policy objectives from 2004 to 2007, and builds on the fifteen-year National Industrial Policy of 1996. The Medium Term Socio-Economic Policy Framework (MTF) was approved by Cabinet in 2004 and embodies the GoJ's development strategy for the period 2004-2007. The MTF has been utilized in harmonising donors' perspective in keeping with the principles of the Paris Declaration. The MTF is structured on a matrix of significant indicators covering all the sectors in coherence with the Millennium Development Goals: Education, Macro-economic, Social, Environmental and Governance policy objectives. The MTF has also created a platform for greater collaboration among donors/lenders in understanding analytical work and in developing their respective country strategies, as well as for greater alignment with GoJ's strategic priorities. A central plank of the MTF is the achievement of macro-economic stability. The GoJ is extending the duration of the MTF to 2012.

Social sector gains over the last decade, as articulated for example in the Education Task Force Report and the National Poverty Eradication Programme, will be underpinned by focusing on areas of health and education that break the cycle of poverty through the provision of early childhood development services, all-level educational access, continued control of the HIV/AIDS epidemic and other preventable diseases, improved health service delivery standards, and a continued reduction in child and maternal mortality rates.

Building on the **National Security Policy (NSP)**, which integrates Jamaica's security and justice policies, goals, responsibilities and actions into one master plan, GOJ will endeavour to reduce crime through improvements in the law enforcement infrastructure, the promotion of local-level crime prevention strategies, a streamlined and efficient justice system, and legislative reform that promotes human rights and social stability. IDPs will continue to coordinate and harmonise their national security and justice support. The NSP also recognises that man-made and natural disasters are threats to national security and therefore includes disaster prevention as a priority area. For this area, the NSS concentrates on: disaster management, which includes the development or revision of

²³ Jamaica applies the Revised Treaty of Chaguaramas with the objective of consolidating the Caribbean Single Market and Economy (CSME) and has signed a single market agreement with Barbados, Belize, Guyana, Suriname and Trinidad & Tobago.

disaster plans for all hazards; national awareness programmes; development planning, and forecasting; and improved response capabilities. Implementation of sustainable mitigation measures from international, regional, national and community levels is included.

Environmental sustainability, according to the Sustainable Rural Development Policy, will be addressed through improved land, forestry, watershed and coastal zone management systems and activities that minimise the deleterious impacts of economic activities on the country's natural resource base. Hazard mitigation strategies will also be addressed.

Cross-cutting priorities that underpin the MTF agenda have an equality perspective with a focus on children, youth, gender and strategies to improve the lives of the elderly and those with disabilities.

All government strategies are underpinned by the GOJ's governance structure, which promotes participatory democracy, accountability, transparency and fairness, and leadership with a clear and coherent vision. A participatory planning process involving local parish development committees fosters participation at community level.

GOJ is actively working to improve the coordination, prioritisation and monitoring of the public expenditure planning process. In late 2005, the government established a monitoring and evaluation framework for the MTF, to ensure effective prioritisation of projects and efficient channelling of IDP assistance.

Good governance

For Jamaica's medium-term development agenda, the MTF, the improvement of governance is essential for achieving results across the social, economic and environmental areas.

The GoJ has embarked upon a holistic programme of broad Public Sector Reform enshrined in its **Public Sector Modernization Vision and Strategy** (2002 – 2012). All the main aspects of this reform process are included and monitored by the MTF. In public financial management (PFM), the Country Financial Accountability Assessment/Country Procurement Assessment Report (CFAA/CPAR), concluded in 2006, provides further recommendations to improve PFM in the areas of financial control and legislative oversight, budget formulation and execution, accounting, reporting and information systems, and public procurement. In response to the report, GOJ embarked on a project with IDB financing in order to (i) further train staff in the requirements of the Contractor General's Act and the Government's procurement policy and (ii) to put in place a comprehensive system of procurement and asset management.

On the basis of the CFAA/CPAR report, and in response to the new international consensus on PFM developed by the Secretariat of the Public Expenditure Financial Accountability (PEFA) programme, the EU funded a **PEFA assessment in 2007**. In consultation with GOJ, and in cooperation with IDPs, this assessment establishes a baseline PFM Performance Report according to PEFA guidelines, and forms a starting point for discussions with government (and other donors) on the way the GoJ will address the weaknesses identified in the PEFA diagnosis. The findings of the PEFA assessment are annexed.

Furthermore, the MTF includes **sector policies/strategies** that have been developed or are being developed to enhance both the quality of policy as well as the management of its implementation. While Annex 6 provides more information, some crucial policy areas related to this CSP include:

- the **Task Force Report on Education Reform**, which focuses on *Governance and Management of the Education System, Curriculum, Teaching and Learning Support, Full Stakeholder Participation in the Education System, and Finance for Education*;
- the **National Security Strategy**, which is presently a white paper focusing around eight objectives for national security; and
- A **review of the justice sector** in 2006/2007, which among other things will provide input for the creation of a *Victim's Charter* and a *Restorative Justice Policy*.
- Following a number of studies and wide stakeholder consultation, Jamaica has developed the *Jamaica Country Strategy for the Adaptation of the Sugar Industry 2006-2015 (JCS)* to address the key problems of the reform of the **sugar sector**.

2.3 Analysis of the viability of current policies and the medium-term challenges

Jamaica's macro-economic performance over the last five years, with primary surpluses in the range of 7 to 14% of GDP, suggests that the MTF is feasible. However, the high level of debt restricts the fiscal room for manoeuvre, which in turn severely hampers the ability of the government to address social concerns.

The achievement of the government's specific targets is dependent on several critical factors, including debt management — especially concerning non-performing public entities — as well as the absence of external or domestic shocks to production, an increase in investor confidence and an accompanying sustained fall in interest rates.

Recognising the need for a balanced approach between support for economic infrastructure and support for other elements to encourage the social cohesion that underpins sustainable economic performance, attention will be paid in the Response Strategy to the social development goals that are driven by the issues of rural development, security and justice, and the delivery of basic social services, such as education.

The MTF has already articulated the key social sector policy measures GOJ wants to implement, including: extending social safety net reforms; modernising the teacher training curriculum; increasing access to and improving the quality of primary and secondary level education; meeting MDG commitments; and pursuing projects and programmes that focus on the needs of the elderly, youth and children.

On the other hand, the current low percentage of targeted welfare support, the general decline in the use of primary services and the high percentage of students leaving the education system without academic qualifications or skills indicate a bleak outlook regarding the GOJ's ability to meet its medium-term challenges in these areas.

For GOJ to succeed in meeting its social development objectives, it will need to: continue to promote community-driven social development initiatives by strengthening its ongoing

collaboration with NSAs to build the capacity of civil society organisations to deliver social sector programmes at community level, with particular emphasis on rural structures; provide a comprehensive implementation framework to support ‘joined-up’ working arrangements between Ministries on cross-cutting sectoral issues (this objective will require a ‘research before action’ approach to ensure an understanding of the connectedness of social sector priorities); and develop adequate M&E tools for addressing social development outputs that can inform future ‘best practice.’

The sustainability of social sector performance objectives will also rely on the integration of environmental principles across a plethora of policies and programmes and a comprehensive rural development programme.

The EU, as the largest grant donor to Jamaica with important comparative advantages, has an unparalleled potential to assist GOJ’s development efforts. It is therefore important for GOJ to have responsive and efficient structures for the absorption and disbursement of this funding.

CHAPTER III: OVERVIEW OF PAST AND PRESENT EU COOPERATION, COMPLEMENTARITY AND CONSISTENCY

3.1 Overview of past and present EU cooperation

Development cooperation between Jamaica and the EU goes back 30 years and has been valued at some €710 million, not counting the regional programmes.²⁴ The EU remains Jamaica’s largest grant partner and its development cooperation programme in Jamaica is both consistent with the priorities of GOJ and complements the policies of other international development partners.

Past and current EU strategy for Jamaica, seeking to support activities to promote growth and employment, has focused on providing macro-economic support, support for economic infrastructure, support for institutional strengthening, and poverty reduction. The CSS/NIP 2002-2007 under the 9th EDF focused on assisting the private sector, including SMEs, to prepare for competition in a more liberalised global market, an important task in the light of the newly emerging international trading regime, and the reform of traditional trading arrangements. Finally, the modernisation of Jamaica’s deteriorating road transport system was seen as strategically important for the further development of the agriculture, tourism and mining sectors at a time of severe fiscal constraints. Therefore, the amount allocated to Jamaica under the 9th EDF was €100 million, of which some €80 million has already been committed.

Lessons Learned

A recent evaluation of the CSS/NIP 2002-2007 concluded that varying levels of progress have been achieved. While there were delays in the start of the private sector development programme, the period also witnessed improved IDP coordination. The MTF, which has benefited from donor support, was the mechanism for this strengthened IDP coordination. The review also noted that

²⁴ Planning Institute of Jamaica, Office of the National Authorising Officer.

programmes financed under the 7th, 8th and 9th EDF have generally displayed continuity in many areas, and the concentration of activities in targeted sectors has generated a positive impact. The evaluation recommended that attention should focus on supporting the main priorities of the GOJ, including the reduction of crime.

Important lessons learned from past IDP experience in Jamaica suggest that: (i) clear links need to be established between government priorities and the CSP/NIP; (ii) realistic indicators should be used to monitor performance; (iii) projects and instruments that reinforce the strategy of poverty reduction should be chosen; (iv) strengthening the capacity of state and non-state counterpart agencies needs to be prioritised; (v) each sector and project should incorporate functional indicators to measure its linkage to and contribution to poverty alleviation; (vi) synergies between past and present cooperation should be identified to enhance impact; (vii) coordination and complementarities between EU, national and IDP initiatives should be included in each project financing agreement; (viii) there should be coordination with other IDPs at the level of design and implementation of interventions; and (ix) that the CSP/NIP should place more emphasis on the role of the NAO office as the coordinator of external cooperation.

Other lessons to be drawn include the tendency (when plans are being formulated) to overestimate the speed of reform and underestimate the economic challenges. Consequently, time-frames need to be carefully and realistically assessed in future programming. The start-up of projects and programmes financed under the 9th EDF proved to be slower than intended. The private sector development programme, in particular, has started to be effectively implemented only recently, due in part to the complexity of procedures. Likewise, the complexity of procurement procedures for TA in general is well-known and should be adequately considered during future planning. Finally, poorly designed projects always cause delays in implementation and the experience of the HRDIS is further evidence of this other well-known lesson.

3.1.1 Focal Sectors and Macro-economic Support

Focal Sector I - Private Sector Development (PSD)

Under the 9th EDF, the EU allocated €20 million for Jamaican PSD. Additional funds allocated to the sector from 3 previous NIPs take the total EU contribution to €36 million. This last figure is further supplemented by EIB loans for business development. The current PSD programme, which goes beyond the old trade development programme, is meant to empower private sector organisations and SMEs, strengthen their support organisations, build their capacity for cost-sharing, increase access to corporate finance, and improve their competitiveness. However, due to the slow start of the PSD programme, it is too early to assess the results achieved thus far.

Focal Sector II - Infrastructure Development

Jamaica's road network is essential to the country's economic prosperity and the improvement of sectors like agriculture, tourism and mining. The EU has been involved in the development and rehabilitation of the road infrastructure, particularly the North Coast Highway (NCH) project, which has been ongoing since the 7th and 8th EDFs. Construction of the EU segment of the NCHIP segment 3 commenced in December 2005, and is scheduled for completion in June 2008.

Ongoing programmes under the 8th EDF - Water sector

Activities in the Water sector, which were agreed under the focal sector of infrastructure development (8th EDF), continue. Projects include the Rural Water Supply Project, phase II, which received €10 million and is expected to be completed at the end of 2007, and the Water and Sanitation project under the Poverty Reduction Programme in Whitfield Town in Kingston, where 25 000 people now benefit from improved sanitary conditions. Under the 9th EDF, the institutional strengthening of the National Water Commission will be supported with €1.1 million; and €3 million will be allocated to rehabilitate the Negril Wastewater project/Waste Stabilisation Ponds.

Macro-economic Support

The EU has continued to support the government's macro-economic reform programme, which aims to stabilise the macro-economic environment and reduce poverty. It has approved a third support measure for the Economic Reform Programme (SERP III), which aims, among other things, to improve governance by strengthening public financial management (PFM) capacity. Twenty-seven million euros were allocated to budgetary support and €3 million was allocated for studies, audits of PFM and institutional capacity building measures.

As part of its larger reform agenda, GOJ has embarked upon an ambitious public financial management reform and has established a framework including audits, oversight by the Public Accounts Committee and a new Access to Information Act. In addition, a joint World Bank/IDB public financial management assessment was conducted, as part of the effort to strengthen public procurement and financial management. Another component of the reform was the preparation, with assistance from International Development Partners (including the EU), of the MTF, which outlines GOJ's development priorities.

3.1.2 Projects and programmes outside the focal sectors

The focal themes are supplemented by a non-focal programme of decentralised cooperation with an emphasis on poverty alleviation, good governance and institutional strengthening. The programmes are implemented mostly through participatory decentralised cooperation in order to strengthen community involvement in development. These include the poverty reduction programme (PRP II), which focuses on water, environmental health issues and income generating activities, and support for the NAO, which addresses cross-cutting issues such as capacity building. Under these programmes, support is being provided for institutional strengthening to enhance community empowerment and the delivery of services to communities.

3.1.3 Utilisation of Envelope B

GOJ received €29 million from Envelope B, which is reserved for emergency assistance. A total of €26.2 million was used to help offset hurricane-related and other unforeseen expenditures along with humanitarian assistance. Of these funds €25 million were made available to the GoJ as budget support. By providing the funds directly to the Treasury Account, GOJ's room for manoeuvre to undertake discretionary (non-debt non-wage) expenditure is enhanced, thus taking pressure off the already strained fiscal position. This support facilitated social cohesion at a time of great social distress. €1.2 million was utilized to fund ECHO's rapid response to the damage caused by Hurricane Ivan in 2004.

In 2004 GOJ was allocated €2 million to assist with short-term fluctuations in export earnings (FLEX). Those funds were allocated to 30 rural road rehabilitation projects.

3.1.4 Other cooperation

Apart from EDF support, Jamaica has benefited from various other cooperation instruments. The Stabex system, established under Lomé to support stability in export earnings from traditional agricultural commodities, provided Jamaica with €2.3 million in 2000 to compensate for falling banana prices on the world market and losses in exports due to hurricane damage. Sysmin resources in the amount of €70 million were accessed for the Northern Coastal Highway Project. The European Investment Bank (EIB) has to date made available €208 million to GOJ. The focus of recent EIB lending is in line with the current CSS/NIP, where some 38% of funds are targeted to the transport sector, 28% to financial intermediaries for on-lending to or investment in small and medium-sized enterprises, and 7% to the water sector.

In the face of increased global competition, EU support for regional integration seeks to help establish a harmonised economic space to help meet this challenge. This support will assist Jamaica and other Caribbean states to enter into advantageous international trade negotiations as it engages in structural transformation and economic repositioning. Jamaica currently benefits from a number of regional programmes, including support for the University of Technology (UTECH) and the University of the West Indies (UWI) at Mona.

Community budget lines also finance projects in Jamaica such as HIV/AIDS and Youth in Jamaica, Education and Advocacy for Human Rights and Democracy, the Abolition of the Death Penalty, and Sexual and Reproductive Health.

3.2 Information on the programmes of the EU Member States and other donors (complementarity)

The principal International Development Partners (IDPs) in Jamaica are EU, DFID, USAID, CIDA, JICA, UN Agencies, World Bank, IDB, and CDB, although Belgium, France, Spain, Sweden, China and Venezuela also have cooperation programmes with Jamaica. IDPs have intensified their collaboration, coordination and harmonisation with GOJ and among themselves, a process greatly facilitated by the introduction of the MTF. The formation of thematic working groups, with the participation of non-state actors, has further strengthened this process. The IDPs have committed to further align their efforts, in the context of the MTF, both in the monitoring of the framework and in the programming of their future support.

Since 2005, the UK's Department for International Development (DFID) has supported this MTF monitoring initiative by financing technical assistance for its management. The NAO has agreed to take the lead in the coordination of the monitoring framework. In addition, as part of the intensified coordination, the Ministry of Finance and Planning has agreed to meet with the IDPs to discuss the draft budget before its formal presentation to Parliament and after its adoption.

The UK is the Member State with the largest portfolio in Jamaica. Aside from the DFID, other UK departments provide support as well. DFID's CAP 2005-2008 outlines a poverty reduction

programme focusing on support to reduce crime and insecurity, address social exclusion and reform public services. France has provided police and military equipment and opportunities for cultural exchanges. Spain is providing €12 million over three years for hospitality and language training. Belgium has provided both loan and grant funding for a transportation hub and post-hurricane Ivan reconstruction. Sweden is giving equipment. USAID's SDS 2005-2009 will provide US\$10 million a year over three years for education, health, poverty and SMEs. CIDA operates at local level in social infrastructure and institutional strengthening and will provide Can\$7 million over five years for the Justice Sector. Japan is providing US\$64 million in loans and grants to rehabilitate water reservoirs and for technical cooperation in the health sector. China has signed agreements for infrastructure projects in sports, education, water and transportation. Finally, Venezuela's PetroCaribe initiative offers energy at concessionary prices.

Jamaica's multilateral development partners, the World Bank, IDB, the UN and CDB will complement the EU's work on economic growth, education, and security and justice. However, over the last 3 years the portfolios of some of the multilateral financing institutions have been reduced based on mutual agreements with the GOJ and in line with the Government's debt and fiscal management strategies.

3.3 Other EU policies

Multi-annual EU assistance strategy for the Adaptation of the Sugar Industry

Under the Sugar Protocol of the Lomé Convention and Cotonou Agreement — which guarantees a market for Jamaican and other ACP sugar exports to Europe at a set price — Jamaica receives on average US\$75 million annually in foreign earnings from the export of sugar and its derivatives to the EU.²⁵ However, Jamaica stands to lose €24 million per annum in foreign exchange earnings by 2010²⁶ as the EU reduces the price at which it buys sugar from Jamaica and other ACP countries. This will affect an industry that employs up to 38 000 persons²⁷, and may lead to an increase in poverty in areas where livelihoods depend on sugar if appropriate measures are not taken to mitigate the impact.

However, additional support for Jamaica will come from the multi-annual EU assistance strategy, which runs until 2013. Following a number of studies and wide stakeholder consultation, Jamaica has developed the *Jamaica Country Strategy for the Adaptation of the Sugar Industry 2006-2015 (JCS)* to address the key problems of the sugar sector (insufficient production to meet domestic and export markets; low average output and yield in cane cultivation; inefficient cane processing).

The three areas of intervention of the Strategy are to:

- 1) develop a sustainable private sector-led sugar cane industry;
- 2) strengthen the economic diversification, social resilience and environmental sustainability of sugar-dependent areas;
- 3) maintain progress toward macro-economic goals.

²⁵ See Economic and Social Survey of Jamaica, 2005, p. 10.4.

²⁶ See GOJ, Jamaica Country Strategy for the Adaptation of the Sugar Industry, 2006-2015, p. 9.

²⁷ See GOJ, Jamaica Country Strategy for the Adaptation of the Sugar Industry 2006-2015, p. 1.

While the EC assistance strategy supports all 3 components, the focus in the implementation of the EU strategy will be support for the diversification of sugar cane production (rum, renewable energies, ethanol) and sustaining Jamaica's efforts to maintain progress towards macro-economic goals.

The Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas

The SFA is a ten-year support initiative begun in 1999 to fund the EU Banana Support Programme in Jamaica. Up to 2005, €33 million, including funds from its predecessor, the SSA, had been granted. It was set up following the WTO ruling against some elements of the ACP banana regime and against a background of falling banana prices on the world market, with the objective of providing annual funding to promote an efficient banana industry able to compete in a liberalised world market. However, after SFA 2001, the scope of the banana support programme was expanded to include diversification as a way to promote sustainable agricultural and non-agricultural development in traditional banana growing areas. This suggests that support should now focus on integrating agricultural production with other aspects of rural life, including, for example, education, health and infrastructure. Further diversification is expected to decrease gender- and class-based income disparities.

3.4 State of the partnership with Jamaica and progress towards harmonisation

Dialogue between Jamaica and the EU continues to be running smoothly as GOJ continues to strengthen coordination and harmonisation efforts. At country level, the NAO characterises the relationship with the EU Delegation as open and constructive, with Annual Reviews produced as a joint exercise, quarterly meetings (including with NSAs since the 9th EDF) and regular informal *ad hoc* discussions. In addition, the country strategy paper is a collaborative process that provides an opportunity to further harmonise procedures for programming. However, while the atmosphere is collaborative, the NAO suggests that two issues have emerged: the lack of sufficient human resources in the office of the NAO; and the somewhat bureaucratic nature of EU procedures, particularly when changes to the format are imposed. The production by GOJ of the MTF, which serves as a basis for harmonisation and is consistent with the goals of stability, growth and poverty alleviation, is an indicator of the positive results of coordination and is an important step towards aid effectiveness.

CHAPTER IV: RESPONSE STRATEGY

4.1 Summary of the response strategy

This chapter outlines the EU response strategy for Jamaica for the period 2008-2013 and is based on the country diagnosis, the recommendations of the evaluation of the CSS/NIP 2002-2007, and lessons learned. It also considers Jamaica's needs and progress made so far towards meeting the goals of the Medium-Term Socio-Economic Policy Framework (MTF) and GOJ's commitment to achieving them. Finally, due consideration is given to the relative magnitude of financial and

administrative resources to be made available by the EU for development cooperation with Jamaica in 2008-2013, as well as their potential impact.

The principles upon which the strategy was decided include: the alignment with key strategies of GOJ, in particular the MTF and NSS; complementary synergies with the actions of IDPs in Jamaica; maximising effectiveness by focusing on interventions that respond to key needs and opportunities for progress and take into account the EU's comparative advantages.

4.2 Key objective, main areas for Community action

The overall objective of EU cooperation with Jamaica in 2008-2013 is poverty reduction through support for Jamaica in reaching its goals as outlined in the MTF. This objective is to be achieved by providing major financial and technical assistance towards

1. sustaining macro-economic stability, in particular by addressing the key challenge of public debt;
2. reducing crime and violence and promoting social cohesion and inclusion; and
3. improving the capacity to implement regional economic integration and new trade arrangements such as the Economic Partnership Agreement with the EU.

In line with the 2006 EU strategy for the Caribbean and the European consensus on development with its principle of concentration, the evaluation of the EU-Jamaica cooperation programme under the 9th EDF, and Jamaica's priority needs for achieving the objectives of its MTF, the EU country strategy for 2008-2013 will concentrate on two areas (Envelope A):

1. Support for the macro-economic reform process
2. Support for governance reform (justice and security)

The overall objective of macro-economic support is to help the GOJ to address the challenge of public debt and the need for fiscal reform to promote macro-economic stability and pro-poor economic growth. EC macro-economic support will be provided in the form of a general budget support (GBS) programme. This programme should take up around 55% of the total European Development Fund (EDF) envelope and would also include specific provisions for budget allocations to the education sector.

The expected result of the EU's budgetary support is to contribute to reducing public indebtedness and enhancing fiscal reform, while safeguarding GOJ resources for adequate budgetary allocations and expenditures, in particular for education. This support will contribute to the achievement of GOJ's macro-economic policy and its social services and good governance targets as defined in the MTF.

In parallel to this GBS, over one third of the allocations under the Sugar Accompanying Measures will also be devoted to macro-economic support, in line with the Jamaican Country Adaptation Strategy.

Support for governance is important for the achievement of GOJ's MTF social sector goals of crime prevention and reduction and justice sector reform. It is also consistent with the European Initiative for Democracy and Human Rights. Crime has a high economic cost,²⁸ and retards economic growth and social development. While poverty may contribute to crime, high crime rates are also an obstacle to poverty reduction. To address the particularly acute crime situation in Jamaican society, EU cooperation with Jamaica will also provide **support for reforms in governance (security and justice).**

The overall objective of governance support is to contribute to the reduction of poverty through crime and violence reduction and human rights improvements. **The purpose** is to enhance the capacity of the executive and judiciary to manage crime, and in collaboration with communities to prevent crime and uphold the rule of law. The EU does not have substantial experience in project management in these areas as compared to other IDPs. However, it has been very engaged in the coordination structure at policy level with GOJ and IDPs through the MTF and other fora. Therefore, effective support can be provided at the overall policy level through a Sector Policy Support Programme (SPSP) for the Security and Justice areas. It will thus be delivered through a Sector Policy Support Programme for (1) Jamaica's National Security Policy in collaboration with the Ministry of National Security with the overall objective of reducing poverty through crime and violence reduction and inspiring public confidence in law enforcement; and (2) justice reform in collaboration with the Ministry of Justice in order to promote and improve access to justice and human rights. The Sector Policy Support Programme will be implemented through sector budget support with additional provision for technical assistance in the areas concerned. This programme should take up around 30% of the total for EDF envelope A.

The expected result of the EU's support is to contribute to realising the objectives of the GOJ National Security Policy, in particular: a reduction in violent crime and domestic violence in targeted communities; a general decrease in levels of crime in communities targeted by the National Security Strategy of the GOJ; improved public understanding of the criminal justice system; reduction in the backlog of cases in the justice system; improved equipment and infrastructure for JCF and courts; improved JCF training, work conditions and capacity to engage with local communities; enhanced community security initiatives; and access to justice.

EU support for rural development in Jamaica will be provided as part of the support for the Sugar Industry Adaptation Strategy of the Government of Jamaica, and also the Special Framework Assistance for Banana Farmers.

Outside the focal sectors, the EU country strategy will provide support to the **CARIFORUM-EU EPA Adjustment and Capacity Building Programme**. **The overall objective of this support** is to contribute to the reduction of poverty in Jamaica through regional integration and deeper economic relations with the EU. **The purpose** is to support government agencies in the establishment and implementation of the CARIFORUM-EU EPA and facilitate its use by economic operators. Support will be provided as financing and technical assistance through a project approach.

²⁸ According to a study by the World Bank, "crime [in Jamaica] costs society at least 4 percent of GDP annually, including lost production, health expenses and public and private spending for security." World Bank *CAS*, 2005, p. 12.

EU cooperation for 2008-2013 has also earmarked funds for providing institutional support to non-state actors in Jamaica. There is also provision under the 10th EDF programme to support the National Authorising Officers' office in Jamaica and a technical cooperation facility in order to facilitate the implementation of GOJ-EU development cooperation financed from the European Development Fund (EDF) and the EC budget.

Main principles of EU assistance 2008-2013

EU assistance in 2008-2013 will be based on the following main principles:

- Support only those sectors that are receptive — national ownership of the programmes

The EU will only provide assistance to the government where there is the **political will** to introduce change. This means that the EU will not support stand-alone programmes that do not correspond to policies. Nor will it support programmes that do not enjoy the financial support of the government.

- Work at national and community level while promoting coordination at all levels

EU cooperation programmes will be designed to provide some tangible results at national and community level, especially in the area of basic services and income-generating activities, in order to demonstrate the benefits of reforms at national and community level at an early stage.

- Develop in close cooperation with Jamaican authorities and other IDPs models of intervention for replication

It is hoped that, by improving Jamaica's own systems, a greater impact on poverty reduction can be achieved.

The influence of the EDF Programme

As with EU funding in many Caribbean countries, the EU is the largest grant provider for Jamaica. EU assistance is the equivalent of 1.3% of annual government revenue and comes to €8 per year for each Jamaican.²⁹ Jamaica's annual budget for 2005/06 stands at 156.6 billion Jamaican dollars, which is equivalent to €1.98 billion or €744 per capita. This means that EU funding is important in the context of Jamaica's high indebtedness and the opportunity cost associated with this situation. Hence, EU intervention will have an even greater impact when concentrated in the areas of macro-economic and governance reform. The EU is the largest donor to these areas in Jamaica, thus giving the EU a comparative advantage in terms of scale.

Budget Support

Regarding budget support, Jamaica is able and willing to continue with a macro-economic support programme as it completes its economic reform programme aimed at sustaining a stable macro-economic environment and achieving the goals of reducing poverty. A general budget support programme would also help facilitate GOJ's efforts to improve good governance through the strengthening of public finance management.

²⁹ This figure was arrived at using the average annual disbursement of €20m as a percentage of annual 2005-2006 GOJ revenue. This calculation does not include regional assistance, Community budget lines, or trade protocols and agreements.

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Cooperation Agreements/Multi-donor support

Coordinating support with other donor agencies, such as those already providing support to Jamaica in the development of sector reforms and action plans in its education, security and justice sectors (World Bank, DFID, USAID, CIDA, UN agencies), is one of the objectives of the Paris Declaration. However, contribution agreements may not be suitable under the present conditions in Jamaica, as the country already has institutions sufficiently developed to implement these programmes.

Although the EU has limited experience in Jamaica with cooperation in the governance (security/justice) sector, its past and current intense collaboration and coordination with the international development partners augurs well for the future. Furthermore, EU intervention in this sector would build upon its prior efforts to support economic growth and governance under previous EDF allocations at national and regional levels.

Risks

Key risks to the success of the country strategy include: Jamaica's vulnerabilities to natural disasters and external economic shocks; slow implementation; popular displeasure with the high level of fiscal constraints required by the high debt burden; fallout from the reform of the trade regime for sugar and bananas; and limited fiscal manoeuvrability.

Coherence with other EU policies and cross-cutting issues

The suggested strategy is fully compatible with other EU policies, where relevant EU policies and strategies on **cross-cutting issues such as gender, human rights and the environment** have been taken into consideration. Strategic environmental assessments and environmental impact assessments conducted by other agencies will be taken into consideration, in particular with regard to the implementation of Jamaica's Sugar Strategy. This includes the building of strategic and operational links between inter-related aspects of development. Support will be provided for activities undertaken by non-state actors to benefit communities. The design of the budgetary support programmes will incorporate an analysis of cross-cutting issues. Policy dialogue will support priority areas.

Assistance will be provided for sensitive industries such as banana and sugar cane. Support for the banana sector will continue during the period projected in the country strategy paper, through the budget line "Special Framework of Assistance" (which will run through 2013) to increase the competitiveness of the banana industry and to facilitate diversification in the rural areas. Support for the *Jamaican Country Strategy for the Adaptation of the Sugar Industry 2006-2015 (JCS)* will be provided to address the key problems of the sugar sector. In addition, funding continues to be available through Commission budget lines, mainly for democratisation and human rights projects.

The EU will continue to assist the GoJ in implementing a strategy for comprehensive disaster management plan and to seek means of further streamlining responses to natural disasters. Support will give continuity to the programmes developed by ECHO through the DIPECHO.

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PART II

NATIONAL INDICATIVE PROGRAMME

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1. Indicative Programme

1.1 Introduction

On the basis of the cooperation strategy presented in Part One and in accordance with Article 4 of Annex IV to the Cotonou Agreement, the Parties have agreed on the main priorities of their cooperation and on the sectors in which EU support will be concentrated. A detailed indicative programme is presented in this chapter followed by a set of tables showing the intervention framework for each focal area, the financial programming timetable, and an activity pipeline schedule.

The amounts mentioned in this chapter indicate the overall breakdown of funds between the focal sectors, macro-economic support and other programmes. The breakdown may be modified in the light of operational, mid-term, final or ad hoc reviews. However, for any adjustment resulting in a substantial change to the structure of the response strategy, a formal decision in the form of an addendum to the strategy document will be required.

1.2 Financial instruments

The implementation of the EU's cooperation strategy with Jamaica will be financed from several financial instruments. The following is an indication of their mobilisation as currently envisaged.

1.2.1 10th EDF, A-envelope, €110 million (indicative): This envelope will cover long-term programmable development operations under the strategy, and the following programmes in particular have been identified on an indicative basis:

- Macro-economic support: (**€60.5 million**)
(55% of total NIP) general budget support
- Governance (Security, Peace and Justice): (**€33 million**)
(30% of total) programme-based (sector budget) support
- Other programmes: (**€16.5 million**)
(15% of total) project support
 - Capacity building related to the EPA (**€11.25 million**)
 - Support for NSAs (**€2.5 million**)
 - Technical Cooperation Facility (**€1.75 million**)
 - Support for the office of the NAO (**€1 million**)

1.2.2 10th EDF, B envelope, €12.9 million: This envelope will cover unforeseen needs such as emergency assistance where support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate the adverse effects of instability in export earnings.

In accordance with Article 3(5) of Annex 4 to the Cotonou Agreement, this amount may, if necessary, be increased in the light of operational or ad hoc reviews.

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1.2.3 Investment Facility: In addition to the financial instruments mentioned above, of which the A-envelope is the main programmable basis for the NIP, the 10th EDF also includes an Investment Facility, which is an instrument managed by the European Investment Bank. The Investment Facility is not part of the NIP.

Support for Jamaican enterprises providing non-financial services to the private sector is available through the Centre for the Development of Enterprise.

1.2.4 10th EDF regional indicative programme: This allocation will cover long-term programmable development operations under the regional strategy for the Caribbean. The allocation is not part of the NIP but may have repercussions at national level depending on the participation of Jamaica in the programmes proposed under the regional framework.

1.2.5 Other financial instruments:

Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007-2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes "investing in people", "non state actors in development", "migration and asylum", "environment and sustainable management of natural resources" and "food security" and the programme for accompanying measures for ACP Sugar protocol countries, as well as actions funded from other instruments such as the stability instrument, the instrument for the promotion of human rights and democracy or the instrument for humanitarian and emergency assistance.

The actions envisaged in sugar protocol accompanying measures, shall be complementary to above financial instruments.

1.2.6. Monitoring and evaluation

Monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this CSP will be undertaken in line with the Technical and Administrative Provisions that are attached to each individual Financial Agreement prepared to implement this CSP.

The results and impact of the Community's cooperation with Jamaica implemented through the NIP and through other external actions funded by the general budget of the European Community, will be assessed by means of an independent external evaluation. This country-level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

1.3 Focal areas

1.3.1 Macro-economic support

Background: The GOJ's obligation to reduce its high debt has put pressure on its ability to meet discretionary expenditure on social services and capital investment. This has resulted in a

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deterioration in the quality of the delivery of social services, including education in particular. It would therefore be prudent to continue to provide budgetary assistance to allow GOJ to build on the support already provided through SERP I-III. This new support should be linked to a strengthened monitoring framework in the context of an expanded MTF and should include specific provisions guaranteeing adequate budgetary allocations to the education sector. In addition, the support will contribute to the governance measures being instituted in the PFM reforms. The Public Expenditure and Financial Accountability (PEFA) assessment, provides the basis on which dialogue (with EU and other IDPs) and assistance on PFM issues will evolve.

This GBS programme will be delivered in parallel with over one third of the total allocations under the Sugar Accompanying Measures, which will also be devoted to macro-economic support in line with the Jamaican Country Adaptation Strategy. Finally, account will be taken of Jamaica's debt profile, the UK's bilateral debt relief operations, and the joint World Bank/IDB technical assistance following the 2006 Country Procurement Assessment Review (CPAR).

Overall objective: To promote macro-economic stability and pro-poor economic growth

Programme purpose: Strengthening the government's capacity and financial resources to effectively implement over the medium term a growth-oriented, pro-poor macro-economic policy in the context of continuing fiscal constraints.

The EU will support GOJ's macro-economic reform programme through general budget support. Special attention will be given to poverty reduction, particularly with a view to ensuring equitable access to social services. Macro-economic support will be delivered in the form of a three-year programme. Funds will be disbursed on an annual basis. Specific targets for macro-economic and social sector (in particular education) outcomes will be based on the GOJ MTF and on GOJ's ability to provide adequate funding for reform in these areas.

The focus in determining these targets should be based on the government's commitment to:

- Enhancing the credibility of the budget
- Rationalising public sector budget formulation and execution through
 - restructuring of the debt stock to reduce debt-service payments
 - improved prioritisation of budget allocations and expenditure to support the social sectors, with particular attention to the needs of the education sector
 - implementation of the Public Sector Modernisation programme
- Enhancing fiscal revenues

The programme will also have a technical assistance component to strengthen the public financial management (governance) and implementation capacity of responsible government institutions

Results: The EU's budgetary support is expected to contribute to reducing public indebtedness and enhancing fiscal reform, while safeguarding GoJ resources for adequate budgetary allocations and expenditures in particular for education; the support will contribute to the achievement of GoJ's macro-economic policy and its social services and good governance targets as defined in the MTF.

Assumptions: The effectiveness of the budget support programme depends on the government's overall efforts in terms of maintaining strict overall expenditure policies, as well as its ability to improve the effectiveness of spending on social services. It is assumed that the government will succeed in attracting sufficient donor support given a coordinated strategy for debt reduction and direct budget support. An important **risk** is the occurrence of major external shocks such as natural disasters.

Sustainability: It is important for the government to implement the strategy, policies and programmes it has defined in the MTF with regard to macro-economic reforms, as well as its plans to strengthen good governance and improve quality and access to social services. Success will be measured against the results achieved in the context of the MTF. The budget support programme requires that measures to promote accountability, transparency and other sound PFM practices be kept in place and strengthened, on the basis of the support already granted under SERP in the areas of fiscal planning and expenditure review. Social targeting will contribute to reducing poverty and support for institution building will contribute to the sustainability of the reforms. Here, continued technical assistance will be needed. Policy dialogue will ensure that priority areas are taken into account in reform processes. This includes crosscutting issues such as sustainable development issues, environment and gender equality.

It is expected that the government will maintain social programme expenditure levels in real terms, in particular on education. The achievement of the social targets depends, among other things, on the effective use of GOJ own resources. In this regard, the PFM is considered a key cooperation area in the macro-economic support programme.

The main measures to be taken by the GoJ as a contribution to the implementation of the response strategy are:

- The government will maintain a stability-oriented macroeconomic policy framework;
- The government will maintain progress in the implementation of a credible PFM reform strategy;
- The government will maintain progress in implementing its medium term socio-economic policy framework.

It should be recalled that the main commitments by GOJ to ensuring the mainstreaming of cross-cutting issues are: the implementation of the National Framework for Action for Children to promote healthy lifestyles, quality education, and protection from abuse, to combat HIV/AIDS and to mobilise resources for children; to promote gender equality and empowerment initiatives through improved institutional capacity for gender analysis, the mainstreaming of gender in all policies, plans and programmes, and the development of a national policy on gender; to promote greater civil society representation in national decision-making and improve the efficiency and effectiveness of central and local government machinery; to prioritise environmental action in relation to land use planning, forestry and watershed management, coastal zone management, urban management, hazard mitigation, public education and awareness.

This GBS programme will be delivered in parallel with over one third of the total allocations under the Sugar Accompanying Measures, which will also be devoted to macro-economic support in line with the Jamaican Country Adaptation Strategy.

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As an indicative amount, approximately 55% of the NIP will be set aside for this type of support.

1.3.2 Governance (Security and Justice)

Background: Jamaica experiences levels of violent crime that are far greater than in comparable peers. Crime impacts across society, particularly on businesses, communities, households and investor confidence, but the effects of crime are primarily felt by the most vulnerable: small businesses, marginalised communities and poor households. The initiatives to be deployed to support security and improve the delivery of justice should therefore be seen in the context of specifically pro-poor investment.

The EU programme response should promote a balanced approach to crime and justice by addressing both institutional strengthening for the Justice and National Security Ministries and budgetary support for GoJ policies that address the wide variety of aspects affecting access to justice and safety and security issues. At present, gaps in IDP funding occur largely in the ‘softer’ areas of crime prevention.

The EU does not have substantial experience in project management in these areas as compared to other IDPs. However, it has been very engaged in the coordination structure at policy level with GOJ and IDPs through the MTF and other fora. Therefore, effective support can be provided at the overall policy level through a Sector Policy Support Programme (SPSP) for the Security, Peace and Justice areas. The SPSP will support GoJ’s **National Security Policy**. Although the Ministries of National Security and of Justice have existing institutional capacities in project management, particularly for managing project cycles and procurement processes, they will still need support to continue strengthening their operations in a variety of areas.

Overall objective: To contribute to the reduction of poverty through crime and violence reduction, and improve human rights

Programme purpose: To enhance the capacity of the executive and judiciary to manage crime; and in collaboration with communities to prevent crime and to uphold the rule of law.

EU support will be provided through a Sector Policy Support Programme for GOJ policies in the inter-related areas of security and justice, provided that the eligibility conditions are fulfilled. Such a programme would focus on both (a) the underlying causes of crime and violence (b) institutional strengthening for government agencies concerned and (c) access to justice and human rights. The **National Security Strategy** of the GOJ offers a good basis for the development of such a programme. The programme will be implemented through sector budget support with additional provision for technical assistance in the areas concerned.

The main areas of focus of the programme are:

- Further development of the Ministry of National Security’s Community Security Initiative (CSI) and other approaches to raising the ability of JCF to partner with community representatives.

- Building the capacity of the Ministry of National Security and Ministry of Justice to deliver on key goals of the National Security Strategy and to act as efficient implementation partners, with the focus on project management, procurement and infrastructure.
- Engagement of civil society in crime prevention initiatives, socially responsible behaviour and understanding of the criminal justice system; and improved outreach programmes for victims and perpetrators (such as through legal aid).

In the planning, design and implementation of the programme, close collaboration with IDPs already active in the sector will be pursued. The main sectoral policy measures taken by GOJ as its contribution to the implementation of the response strategy in this field are articulated in its National Security Strategy.

Results: The EU's support for governance is expected to contribute to: a reduction in violent crime and domestic violence in targeted communities; a general decrease in levels of crime in communities targeted by the NSS; improved public understanding of the criminal justice system; reduced backlog of cases in the justice system; improved equipment and infrastructure for JCF and courts; improved JCF training, work conditions and capacity to engage with local communities; enhanced community security initiatives; and access to justice.

Assumptions: Recruitment and retention of high quality members of the executive and judiciary; continuing IDP and international support for crime prevention in Jamaica; ability of JCF to change institutional capacity and culture; increased effectiveness of JCF does not prompt upswing in criminal (re)action; government commitment to infrastructure and equipment maintenance; IT in Ministry of Justice and law enforcement remains serviceable.

Sustainability: Within the GOJ, the Ministries of National Security and of Justice to maintain an effective working relationship; continued dismantling of 'garrison' community structures.

Continuing harmonisation between IDP programmes will be necessary to ensure overall success. As there are a number of externally funded programmes in this sector, opportunities to provide complementary funding for existing programmes to promote institutional strengthening and capacity building will be sought. More significant, however, is the potential to share a common approach among the IDPs to ensure that coordination/cooperation can be pursued.

The main commitments of GOJ to ensuring the mainstreaming of cross-cutting issues involve the implementation of community-driven programmes in both rural and urban areas with the objective of reducing the spread of violent and other crimes. It involves programmes such as the Safe Schools Programme and the Inner City Services project and institutions such as RADA and JSIF, as well as NSAs and CBOs working on governance issues.

As an indicative amount, approximately 30% of the NIP will be set aside for this field.

1.4 General budget support

The Community will support the Government's macroeconomic reform programme through general budget support. Special attention will be given to the objective of poverty reduction, particularly

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with a view to ensuring equitable access to social services. Budget support will be delivered in the form of a three year programme. Funds will be disbursed on an annual basis.

If a disbursement is not made, the non-disbursed amount is de-committed, credited to the NIP, and may be reprogrammed either for budget support or for one of the other cooperation programmes of the NIP. Such a decision can be taken in the context of the annual review.

It is envisaged that 85% of the NIP will be channelled as budgetary support. As an indicative amount, approximately € 60.5 million (55% of the total NIP) will be set aside for General Budget Support from the A-Envelope. This will be complemented by the funds under the sugar accompanying measures (AMSP) of which over one third will be channelled as general budget support (and the majority of the remaining funds under the AMSP will be channelled as sector budget support). Further, approximately € 33 million will be set aside for Sector Budget Support to the governance focal area.

1.5 Other programmes

An indicative amount of approximately 15% of the NIP is set aside for the following actions:

1.5.1 CARIFORUM-EU EPA Adjustment and Capacity Building.

Background: The signature of the Cotonou Agreement in 2000 signalled a new era of cooperation between the ACP and the European Union, with the parties consenting to the negotiation of broader economic and trade agreements, Economic Partnership Agreements (EPAs), compatible with the World Trade Organisation rules.

As a small open economy, Jamaica's economic prospects are tied to its ability to trade efficiently with its regional peers and to access the markets of North America and Europe. Trade between the European Union and Jamaica accounts for around 30% of domestic exports and 10% of imports. Jamaica has worked hard to open the economy to multinational corporations and international capital and the **success** of these efforts is reflected in the high ranking, relative to peers, accorded to the country by the UN's Transnationality Index³⁰.

The EPA seeks to promote development through regional integration. Trade in goods and services as well as wider trade-related areas are included in an EPA. In the implementation of the agreement, market building within the Caribbean (CARICOM CSME and the CARICOM-Dominican Republic FTA) will come before market opening towards the EU, in which liberalisation will be asymmetric.

In Jamaica, EU assistance will be used both for EPA implementation (with the emphasis on the regional integration process) and to facilitate the (sectoral) adaptation process. GOJ has reaffirmed its commitment to the regional integration objectives of the Regional Support Strategy for the Caribbean and is committed to playing a leading role in ensuring its realisation.

At present, the CARIFORUM-EU EPA negotiations are in their final phase, prior to the scheduled entry into force in January 2008.

³⁰ Jamaica scored 23%, World Investment Report, UNCTAD, 2005.

Objective: To contribute to the reduction of poverty in Jamaica through regional integration and deeper economic relations with the EU.

Purpose: Support government agencies in the establishment/implementation of the CARIFORUM-EU EPA and facilitate its use by economic operators.

At national level there is a need for support in several critical areas including the following:

- Increased public awareness of the regional EPA,
- Increased legislative and regulatory capacity to support implementation,
- An impact assessment of the EPA on the Jamaican economy,
- International compatible standards developed, including in the areas of Sanitary and Phytosanitary (SPS) measures, Technical Barriers to Trade (TBT) and trade facilitation,
- Improved availability of national trade statistical data,
- Trade capacity building for government agencies.

In programming specific interventions, consideration will be given to the 2005 Trade Needs Assessment carried out for Jamaica as well as Jamaica's response to this assessment of January 2006 and its response to the EPA questionnaire of March 2006.

Assumptions: an EU-CARIFORUM EPA will be concluded and Caribbean countries will further advance their regional integration agenda.

Sustainability: the availability of EC assistance under the NIP to address implementation and adjustment issues related to EPAs will further encourage GOJ to continue to use regional integration as an instrument for development. The EPA in combination with the CSP for Jamaica and RSP for the Caribbean region combines the trade policy agenda with an agenda for development assistance.

1.5.2 Institutional support for non-state actors.

Under the Cotonou Agreement, non-state actors are recognised as a key resource in the process of designing, implementing and managing social development interventions that achieve poverty reduction. It is necessary to build the capacity of NSAs responsible for the delivery of relevant education, governance and integrated rural development outputs. This will extend sustainability beyond the project cycle.

Support will be provided for NSAs deemed eligible as defined in Article 6 of the Cotonou Agreement and Article 4 (1) (d) of Annex IV to the revised agreement. Depending on their mandate, support to NSAs may cover activities including, inter alia, capacity building, advocacy, research, awareness raising, monitoring and delivery of services to the population. In supporting NSAs the EC may make use of Article 15 (4) which allows it to be the Contracting Authority. An amount of €2.5 Million shall be made available for that purpose.

1.5.3 Technical Cooperation

- Technical Cooperation Facility.
- Support for the NAO office.

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The TCF concerns support to facilitate the implementation of GOJ-EU development cooperation financed from the European Development Fund (EDF) and the EC budget.

Overall, the Indicative Programme does not include activities to be funded under the regional programme.

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1.6 Intervention Framework & Performance Indicators

Quantitative performance targets and other indicators against which progress may be measured will be developed in further detail and agreed upon between the EU and GOJ in the corresponding financing proposals under the respective programmes.

1.6.1 Macro-economic support

	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives: <ul style="list-style-type: none"> Macro-economic stability and pro-poor economic growth 	<ul style="list-style-type: none"> Deficit reduced Debt/GDP showing downward trend Poverty levels on downward trend 	<ul style="list-style-type: none"> STATIN: National Account Statistics Bank of Jamaica: exchange rate statistics PIOJ: Survey of Living Conditions 	<ul style="list-style-type: none"> Positive impact of additional poverty reduction strategies in other sectors Maintenance of strict expenditure policies Complementarity of donor macro-economic support in line with MTF
Programme Purpose: <ul style="list-style-type: none"> To strengthen GOJ capacity and financial resources to effectively implement over the medium term a growth-oriented and poverty-focused macro-economic policy in the context of fiscal constraints in line with MTF objectives 	<ul style="list-style-type: none"> Prudent fiscal policy Budget allocation to social sectors (education in particular) maintained in accordance with needs 	<ul style="list-style-type: none"> Ministry of Finance and Planning IMF Art IV and IS report Ministry of Education: Education statistics 	<ul style="list-style-type: none"> Continued GOJ commitment to pursuing macro-economic reform, fiscal restraint, debt reduction, and structural economic reforms
Results: <p>Achievement of GOJ's macro-economic policy, educational and good governance targets as defined by the MTF</p> <p>Enhanced credibility of the budget</p> <p>Rationalisation of public sector budgetary allocations and expenditure through:</p> <ul style="list-style-type: none"> Restructuring of the debt stock to reduce debt-service payments Improved prioritisation of budget allocation and release of funds to support the social sectors and education in particular. Efficient and timely implementation of the Public Sector Modernisation programme Enhanced fiscal revenues 	<ul style="list-style-type: none"> Debt/GDP showing downward trend Implemented PSMP measures Positive trend in the PFM (PEFA) indicators Budget allocation for the education sector prioritised and maintained Broadened tax base and improved tax collection Reduction in the wage bill as a percentage of total expenditure 	<ul style="list-style-type: none"> Ministry of Finance and Planning: annual budgets and actual expenditure reviews BOJ: Quarterly Reviews Ministry of Education: education statistics Ministry of Labour: statistics on social welfare programmes Ministry of Justice: crime and court statistics 	<ul style="list-style-type: none"> Overall macro-economic and social policy objectives of the GoJ developed for 2008-2011 through an MTF GOJ succeeds in attracting significant donor support for debt reduction and budget support Technical assistance available for debt and public expenditure management Adequate financial management practices in place Absence of major external shocks

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1.6.2 Second Focal Sector – Governance (Security and Justice)

	Objectively Verifiable Indicators ³¹	Sources of Verification	Assumptions
<p>Overall Objectives: To contribute to the reduction of poverty through crime and violence reduction, and human rights improvement</p>	<ul style="list-style-type: none"> Reduction in number of reported violent crime in both rural and urban areas Reduced number of human rights violations Expansion in completed number of legal-aid-funded cases 	<ul style="list-style-type: none"> PIOJ: Economic and Social Survey of Jamaica PIOJ: Survey of Living Conditions National Security Strategy 	<ul style="list-style-type: none"> Positive impact of additional poverty reduction strategies in other sectors
<p>Programme Purpose:</p> <ul style="list-style-type: none"> To enhance the capacity of the executive and judiciary to manage crime; and in collaboration with communities to prevent crime To uphold the rule of law 	<ul style="list-style-type: none"> Decline in number of citizens taking law into their own hands Increase in peaceful dispute resolutions in communities Reduced number of human rights violations 	<ul style="list-style-type: none"> PIOJ: Economic and Social Survey of Jamaica PIOJ: Survey of Living Conditions Disputes Resolution Foundation Ministry of Justice 	<ul style="list-style-type: none"> Recruitment and retention of high-quality members of the police and judiciary
<p>Results:</p> <ul style="list-style-type: none"> Decrease in crime rate in targeted communities Reduction in violent crime and domestic violence in targeted communities Improved public understanding of the criminal justice system Improved access to justice through more efficient processes and systems Improved JCF training and working conditions Improved equipment and infrastructure for JCF and Courts Enhanced community security initiatives 	<ul style="list-style-type: none"> Reduction in reported gun crime offences in targeted areas Reduction in domestic violence cases reported in targeted areas Reduction in case disposal rate Reduced backlog of cases in the justice system Increase in number of JCF training courses Rehabilitation of 2 police stations Increased capital allocation to equipment and infrastructure Increased CBO activities related to crime prevention Increase in restorative justice solutions Increased number of projects and partnerships which share JCF and community inputs 	<ul style="list-style-type: none"> Ministry of National Security: Annual Reviews Ministry of Justice: Annual Reviews JCF: Police and Crime Statistics PIOJ: Economic and Social Survey of Jamaica PIOJ: Survey of Living Conditions National Security and Justice Thematic Working Group: Reports JSIF and SDC: Completed Project Evaluations National Victimisation Survey Baseline study and survey of public attitudes 	<ul style="list-style-type: none"> JCF ability to develop its institutional capacity and change its institutional culture Increased effectiveness of JCF does not provoke upswing in criminal reaction GOJ committed to infrastructure and equipment maintenance Appropriate and adequate amount of investment in IT in law enforcement and criminal justice institutions IDP harmonisation

³¹ Baseline indicator levels as per end-2007.

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1.6.3 Non-focal sector – CARIFORUM-EU EPA Adjustment and Capacity Building Programme

	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>Overall Objectives:</p> <ul style="list-style-type: none"> To contribute to the reduction of poverty in Jamaica through regional integration and deeper economic relations with the EU 	<ul style="list-style-type: none"> Further integration of the Jamaican economy into CARIFORUM and increased trade and investment relations with the EU 	<ul style="list-style-type: none"> STATIN: trade and investment statistics CARICOM statistics PIOJ: Economic and Social Survey of Jamaica 	<ul style="list-style-type: none"> Full political commitment to the regional integration agenda and to the implementation of the EPA
<p>Programme Purpose:</p> <ul style="list-style-type: none"> To support government agencies in the establishment/implementation of the CARIFORUM-EU EPA and facilitate its use by economic operators. 	<ul style="list-style-type: none"> Continued progress in the implementation of the CSME Positive conclusion of the EPA Increased number of Jamaican companies active in dealing with the CARIFORUM region 	<ul style="list-style-type: none"> CARICOM statistics Ministry of Foreign Affairs and Foreign Trade JAMPRO STATIN trade and investment statistics 	<ul style="list-style-type: none"> Appropriate dialogue and awareness-raising initiatives are carried out with the main stakeholders (private sector, civil society).
<p>Results:</p> <ul style="list-style-type: none"> Trade capacity of government agencies increased Increased public awareness of the regional EPA Increased legislative and regulatory capacity to support implementation Assessment of the impact of the EPA on the Jamaican economy International compatible standards developed, including in the areas of Sanitary and Phytosanitary (SPS) measures, Technical Barriers to Trade (TBT) and trade facilitation Improved availability of national trade statistics 	<ul style="list-style-type: none"> Participation of relevant ministries in national consultations Networks of stakeholders established Streamlined management of customs procedures Awareness of the economic, social and environmental impact of an EPA among stakeholders. Regulatory and standard setting bodies trained and familiar with EU standards Regular and accurate trade and investment statistics circulated 	<ul style="list-style-type: none"> MFAFT Jamaica Customs JAMPRO Jamaica Bureau of Standards Ministry of Agriculture STATIN 	<ul style="list-style-type: none"> Adequate resources are allocated to the relevant government agencies MFAFT provides clear leadership on the substance of the activities and assumes a coordinating role.

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1.7 Indicative timetable for commitments and disbursements

1.7.1 Indicative timetable of global commitments, 2008-2013

Commitments timetable (€ million)

Jamaica	Indicative allocation	2008		2009		2010	
		1	2	1	2	1	2
1st FOCAL AREA (55%)							
Macro-economic support	€60.5 million	10		10		10	
2nd FOCAL SECTOR (30%)							
Governance	€33 million	5.5		5.5		5.5	
NON-FOCAL SECTOR (15%)	€16.5 million	2.9		2.9		2.85	
CARIFORUM-EU EPA Adjustment and Capacity Building	€11.25 million	2		2		2	
Institutional support for non-state actors	€2.5 million	0.4		0.4		0.4	
Technical cooperation facility	€1.75 million	0.3		0.3		0.3	
Support for NAO office	€1 million	0.2		0.2		0.15	
Total commitments:	€110 million	18.4		18.4		18.35	
Total cumulative commitments			18.4				

1 Excludes EC budget lines or regional programmes

Jamaica	Indicative allocation	2011		2012		2013	
		1	2	1	2	1	2
1st FOCAL AREA (55%)							
Macro-economic support	€60.5 million	10		10		10.5	
2nd FOCAL SECTOR (30%)							
Governance	€33 million	5.5		5.5		5.5	
NON-FOCAL SECTOR (15%)	€16.5 million	2.85		2.85		2.15	
CARIFORUM-EU EPA Adjustment and Capacity Building	€11.25 million	2		2		1.25	
Institutional support for non-state actors	€2.5 million	0.4		0.4		0.5	
Technical cooperation facility	€1.75 million	0.3		0.3		0.25	
Support for NAO office	€1 million	0.15		0.15		0.15	
Total commitments:	€110 million	18.35		18.35		18.5	
Total cumulative commitments			29.3		63.05		87.6

1.7.2 Indicative timetable of disbursements, 2008-2013

Payments timetable (€ million)

Jamaica	Indicative allocation	2008		2009		2010	
		1	2	1	2	1	2
1st FOCAL AREA (55%)							
Macro-economic support	€60.5 million		10		10		10
2nd FOCAL SECTOR (30%)							
Governance	€33 million		5.5		5.5		5.5
NON-FOCAL SECTOR (15%)	€16.5 million		2.75		2.75		2.75
CARIFORUM-EU EPA Adjustment and Capacity Building	€11.25 million		1.7		1.8		1.8

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Jamaica – European Community: Country Strategy Paper and National Indicative Programme for the period 2008-2013

Institutional support for non-state actors	€2.5 million		0.4		0.4		0.4
Technical cooperation facility	€1.75 million		0.4		0.35		0.35
Support for NAO office	€1 million		0.25		0.2		0.2
Total commitments:	€110 million		21	0	21	0	21
Total cumulative commitments			21	21	42	42	63

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ANNEXES

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ANNEX 1: JAMAICA AT A GLANCE

TABLE 1: Macro-economic Indicators

	2000	2001	2002	2003	2004	2005	2006
Basic data							
1 Population (in 1000)	2 597	2 612	2 622	2 638	2 650	2660	
- annual change in %	0.6	0.6	0.4	0.6	0.5	0.5	
2a Nominal GDP (in million €)	8 737	8 935	8 308	6 581	6 735	n/a	
2b Nominal GDP per capita (in €)	122.3	133.9	145.5	178.6	203.5	n/a	
2c - annual change in %	n/a	9	9	23	14	n/a	
3 Real GDP (annual change in %)	0.7	1.5	1.1	2.3	0.9	1.4	3.6
4 Gross fixed capital formation (in % of GDP)	26.6	29.0	31.6	29.7	n/a	n/a	
International transactions							
5 Exports of goods and services (in % of GDP)	18.1	16.7	14.7	14.6	16.0	n/a	
- of which the most important (in % of GDP)	3.8	3.5	3.0	3.0	3.3	n/a	
6 Trade balance (in % of GDP)	-24	-26	-27	-32	-29	n/a	
7 Current account balance (in % of GDP)	-5	-9	-13	-10	-6	n/a	
8 Net inflows of foreign direct investment (in % of GDP)	n/a	n/a	5.7	9.3	7.4	n/a	
9 External debt (in % of GDP)	45.4	52.8	54.4	54.1	59.1	n/a	
10 Service of external debt (in % of exports of goods and non-factor services) total exports	n/a	n/a	61	38	49	48	
11 Foreign exchange reserves (in months of imports of goods and non-factor services) total imports	3.5	6.5	5.4	3.8	5.7	5.3	
Government							
12 Revenues (in % of GDP)	31.3	28.9	28.4	31.1	31.1	n/a	
- of which: grants (in % of GDP)	n/a	n/a	0.14	0.08	0.73	n/a	
13 Expenditure (in % of GDP)	30.9	35.9	40.9	30.9	36.1	n/a	
- of which: capital expenditure (in % of GDP)	2.7	2.7	1.9	1.2	2.1	n/a	
14a Deficit (in % of GDP) including grants	1.2	-3.7	-7.3	-5.5	-4.8	n/a	
14b Deficit (in % of GDP) excluding grants	n/a	n/a	-7.9	-5.9	-8.8	n/a	
15 Debt (in % of GDP)	110	131	144	140	137	n/a	
- of which: external (in % of total public debt)	43	40	40	40	41	42	
Other							
16 Consumer price inflation (annual average change in %)	8.2	7.0	7.1	10.3	13.6	15.3	9.0
17 Interest rate (for money, annual rate in %) – Avg Wtd Comm Bank Deposit rate	8.9	7.6	6.9	6.7	6.0	5.4	
18 Exchange rate (annual average of national currency per 1 €)	38.86	41.77	49.36	71.86	80.20	79.08	
19 Unemployment (in % of labour force, ILO definition)	15.5	15.0	14.2	11.4	11.7	11.3	
20 Employment in agriculture (in % of total employment)	18.6	19.0	18.4	18.7	17.7	18.1	

Sources: PIOJ, BOJ, IMF, World Bank, EU, UNDP

Notes: Figures for 2006 represent projections.

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**TABLE 2: Jamaica Key Poverty Indicators
Achievement on Millennium Development Goals**

Indicators ^{32, 33}	2000	2001	2002	2003	2004	2005
1. Percentage of population living on less than US\$1 per day ³⁴	2.0	3.0	3.6	2.81	2.66	1.36
2. Percentage of under-nourished children 0-59 months	5.1	6.4	3.6	n/a	n/a	
3 Infant ³⁵ mortality per 1000 live births ³⁶	19.6	19.0	n/a	n/a	n/a	
4 Maternal Mortality Rate per 1000 live births	111.1	111.0	106.2	106.2	95.0	
5. Percentage of children 12-59 months immunised against measles	91.3	91.7	88.3	-	89.5	
6. Gross ³⁷ enrolment rates in primary education-Public Schools (%)	95.4	96.2	96.2	96.2	96.2	
7. Percentage of pupils starting Grade 1 who reach Grade 5 ³⁸	83.6	92.3	93.8	n/a	n/a	
8 Net Enrolment Rates						
Primary Level	94.0	90.7	89.6	93.0	93.0	
(%) Females enrolled						
Secondary level (grades 7-9)	77.1	72.8	87.9	78.2	78.2	
(%) Females enrolled						
Tertiary level (out of total enrolment)	65.3	66.4	63.8	65.3	65.3	
(%) Females						
9 HIV seroprevalence rate among pregnant women						
15-19 year old	0.73	0.46	0.73	1.3	1.6	1.48
20-24 year old	1.62	0.97	1.68	2.11	2.11	1.58
10 Sustainable access to potable water ³⁹ (%) (urban and rural)	79.8	79.9	84.0	84.0	84.0	

³² Sources: Planning Institute of Jamaica: *Economic and Social Survey of Jamaica (ESSJ)* 2000, 2001, 2002;2003;2004; *Jamaica Survey of Living conditions (JSLC)* 2000, 2001, 2002;2003; Education Statistics 1994/95-2001/02; Ministry of Health, National AIDS Programme

³³ The incompleteness of the above table reflects a general difficulty in synchronising the national cycle of data collection and the timing of the drafting of the Joint Annual Reports. In addition, not all data is collected on an annual basis. While there is information at the institutional level, these are validated periodically at the national level. This is the case with the data on infant mortality and maternal mortality. A revision of the current set of social indicators for this Joint Annual Report will be done to determine a more suitable set of indicators for which data is available.

³⁴ This partially reflects the effects of exchange rate depreciation.

³⁵ Under 12 months

³⁶ As a result of problems with under-registration, the GOJ has decided to use the figure of 24.5% based on a Ministry of Health 1993 Infant Mortality Study, until another study is conducted.

³⁷ All students enrolled at a level of the educational system expressed as a percentage of the age cohort for that educational level. Net enrolment: All students of the required age cohort enrolled expressed as a percentage of that age cohort.

³⁸ Data on Education refer to the twelve month period September to September.

³⁹ This includes Indoor Tap/Pipe, Outdoor Tap/Pipe and Public Standpipes.

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Chronology of Recent Significant Events:

March 2006: Ms Portia Simpson Miller becomes Jamaica's first female Prime Minister, replacing PJ Paterson.

2006: CMCS came into force.

2006: The post of Governor General was reassigned.

2006: The Caribbean Court of Justice Act was ratified, providing for the regional council to mediate in trade and labour disputes between member states.

2005: Three hurricanes adversely affected the agriculture, forestry and fisheries sectors and caused widespread damage to infrastructure.

August 2004: Hurricane Ivan caused an estimated US\$36.7 million damage to the economy and displacement of 370 000 people, following the relatively mild effects of Hurricane Charley in August.

2003: The results of Local Elections showed an increase in the JLP's representation to the extent of gaining a majority at the Parish level.

2002/3: Devaluation of the currency by 50%.

2002: General Election resulted in the incumbent PNP returned to power, albeit with a significantly reduced majority.

ANNEX 2: DONOR MATRIX

Development Partner	Document & Period	Estimated funds	Thematic Intervention	Complementarity
EU	CSP 2008-2013	€87.6M (EDF)	Budgetary Support; Education; Security & Justice; IRD; Support to banana & sugar growing areas; MSE	DFID; UNICEF; UNESCO; IBRD; IDB; CDB CIDA; USAID; DFID IDB; CDB; IBRD
CDB			Education Agriculture support	UN agencies EU
IDB	CAS 2005-2008	US\$30.0M	Private sector development Public sector efficiency Disaster preparedness/ environment Education	USAID;DFID; IBRD CIDA; DFID USAID; UN World bank; EU; CDB' UNICEF; UNESCO
World Bank	CAS 2006-2009	US\$92.4M	Crime prevention & reduction Secondary Education HIV/AIDS prevention & treatment SSN	CIDA; DFID USAID; JICA; Global Fund IDB
USAID	SDS 2005-2009	US\$61 283 000	Education-at risk youth Health SME Security	EU; Global Fund; CIDA EU; DFID;
DFID	CAP 2005-2008	£17.0M(CDI) £7.0M (Bilateral Funding)	Commonwealth Debt Initiative Security & Justice	EU; DFID; CIDA; USAID
CIDA	2007-2011	C\$7.0M	Justice system Government reform	EU; DFID; USAID EU; IDB
UNDP/UN Agencies	DAF 2007-2011	US\$1 205 000	Civic dialogue; Education Health	EU; CB; IDB; World Bank Global Fund

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ANNEX 3: JAMAICA ENVIRONMENTAL PROFILE

Background	The future of Jamaica's economic development is heavily dependent on the quality of its natural environment to sustain its productive activities in agriculture, mining and tourism and a range of small-scale natural resource based activities that provide livelihoods for the poor. The country also represents a microcosm of the Caribbean regional situation in its long-standing history of vulnerability to frequent natural and human-induced hazards that impede poverty reduction processes, pose challenges for achieving sustainable development, as well as high levels of losses from the impacts of each disaster. The impact is exacerbated by high levels of poverty, the location of human settlements in high-risk areas, environmental degradation and, ill constructed infrastructure and housing. Jamaica's economic growth has been hampered over two decades by environmental hazards. During May and September 2002, flood rains in Jamaica caused cumulative damage to the tune of approximately J\$6 billion, 90% of which affected infrastructure and agriculture ⁴⁰ . Damage from hurricane Ivan in September 2004 cost J\$35 931 million, 8% of Jamaica's GDP for 2003.
Legislative & institutional framework	List of policies and Acts that represent the legislative and planning frameworks for environment: <ul style="list-style-type: none"> • The National Environmental and Planning Policy Strategy • Environment and Planning Act • National Sustainable Development Framework (NSDF): sets vision, goals, target indicators, strategic actions, benchmarks and institutional arrangements to achieve sustainable development. It also integrates the various sectoral, economic, social and environmental policies. • National Hazard Mitigation Policy: a multi-agency policy adapted from the regional model prepared by the Caribbean Disaster Emergency Response Agency (CDERA) and the Caribbean Development Bank. Focus on community management approaches as active participants and partners in the conceptualisation, design and implementation of hazard mitigation measures. • National Environmental and Planning Policy Strategy (NEPPS) • Environmental Management Systems Policy <p>The NEPPS and the Environment and Planning Act provide frameworks that integrate environmental and spatial planning objectives. They have interconnected objectives for dealing with the environmental and natural resource challenges, but are at an embryonic stage in delivering real outcomes that can impact on sustainable livelihoods that are in harmony with the environment</p>
International Conventions	A framework for sustainable development in Jamaica is outlined in a number of international conventions, agreements and principles. Proper management of the environment will require that Jamaica make concerted efforts to achieving environmental sustainability within the designated time frames. Agenda 21 – National Sustainable Development Framework; the SIDS Programme of Action; the Mauritius Strategy; the Barbados Programme of Action; the Johannesburg Plan of Implementation; the Millennium Development Goals.
Environmental Impacts	<p>Natural Impacts: Floods, Droughts Hurricanes</p> <p>Man Made Impacts: air pollution (cars, fires at disposal sites) causing respiratory illnesses; water pollution (rainfall events, sewage, industrial effluence and soil erosion); coastal and marine impacts, declining fish catches (over-fishing, poaching); misuse of agricultural lands for housing; land degradation through livelihood strategies.</p> <p>Secondary Impacts: out-migration of rural populations; growing concentration of people in cities and coastal towns; a slow legal reform process, inadequate planning, poor environmental practices and a culture of non-compliance with regard to natural resources</p>
Environmental Priorities	<ul style="list-style-type: none"> • Urban Management • Coastal Zone Management • Forestry and Watershed management • Public Education and Awareness • Hazard Mitigation • Sustainability and Capacity Issues • Compliance with Requirements of the Environmental Management Agreements (EMAs)
Recommendations	<ul style="list-style-type: none"> • Strengthening and increasing capacity of the ODPEM; • Resources for Parish Council level governance, planning and regulatory environmental functions; • Improve public and judiciary awareness of environmental laws and regulations; • System of environmental accounting to demonstrate the value of the environment to the economy.

⁴⁰ In perspective, this represents approximately 26.3 per cent of the total budget for education in 2003 and could have built 12 000 low-income houses to shelter the poor. Had these monies not been spent on disaster recovery, they could have reduced fiscal deficit and advanced growth. (Source: National Hazard Mitigation Policy (Risk Reduction for Jamaica), Ministry of Land and Environment, Kingston Jamaica, 2005).

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On April 1, 2001 **NEPA (National Environment and Planning Agency)** was created merging the Natural Resources Conservation Authority, Town Planning Department and the Land Development and Utilisation Commission, To “promote Sustainable Development by ensuring protection of the environment and orderly development in Jamaica through highly motivated staff performing at the Highest standard.” The Agency should work in the framework of a National Environment and Planning Act, but the act has not yet been promulgated.

In the past year NEPA completed the final drafts of the Wastewater and Sludge Regulations as well as the Air as well as Amendments to draft regulations for the Portland Bight Protected Area (PBPA) including Harris Savannah and the Negril Environmental Protection.

In the area of **Biodiversity and Species Management**, three species surveys (game birds, crocodiles, sea turtles) were carried out across the Island, aimed at determining the true status of these species. In conjunction with these surveys, critical plant habitats in the Negril Environmental Protection Area, Palisadoes/Port Royal, and the Coral Springs Protected Areas were mapped.

Regarding **Protected Areas**, specific focus was on the monitoring of all Delegation Instruments signed with local organisations and discussions continued regarding the completion of the Strategic and Action Plan for Jamaica’s System of Protected Areas. Particular attention was also paid to ensuring that Jamaica meets its obligations with respect to the Ramsar Convention.

In respect of **Watershed and Coastal Zone Management**, work continued on the development of the Coastal Jamaica Environment and Planning Atlas, coral reef monitoring and an analysis of beach erosion in Negril.

Concerning **Pollution Prevention**, Water quality monitoring continued in coastal areas and in selected priority rivers and protected areas. The air quality monitoring programme implemented for the Kingston area was expanded to measure SO_x and NO_x.

In the area of **Spatial Planning**, the focus continued on the preparation of Development Orders and Development Plans for Kingston and St Andrew, Manchester, Santa Cruz and Negril. The plan for Kingston and St Andrew is now complete.

For **Public Education and Awareness**, in addition to heightened environmental education programmes in schools, community based organisations and media features and interviews, NEPA embarked upon several public education initiatives.

In the area of **Enforcement and Compliance**, two thousand two hundred and sixty nine (2 269) routine monitoring visits and two thousand five hundred and ninety four (2 594) post-permit monitoring visits were conducted by NEPA. Three hundred and fifty seven enforcement actions were taken.

With regard to **Human Resources Development**, the performance incentive scheme was finalised. In addition, the HR Manual was updated and new procedures incorporated. Twenty percent (20%) of the staff received training in at least one technical area specific to their task.

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ANNEX 4: JAMAICA MIGRATION PROFILE

Total Number of Residents

Own nationals:	2 650 900m
Immigrants:	8 074. (0.3%)

Immigrants

Status of immigrants

Refugees:	16 ⁴¹
Labour migrants/permanent:	no data
Labour migrants/seasonal:	76%
Internally displaced persons:	no data

Immigration trend

Number of arriving immigrants in 1995/2000:	no data
Number of arriving immigrants 2000/2004:	no data
Education:	Skilled labour
Main country of origin:	Haiti (this represents Refugees only)
Rate of return:	no data

Finance

Amount of outgoing migrant remittances:	no data
Remittances as % of GDP:	no data

Emigrants

Total number of emigrants in 2004:	17 044
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Status emigrants

Refugees:	No figures
Labour migrants/permanent:	Professional migrants (2000-2004) total 334 197 ⁴² .
Labour migrants/seasonal:	13 320 ⁴³ (2004-2005)

Legal situation emigrants

Trend:	
Number of leaving migrants 90/95:	112 726
Number of leaving migrants 95/2000:	96 866
Education:	Skilled labour - 6%

⁴¹ 31 persons applied for immigration status, 16 from Haiti and 15 from Cuba. All 16 Haitians were granted leave to remain but all Cubans were refused immigration status.

⁴² Data for 2000-2004 are for Canada only. USA has not provided data on occupations since 2000.

⁴³ Seasonal migrants work on farms, factories and hotels in the USA and Canada.

Main country of destination: USA, Canada, UK

Rate of return:

Returning Residents The rate of return in 2005 is up 9.5% in 2004 at 1 282 persons of which 50% returned from the USA and 32% the UK.

Deportees In 2004 this figure was 4 226, which declined by 21.4% in 2005 to 3 320. The USA was the main deporting country in 2005 followed by Other Countries at 39.1% and the UK at 38.9%. These figures reflect the strict immigration controls imposed by destination countries, including the policy of deportation of Jamaican-born immigrants in the USA and UK convicted of crimes in those countries.

Finance

Migrant remittances (2005): US\$1.5 billion.
Remittances as % of GDP: 13.3%

Any other comments:

- Groups included in the immigration figures provided in the Immigration section above represent Returning Residents, Deportees, Commonwealth Citizens and Aliens (non commonwealth citizens).

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ANNEX 5: THE CSP DRAFTING PROCESS

Background

The preparation of this CSP/NIP resulted from a process of consultation that was intensive and inclusive. Detailed discussions were held with the Government of Jamaica (including the various line ministries and agencies), government and opposition parliamentarians, and non state actors (NSAs) in civil society. Extensive consultations were also held with Jamaica's bilateral and multilateral international development partners (IDPs). These discussions and consultations were supplemented by in-depth desk reviews and research.

Joint process

In accordance with the Cotonou Agreement, the drafting of the CSP is a joint process that involves collaboration between the Office of the National Authorising Officer and the Delegation of the European Union in Jamaica. The terms of reference for the preparation of this country strategy required the holding of consultative workshops with a cross section of Jamaicans as part of the planning process. The cooperation strategy, as outlined in the initial orientation agreed to between the DNAO and the EC Commissioner in Santo Domingo on 6 April 2006, would be based on the priorities outlined in the GOJ's Medium Term Socio-Economic Policy Framework (MTF) and would be consistent with the European Consensus on Development and the EU's Caribbean Regional Strategy.

Five consultative workshops were scheduled and four were held on June 1 and 9 at the Jamaica Conference Centre in Kingston and on June 29 and July 6 at the Planning Institute of Jamaica. Invited participants included a cross section of state and non state actors. Civil society representatives came from CBOs, NGOs, churches, the private sector, labour unions, and academia. The civil society participants were drawn from Kingston and other areas. The state was represented by officers from line ministries and state agencies that are going to be involved in the programming and implementation of the cooperation, while IDPs were represented by their respective officials. Both government and opposition parliamentarians and local government councillors attended the first workshop. A total of 145 persons participated in the consultative workshops: 33 at the June 1st workshop with parliamentarians and state agencies, 45 at the June 9 workshop with non state actors, 33 at the June 29 workshop with IDPs, and 34 at the July 6 workshop with state agencies and non state actors.

The first two workshop formats were consultative, with short background briefings by the government and EU Delegation, followed by three presentations by the consultants, and then a general discussion of the ideas presented. The participants then broke into groups to discuss more in depth the proposed focal areas of concentration and this was then followed by each group returning to present its findings to the general body. The latter two workshops, which were based on the first draft of the CSP, were seminar formats involving brief presentations by the government, the Delegation and the consultants, followed by open discussion on the first draft.

Summary of comments

The consultations were successful in facilitating participant input. Persons took full advantage of the opportunity to be heard and to put forward their views and suggestions. Common across all the consultations regarding the issue of education was the importance placed on early childhood education, teacher training and retention and special education. In the area of crime, the common theme was the importance of focusing on crime prevention and crime management and the importance of communities partnering with state agencies. The common issue regarding rural development was the importance of developing non-agricultural income generating opportunities. NSAs were generally concerned about funding sources while state agencies were generally concerned about the fragmented nature of NSA bodies. Other common issues raised included governance – transparency and accountability – and private sector competitiveness – what should be the government’s role.

Participant Feedback on Consultations

Participants provided written feedback on what they thought of the consultations. A sampling of comments is provided below:

“Would be good if ideas shared here are included and considered when implementing projects by EU”

“It is important to invite persons who are on the ground in order to solve problems”

“We hope the ideas shared here will be used when formulating projects and that this is not just talk”

“More time was needed to discuss the issues”

“Enjoyed the presentations. Very timely. Hope something really comes out of this consultation”

“You did a lot of work. It was thoroughly researched and well presented”

“I particularly enjoyed the group discussion. I thought it was very productive”

“Education and crime are definitely on top of the agenda in Jamaica and I’m glad to see that a consensus is emerging to give priority to solving these problems”

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ANNEX 6: GOJ POSITION ON KEY INTERNATIONAL CONVENTIONS

For further information see the website of the GOJ Ministry of Foreign Affairs,
<http://www.skillsreturn.gov.jm/Contents.htm>

TREATIES OF ASSOCIATION

- CHARTER OF THE UNITED NATIONS 1945 JUNE 26 (UN) 1962 SEPTEMBER 18 (RAT)
- CHARTER OF THE UNITED NATIONS (AMENDMENTS TO ARTICLES 23, 27,& 61) ADOPTED BY GENERAL ASSEMBLY RESOLUTIONS 1991 A & B (XVIII) OF 1963 DECEMBER 17) -
- CHARTER OF THE UNITED NATIONS 1964 MARCH 12 (RAT) 1965 AUGUST 31 (RAT)
- PROTOCOL OF AMENDMENTS 1965 AUGUST 31
- CHARTER OF THE UNITED NATIONS - AMENDMENT TO ARTICLE 61 (ADOPTED BY THE GENERAL ASSEMBLY ON 1971 DECEMBER 20)
- CHARTER OF THE ORGANISATION OF AMERICAN STATES (DONE AT BOGOTA 1948 APRIL 30) (OAS) 1969 AUGUST 20 (RAT)
- CHARTER OF THE ORGANISATION OF AMERICAN STATES - PROTOCOL OF BUENOS AIRES 1985 DECEMBER 05 (SGN) 1986 OCTOBER 31 (RAT)
- CHARTER OF THE ORGANISATION OF AMERICAN STATES - PROTOCOL OF CATAGENA DE INDIAS 1986 OCTOBER 31 (RAT)
- TREATY OF CHAGUARAMAS ESTABLISHING THE CARIBBEAN COMMUNITY AND COMMON MARKET (CARICOM) (DONE IN TRINIDAD AND TOBAGO ON 1973 AUGUST 01) 1973 JULY 04 (SGN) PROTOCOL I AMENDING THE TREATY OF CHAGUARAMAS (DONE AT ANTIGUA ON 1997 FEBRUARY 01)
- PROTOCOL II AMENDING THE TREATY OF CHAGUARAMAS (DONE AT MONTEGO BAY, JAMAICA ON 1997 JULY 01) 1997 FEBRUARY 01 (SGN)
- GEORGETOWN AGREEMENT OF THE ORGANISATION OF THE AFRICAN, CARIBBEAN AND PACIFIC GROUP OF STATES (ACP) (1975 JUNE 06) 1975 NOVEMBER 21 (RAT)
- CONVENTION ESTABLISHING THE ASSOCIATION OF CARIBBEAN STATES (ACP) 1994 JULY 24
- AGREEMENT TO ESTABLISH THE SOUTH CENTRE 1994 Nov. 23 (signature) 1998 September 6 1998 July 8 (Ratification)

INVESTMENT

- Agreement between the Government of Jamaica and the Government of the Argentine Republic on the Promotion and Reciprocal Protection of Investments. 1994 February 8.
- Agreement between the Government of Jamaica and the Government of the People=s Republic of China concerning the Encouragement and Reciprocal Protection of Investments. 1994 October 26.
- Agreement between the Government of Jamaica and the Government of the Republic of Cuba for the Promotion and Protection of Investments. 1997 May 31
- Agreement between the Government of Jamaica and the Government of the Republic of France on the Reciprocal Promotion and Protection of Investments. 1993 January 25
- Treaty between Jamaica and the Federal Republic of Germany concerning the Reciprocal Encouragement and Protection of Investments. 1992 September 24
- Agreement between the Government of Jamaica and the Government of the Italian Republic on the Promotion and Protection of Investments. 1993 September 29
- Agreement on Encouragement and Reciprocal Protection of Investments between Jamaica and the Kingdom of the Netherlands. 1991 April 18.
- Agreement between the Government of the Swiss Confederation and the Government of Jamaica for the Reciprocal Promotion and Protection of Investments. 1990 December 11.
- Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Jamaica for the Promotion and Protection of Investments. 1987 January 20
- Treaty between Jamaica and the United States of America concerning the Reciprocal Encouragement and Protection of Investment. 1994 February 4.

AGRICULTURE

- INTERNATIONAL SUGAR AGREEMENT (UN) 1968, 1973, 1978 FEBRUARY 16
- INTERNATIONAL COFFEE AGREEMENT (UN) 1968 (RAT)(with effect 1975), 1976 SEPTEMBER, 1983 SEPTEMBER 20
- INTERNATIONAL COCOA AGREEMENT (UN) 1973 JUNE 30, 1976 SEPTEMBER 30 1984 MARCH 06
- STATUTES OF THE GROUP OF LATIN AMERICAN AND CARIBBEAN SUGAR EXPORTING COUNTRIES (GLACSEC) 1977 NOVEMBER 30
- AGREEMENT ESTABLISHING THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (UN) 1980 DECEMBER 08
- CONVENTION ON THE INTER-AMERICAN INSTITUTE FOR COOPERATION ON AGRICULTURE 1981 AUGUST 01
- INTERNATIONAL PLANT PROTECTION CONVENTION 1969 NOVEMBER 24

ENERGY/BAUXITE

- STATUTE OF THE INTERNATIONAL ATOMIC ENERGY AGENCY 1973 JANUARY 10 (ACT)
- AGREEMENT ESTABLISHING THE LATIN AMERICAN ENERGY ORGANISATION (OLADE) 1975 JULY 29
- AGREEMENT EST THE INTERNATIONAL BAUXITE ASSOCIATION 1976 MAY 19
- MEMORANDUM OF UNDERSTANDING CONCERNING COOPERATIVE INFORMATION EXCHANGE RELATING TO THE DEVELOPEMNT OF SOLAR HEATING AND COOLING SYSTEMS IN BUILDINGS 1974 OCTOBER 04

ENVIRONMENT

- INTERNATIONAL CONVENTION FOR THE REGULATION OF WHALING 1984 JUNE 30
- INTERNATIONAL PLANT PROTECTION CONVENTION 1969 NOVEMBER 24
- TREATY ON PRINCIPLES GOVERNING THE ACTIVITIES OF STATES IN THE EXPLORATION AND USE OF OUTER SPACE INCLUDING THE MOON AND OTHER CELESTIAL BODIES 1983 JUNE 14
- CONVENTION CONCERNING THE PROTECTION OF THE WORLD CULTURAL AND NATURAL HERITAGE 1980 JUNE 20 (SGN)
- CONVENTION ON THE CONSERVATION OF MIGRATORY SPECIES OF WILD ANIMALS 1993 MARCH 31
- VIENNA CONVENTION FOR THE PROTECTION OF THE OZONE LAYER 1993 MARCH 31
- MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER 1993 MARCH 31
- UNITED NATIONS FRAME WORK CONVENTION ON CLIMATE CHANGE 1997 NOVEMBER 12 (ACC)
- UNITED NATIONS CONVENTION TO COMBAT DESERTIFICATION IN THOSE COUNTRIES EXPERIENCING SERIOUS DROUGHT AND/OR DESERTIFICATION 1993 DECEMBER 29
- CONVENTION ON BIOLOGICAL DIVERSITY 1995 JAN 6 (RAT)
- INTERNATIONAL CONVENTION RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF OIL POLLUTION CASUALTIES
- INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS AS MODIFIED BY THE PROTOCOL OF 1978 1991 JUNE 13
- CONVENTION OF INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA 1998 February 7
- CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT 1997 October 7 (completed requirements for accession)
- PROTOCOL RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF POLLUTION BY SUBSTANCES OTHER THAN OIL 1966 MARCH 20
- CONVENTION ON FISHING AND CONSERVATION OF THE LIVING RESOURCES OF THE HIGH SEAS

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ENVIRONMENT / NATURAL DISASTER

- AGREEMENT BETWEEN MEMBER STATES AND ASSOCIATE MEMBERS OF THE ASSOCIATION OF CARIBBEAN STATES FOR REGIONAL COOPERATION ON NATURAL DISASTERS 1999 APRIL 17 (SGN)

HEALTH

- CONSTITUTION OF THE WORLD HEALTH ORGANISATION, 1946 JULY 22 (UN) 1977 FEBRUARY 03
- CONSTITUTION OF THE WORLD HEALTH ORGANISATION - AMENDMENTS TO ARTICLES 34 & 55 (ADOPTED BY RESOLUTION WHA 26.37 OF THE TWENTY-SIXTH WORLD HEALTH ASSEMBLY ON 1973 MAY 22) (UN) 1981 MAY 20 (SGN)
- INTERNATIONAL HEALTH REGULATIONS TO AMEND THE REGULATIONS OF 1969 AS AMENDED BY THE ADDITIONAL REGULATIONS OF 1973 MAY 23 (UN)
- WORLD HEALTH ORGANISATION REGULATIONS REGARDING NOMENCLATURE WITH RESPECT TO DISEASES AND CAUSES OF DEATH 1967 MAY 22

HUMAN RIGHTS

- INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (UN) ADOPTED BY THE UNGA ON 1966 DECEMBER 16 1976 JANUARY 03
1966 DECEMBER 19 (SGN) 1975 OCTOBER 03 (RAT)
ADOPTED BY THE UNGA ON 1966 DECEMBER 16
1976 MARCH 23 for all provisions except for those of article 41;
- INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (UN)
1966 DECEMBER 19 (SGN), 1979 MARCH 28 for the provisions of Article 41
1976 MARCH 23 (EFFECTIVE)
- OPTIONAL PROTOCOL TO THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS
1966 DECEMBER 19 (SGN) 1975 OCTOBER 03 (RAT)
1997 OCTOBER 23, THE GOVERNMENT OF JAMAICA NOTIFIED THE SECRETARY-GENERAL OF ITS DENUNCIATION OF THE PROTOCOL.
- INTERNATIONAL CONVENTION ON THE SUPPRESSION AND PUNISHMENT OF THE CRIME OF APARTHEID (UN) ADOPTED BY THE UNGA ON 1973 NOVEMBER 30
1976 MARCH 30 (SGN) 1977 FEBRUARY 18 (RAT)
- AMENDMENT TO ARTICLE 43(22) OF THE CONVENTION ON THE RIGHTS OF THE CHILD ADOPTED BY THE CONFERENCE OF THE STATES PARTIES ON 1995 DECEMBER 12
1998 APRIL 6 (ACT)
- INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION (UN) 1966 AUGUST 14 (SGN) ADOPTED BY THE UNGA ON 1985 DECEMBER 10
- INTERNATIONAL CONVENTION AGAINST APARTHEID IN SPORTS (UN)
1986 MAY 16 (SGN) 1986 OCTOBER 02 (RAT)
ADOPTED BY THE UNGA ON 1948 DECEMBER 09
- CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE (UN)
1968 SEPTEMBER 23 (ACC) ADOPTED BY THE UNGA ON 1989 NOVEMBER 20
- CONVENTION ON THE RIGHTS OF THE CHILD (UN) 1990 JANUARY 26 (SGN) 1991 MAY 14 (RAT)
OPENED FOR SGN AT NEW YORK ON 1953 MARCH 31 1954 JULY 07
- CONVENTION ON THE POLITICAL RIGHTS OF WOMEN (UN) 1966 AUGUST 14 (ACC)
- CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN
1980 JULY 17 (SGN), 1984 OCTOBER 19 (RAT)
- CONVENTION RELATING TO THE STATUS OF REFUGEES (UN)
Signed 1951 JULY 28, 1956 OCTOBER 25 (TERRITORIAL APPLIC)
1964 JULY 30 (SUCC)(RESV. ON SUCC.) See RESV to the 1967 Protocol on 1980 OCTOBER 09.
- PROTOCOL RELATING TO THE STATUS OF REFUGEES (UN) SIGNED 1969 NOVEMBER 22
- AMERICAN CONVENTION ON HUMAN RIGHTS (OAS) 1977 SEPTEMBER 16 (SGN)

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- SUPPLEMENTARY CONVENTION ON THE ABOLITION OF SLAVERY, THE SLAVE TRADE, AND INSTITUTIONS AND PRACTICES SIMILAR TO SLAVERY (UN)
1957 SEPTEMBER 06 (TERRITORIAL APPLIC) 1964 JULY 30 (SUCC)
SIGNED ON 1926 SEPTEMBER 25, AMENDMENT BY PROTOCOL DONE AT UN, NEW YORK ON 1953 DECEMBER 07
1955 JULY 07, THE DATE ON WHICH THE AMENDMENTS, SET FORTH IN THE ANNEX TO THE PROTOCOL OF 1953 DECEMBER 07
- SLAVERY CONVENTION OF 1926 AS AMENDED (UN) 1962 DECEMBER 26 (RAT)
- ABOLITION OF FORCED LABOUR CONVENTION 1957 FEBRUARY 20
- UN Convention on Transnational Organised Crime
- UN Convention Against Corruption
- CONVENTION ON THE NATIONALITY OF MARRIED WOMEN (UN) 1957 MARCH 12 (SGN)
- 1949 Geneva Conventions for the protection of war victims
1964 Convention I: wounded and sick in armed forces in the field
Convention II: wounded, sick and shipwrecked members of armed forces at sea
Convention III: prisoners of war
Convention IV: civilian persons
- 1986 1977 Protocols additional to the 1949 Geneva Conventions for the protection of war victims:
Protocol I: international armed conflicts; Protocol II: non-international armed conflicts.

MARITIME TREATIES

- CONVENTION ON THE CONTINENTAL SHELF (UN) 1965 NOVEMBER 07
- CONVENTION ON THE HIGH SEAS (UN) 1965 OCTOBER 08 (SUC)
- PROTOCOL OF 1978 RELATING TO THE INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS, 1973 1991 JUNE 13
- INTERNATIONAL CONVENTION RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF OIL POLLUTION CASUALTIES (UN)
- TREATY ON THE PROHIBITION OF THE EMPLACEMENT OF NUCLEAR WEAPONS AND OTHER WEAPONS OF MASS DESTRUCTION ON THE SEA BED AND THE OCEAN FLOOR AND IN THE SUBSOIL THEREOF (UN) 1986 JULY 30 (ACC)
- CONVENTION ON PREVENTION OF MARINE POLLUTION BY DUMPING OF WASTES AND OTHER MATTER (UN) 1991 MARCH 22 (ACC)
- UNITED NATIONS CONVENTION ON THE LAW OF THE SEA (UN) 1982 DECEMBER 10 (SGN)
- AGREEMENT RELATING TO THE IMPLEMENTATION OF PART XI OF THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA OF DECEMBER 1982 (UN) 1994 JULY 29 (SGN)
- AGREEMENT FOR THE IMPLEMENTATION OF THE PROVISIONS OF THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA OF 10 DECEMBER 1982 RELATING TO THE CONSERVATION AND MANAGEMENT OF STRADDLING FISH STOCKS AND HIGHLY MIGRATORY FISH STOCKS (UN) 1995 DECEMBER 04 (SGN)
- CONVENTION FOR THE PROTECTION AND DEVELOPMENT OF THE MARINE ENVIRONMENT OF THE WIDER CARIBBEAN REGION (UN) 1983 MARCH 24 (SGN) 1987 MAY 01
- PROTOCOL CONCERNING COOPERATION IN COMBATING OIL SPILLS IN THE WIDER CARIBBEAN REGION (UN) 1983 MARCH 24 (SGN) 1987 APRIL 01 (RAT)
- PROTOCOL CONCERNING SPECIFICALLY PROTECTED AREAS AND WILDLIFE TO THE CONVENTION FOR THE PROTECTION AND DEVELOPMENT OF THE MARINE ENVIRONMENT OF THE WIDER CARIBBEAN REGION (UN) 1990 JANUARY
- CONVENTION ON FISHING AND CONSERVATION OF THE LIVING RESOURCES OF THE HIGH SEAS 1964 APRIL 16 (SUC)
- PROTOCOL RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF MARINE POLLUTION BY SUBSTANCES OTHER THAN OIL (AS AMENDED) 1991 MARCH 13 (ACC)
- CONVENTION ON THE PREVENTION OF MARINE POLLUTION BY DUMPING OF WASTES AND OTHER MATTER (AS AMENDED) 1991 MARCH 22 (ACC)


- INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960 SIGNED 1960 JUNE 17
CONVENTION ON THE INTERNATIONAL MARITIME ORGANISATION (UN) 1976 MAY 11
(ACT)
- CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA
(UN) 1979 MARCH 30 (ACC) 1979 MARCH 03
- INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA (UN) 1983 OCTOBER 14
(ACC)
- AGREEMENT TO PROMOTE COMPLIANCE WITH INTERNATIONAL CONSERVATION AND
MANAGEMENT MEASURES BY FISHING VESSELS ON THE HIGH SEAS (FAO) 1993 NOVEMBER
24
- CONVENTION ON THE TERRITORIAL SEAN AND THE CONTIGUOUS ZONE 1965 NOVEMBER
07

TRADE

- PROVISIONAL APPLICATION BY U.K. - 1962 JULY 6 PROVISIONAL APPLIC. 1962 AUGUST 01
- GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) DEFACTO 1962 AUGUST 01
- GATT AND AGREEMENTS - PROTOCOL EXTENDING THE ARRANGEMENT REGARDING
INTERNATIONAL TRADE IN COTTON TEXTILES DONE AT GENEVA ON 1970 JUNE 15
- CONVENTION ESTABLISHING A CUSTOMS COOPERATION COUNCIL 1963 MARCH 29 (ACC)
- GATT AND AGREEMENTS - PROTOCOL EXTENDING THE ARRANGEMENT REGARDING
INTERNATIONAL TRADE IN TEXTILES 1978 FEBRUARY 10
- GATT AND AGREEMENTS- PROTOCOL TO THE GENERAL AGREEMENT ON TARIFFS AND
TRADE WITH ANNEX 1979 DECEMBER 12 (SGN)
- GATT AND AGREEMENTS - PROTOCOL EXTENDING THE ARRANGEMENT OF 1973 DECEMBER
20 REGARDING INTERNATIONAL TRADE IN TEXTILES 1982 JUNE 22 (ACT)
- GATT AND AGREEMENTS - SEVENTH PROTOCOL EXTENDING THE DECLARATION OF 12
NOVEMBER 1959 DONE AT GENEVA ON 1970 DECEMBER 02
- GATT AND AGREEMENTS LXIII - NINTH PROTOCOL OF RECTIFICATIONS DONE AT
GENEVA ON 17 AUGUST 1959 1962 August 06 (ACT)
- GATT XXXIV - PROTOCOL RELATING TO NEGOTIATIONS FOR THE ESTABLISHMENT OF NEW
SCHEDULE II--BRAZIL--TO THE GATT DONE AT GENEVA ON 31 DECEMBER 1958
- GATT XXII - PROC3S-VERBAL OF RECTIFICATION CONCERNING THE PROTOCOL AMENDING
PART I AND ARTICLES XXXIX AND XXX OF THE GATT 1962 August 08 (ACT)
- GATT XXII - PROTOCOL AMENDING THE PREAMBLE AND PARTS II AND III OF THE GATT 1962
August 08 (ACT)
- GATT XXII - PROTOCOL OF ORGANISATIONAL AMENDMENTS TO THE GATT 1962 August 08
(ACT)
- GATT XIX - PROTOCOL OF RECTIFICATION TO THE FRENCH TEXT OF THE GATT 1962
August 08 (ACT)
- GATT AND AGREEMENTS LXI - SEVENTH PROTOCOL OF RECTIFICATIONS AND
MODIFICATIONS TO THE TEXTS OF THE SCHEDULES TO THE GATT. 1962 August 08 (ACT)
- GATT AND AGREEMENTS LIX - FIFTH PROTOCOL OF RECTIFICATIONS AND MODIFICATIONS
TO THE TEXTS OF THE SCHEDULES TO THE GATT 1962 August 08 (ACT)
- GATT AND AGREEMENTS LXII - EIGHTH PROTOCOL OF RECTIFICATIONS AND
MODIFICATIONS TO THE TEXTS OF THE SCHEDULES TO THE GATT 1962 August 08 (ACT)
- GATT AND AGREEMENTS LV - GENEVA PROTOCOL TO THE GATT (WITH ANNEX) 1968 MAY
15 (ACT) 1968 MAY 15
- GATT AND AGREEMENTS XXXVIII - (C)THIRD PROC3S-VERBAL EXTENDING THE
DECLARATION OF 18 NOVEMBER 1960 ON THE PROVISIONAL ACCESSION OF ARGENTINA TO
THE GATT 1967 OCTOBER 02 (ACT)
- GATT AND AGREEMENTS XLIII 1967 OCTOBER 02 (ACT)
- GATT AND AGREEMENTS LX - SIXTH PROTOCOL OF RECTIFICATIONS AND MODIFICATIONS
TO THE TEXTS OF SCHEDULES TO THE GATT 1962 AUGUST 06 (ACT)
- CANADA-WEST INDIES TRADE AGREEMENT (CONCLUDED AT OTTAWA ON 1966 JULY 08)

ANNEX 7 GOVERNANCE COMMITMENTS MATRIX

POLICY	DESCRIPTION OF GOALS	STATUS	LINKED TO FOCAL SECTOR
COMPETITIVENESS AND TRADE			
<i>National Industry Policy</i>	To provide a competitive environment in which all Jamaican-based firms in a position to operate at internationally competitive levels. It is concerned with investment, productivity and growth in producing tradable goods and services in the economy	Elements have been incorporated in the MTF 2004-2007 and are being implemented.	Non-focal (Competitiveness/EPA)
CROSS CUTTING ISSUES			
<p data-bbox="188 810 538 853"><i>National HIV/AIDS Workplace Policy</i></p> <p data-bbox="188 1098 538 1161"><i>Policy for the Elimination of Child Labour</i></p> <p data-bbox="188 1374 538 1523"><i>National Policy on Children</i> To ensure the right of every child to life and the attainment of the highest health standard</p>	<p data-bbox="538 810 906 1076">To provide guidelines and legislation to promote the health of the population through healthy lifestyles, protect the right of people infected with or affected by HIV/AIDS and mitigate the socio-economic impact of the epidemic</p> <p data-bbox="538 1098 906 1353">The policy will operationally guide the Ministry and other relevant agencies on the various strategies, legislation, conventions etc. in order to withdraw and prevent children from the occurrence of child labour</p> <p data-bbox="538 1374 906 1481">To ensure the recognition of the child's identity with a view to promoting participation</p>	<p data-bbox="906 810 1207 906">The policy has been submitted for Cabinet approval</p> <p data-bbox="906 1108 1207 1225">The scope of the policy was broadened and resubmitted to Cabinet in January 2007</p> <p data-bbox="906 1374 1207 1715">The policy has been broadened to include the National Framework of Action for Human Rights of the Child & National Plan of Action for an Integrated Response to Children and Violence. Should be finalised for Cabinet submission by end 2007</p>	
EDUCATION			
<i>The Task Force Report on Education Reform (MTF)</i>	1. Governance and Management of the Education		Focal


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<p>This document presents an action plan for the creation of a world class education system, which will generate the human capital and produce the skills necessary for Jamaicans to be globally competitive.</p>	<p>System 2. Curriculum, Teaching and Learning Support 3.Full Stakeholder Participation in the Education System 4. Finance</p>		
ENVIRONMENT			
<p>Squatter Management Policy (MTF) To ensure environmental sustainability</p>	<p>Strengthen the legislation and policy framework for enhanced protection of natural resources The policy is expected to be approved by 2008</p>	<p>1.The interim guideline for the policy was submitted to cabinet 07 2. The Squatter Management Policy unit has been established in the Ministry of Agriculture and Lands 3. TORs have been drafted for the recruitment of local and external consultants for preparation for the policy</p>	<p>Non-focal / mainstreaming</p>
<p>Strategic Environmental Assessment Policy (SEA) To ensure that all policies , plans and programmes adequately consider potential environmental effects and impacts</p>	<p>To create training manual for training programme at MIND</p>	<p>Training manual was completed in June 2006 Training is currently being conducted from Aug-Dec 06</p>	<p>Non-focal/ mainstreaming</p>
<p>National Land Policy The policy identifies and seeks to ensure that there is an establishment of an effective network and land/ geographic information management system, the basis for planning, development, utilisation and management and administration of land.</p>	<p>To promote innovative and dynamic approaches to land use, planning and development of a participatory approach with private sector, non government and community based initiatives to deal with settlements and environmental issues to implement solutions.</p>		
FISCAL MANAGEMENT			
<p>Annual Debt Management Strategy</p>	<p>1.To maintain an appropriate</p>	<p>1. FY 2004/05 was</p>	<p>Macro-economic support</p>

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<p>This annual document provides information on the Government's objective, policies and plans for managing the public debt for the fiscal year and the medium term.</p>	<p>mix of fixed & floating debt - rate to diversify and minimise interest -rate risk 2. Minimise foreign currency exposure of the domestic debt portfolio 3. Increase transparency and predictability of debt issuance and operations 4. Extend and smooth the maturity profile of the debt to manage financial risk</p>	<p>73.6% and 26.4% respectively FY 2005/06 is 35.9% and 64.1% respectively 2. FY 2004/05 18.9% & FY 2005/06 15.9% and declining</p>	
<p>Tax Reform Policy To implement reform for better tax practices</p>	<p>To be implemented by the Ministry of Finance in the public sector</p>	<p>FY 08/09 under IDB/GOJ funded competitiveness enhancement programme</p>	<p>Macro-economic support</p>
<p>JUSTICE</p>			
<p>The Criminal Justice Act This is the main piece of legislation dealing with practice and procedure in the criminal justice system</p>	<p>Improved access to justice through efficiency of processes and systems. Establish and guide a transformation team to review the justice sector</p>	<p>1. Research in this area has been deferred to form part of the Comprehensive review of the Justice System for FY06/07</p>	<p>Focal (Justice)</p>
<p>Restorative Justice Policy (MTF) This is a response to crime that focuses on restoring the losses suffered by victims, holding offenders accountable for the harm they have caused Victims Charter To provide support to victims and witnesses of crime throughout criminal justice proceedings.</p>	<p>Seeks redress for victims, recompense by offenders and reintegration of both victims and offenders back in society. This charter seeks to ensure that the rights of victims as well as the offenders are protected</p>	<p>Cabinet office has been advised of the intention to create the policy in 2006-2007 Strategy paper to be prepared by 2008</p>	<p>Focal (Justice) Focal (Justice)</p>
<p>NATIONAL SECURITY</p>			
<p>National Security Strategy The overarching policy coordinating the activities of Government around the issues of National Security</p>	<p>There are eight (8) goals</p>	<p>The green paper has been prepared and public consultations are taking place</p>	<p>Focal (National Security)</p>
<p>PUBLIC SECTOR MODERNISATION (PSM)</p>			
<p>CFAA/CPAR</p>	<p>To increase fiscal space to</p>	<p>The exercise was carried</p>	<p>Macro-economic support</p>

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<p>To contribute to the improvement of the country's management of public resources and reducing public debt in tangent with the PSM and the MTF</p>	<p>reduce debt & improve public sector efficiency</p>	<p>out by the WB and IDB and recommendations are being implemented in PFM</p>	
<p>PEFA Assessment</p> <p>This will complement the CFAA/CPAR exercise</p> <p>Public Sector Modernisation Vision 2002-2012</p> <p>Seeks to guide the performance of the public sector in being efficient and effective in the areas of sustainable development, governance etc.</p>	<p>The EC will fund a PEFA assessment which will establish a baseline PFM performance report</p> <p>To make improvement in the public sector in the areas of sustainable development, governance, values and principles, customer service, resource management and accountability, managing people, performance management and technology.</p>	<p>The desk review was completed in December 2006. The in country research was completed in February 2007. The final draft assessment is complete and being reviewed by the stakeholders.</p> <p>1.The SEA training under sustainable development is being conducted at MIND Aug-Dec 2006. 2. The Consultant Code of Practice for Public Sector under the area of governance has been submitted to Cabinet for approval</p>	<p>Macro-economic support</p>
<p>Public Sector Procurement and Contractor General's Act</p> <p>To have a comprehensive system of procurement and asset management in place</p>	<p>1. Training instituted in the requirements of the Contractor General's Act and the Government procurement policy. 2. To put in place comprehensive system of procurement and asset management</p>	<p>1. Twenty-two procurement workshops were held between March 2005-2006 2. The statistical database which supports procurement will be reviewed as part of the IDB/PRODEV managing of results project to be implemented in FY 2006-2007. 3. The asset management system is being dealt with under implementation of Accrual Accounting and will be in place by the</p>	<p>Macro-economic support</p>

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		FY 2007-2008.	
TRANSPARENCY			
<p><i>Access to Information Act</i></p> <p>To provide members of the public with access to official public documents</p>	<p>To fully implement the Access to Information Act</p>	<p>The full implementation was achieved in July 2006.</p> <p>The monitoring of the implementation is ongoing.</p>	<p>Macro-economic support</p>
<p><i>The Corruption Prevention Act</i></p> <p>To provide for the repeal and replacement of the 1931 statute to widen the scope of the Act</p>	<p>To establish an independent commission to receive declaration of assets of public servants and to investigate allegations of corruption or suspected instances of corruption</p>	<p>The draft Act is to be submitted to the Justice Ministry for approval</p>	

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ANNEX 8: DEBT SUSTAINABILITY – IMF SELECTED TABLES

Jamaica is one of the most indebted country in the world (in 2007 debt represented the 133% of GDP) but also with one of the highest primary surplus (US\$1.04B in FY 2006/07). This dichotomy represents the main puzzle for the Jamaican public finances authorities.

The Jamaican Government recognised that the debt burden is the main obstacle to economic growth and engaged in 2004 in an ambitious medium-term strategy to reduce the public debt from about 144% of GDP to around 100% within 2009 through fiscal consolidation. Also in 2004 the authorities requested intensified surveillance by the Fund of their strategy, and the IMF supported this request.

Along this process successes and shortfalls were registered although the general trend of the debt/GDP ratio is indeed decreasing.

It is important to underline that most of the Jamaican debt is domestically owned.

The debt control strategy applied to the recurrent expenditure is indeed quite good given the relevant primary surplus registered in the last years. Interest payments are less under control and determine the over budget expenditure that in case such as 2006/07 led to a budget deficit⁴⁴ (US\$41M). Interest payments represent almost the 40% of the budgetary expenditure equal to the 15% of GDP.

As to budgetary discipline, according to the IMF Article IV Report in 2007 public finance needs to improve both under the revenue and the expenditure side in order to allow the country to reach the debt reduction objectives.

The IMF also proposes some structural adjustment for Public Bodies whose accounts are recorded off budget. Public bodies such as Air Jamaica and the Sugar Industry are burdening significantly the off budget expenditure contributing to an increase in the public debt.

Tab.1

	2003/04	2004/05	2005/06	2006/07
Debt % of GDP	143.7	137.9	132.6	126.1
Debt J\$	712.0	767.1	854.6	911.1
Debt US\$	10.6	11.4	12.7	13.5
GDP J\$ Billion	495.5	556.3	644.5	722.5
GDP US\$ Billion	7.4	8.3	9.6	10.7

Source: IMF Article IV 2007

⁴⁴ Even if the deficit is not very significant in absolute terms, it represents the 11.42% of the expenditure foreseen in the Budget. In an economy as the Jamaican where the non-Wage and non-Interest expenditure represents only the 30% of the Budget (figure based on the provisional figures for the fiscal year 2006/07) this can be registered as an important deviation. The 2006/07 deficit would contribute to the rise of the debt burden by 3.2% with respect to 2006 Debt figure

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Tab. 2

Fiscal Year 2006/07	% of GDP			
	2003/04	2004/05	2005/06	2006/07
Budgetary Expenditure	36.8	36.3	32.6	33
Primary Expenditure	18.4	19.1	17.9	20.2
Wage and Salaries	12.2	11.4	9.8	10.1
Other Expenditure	5	5.8	6.3	6.4
Capital expenditure	1.2	1.9	1.8	3.7
Interest	18.5	17.1	14.6	12.8
Domestic	15.1	13.5	11.1	9.2
External	3.4	3.6	3.6	3.6

National Source

Tab.3

2006/07 Budget Expenditure			2006/07 Budget Revenue			2006/07 Budget Fiscal balance		
Actual	Difference	Planned	Actual	Difference	Planned	Actual	Difference	Planned
J\$249.101B	8.489	240.612	221.625	-0.591	222.216	-27.476	-9.08	-18.396
US\$3.72B	126M	3.59B	3.31B	8.8M	3.31B	41M	135M	274M

Source PSOJ Economic Bulletin April 2007. JS Billion – US\$

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ANNEX 9: MULTI-ANNUAL INDICATIVE PROGRAMME FOR THE AMSP

SPECIFIC OBJECTIVES

- 1- Sustaining Jamaica's efforts towards maintaining progress towards macro-economic goals (objective 3 of the JCS)
- 2- Strengthening the economic diversification, social resilience and environmental sustainability in sugar dependent areas (objective 2 of the JCS)
- 3- Supporting the development of a sustainable private sector let sugar cane industry, to promote investment in value added products and modern technology. (co-generation) (objective 1 of the JCS)

PROGRAMMES TO BE IMPLEMENTED/TYPE OF ASSISTANCE

Since Jamaica is eligible for EC budget support and is expected to maintain the conditions for eligibility during the formulation and implementation phase b the European Commission assistance will be implemented by two complementary programmes: a Macroeconomic assistance programme (GBS) and a programme to support the sugar cane sector in Jamaica and the diversification in the rural areas (SBS). The first will help to maintain macro-economic stability and cushion the impact of the sugar reform while the latter will give new steam to the privatization process of the sugar industry, by shifting some of the social costs from the estates to the public sector and creating new market opportunities for sugar producers by the creation of a local market for bio-ethanol and by the development of alternative economic activities in the sugar cane producing areas.

The two programmes (GBS and SBS) will be designed to be complementary since the privatisation of the sugar industry is not only a key component of the Jamaica Country Strategy but it is also a necessary step towards addressing the Jamaican public debt, whose reduction is a key objective of the GBS. Moreover, the SBS programme will include indicators aimed at encouraging the privatisation process of the sugar industry- such as the shifting of responsibility for providing some social services to the Government and the setting of appropriate fiscal incentives for ethanol production.

A macroeconomic assistance programme, focusing on objective 1 of the MIP

This component will provide assistance to minimise the shock to the Jamaican economy due to the sugar reform, in line with Objective 3 of the JCS ("Maintain Progress toward Macro-Economic Goals"). In particular, the JCS seeks to ensure that the impact of the EU market reform for sugar does not prevent Jamaica from achieving its goals for economic development and national advancement. It should also be noted that the highly indebted State-owned sugar industry is responsible for a significant part of the Government's high debt (currently around 128% of GDP).

The implementation of the Jamaica Country Strategy for the sugar industry will place additional demands on a wide range of ministries and agencies that may be called on to participate in the

upgrading of the sugar industry or to deliver expanded levels of services to compensate for loss of social infrastructure or livelihoods in sugar-dependent areas. It is necessary to provide additional resources to these ministries and agencies to enable them to carry out these expanded activities in a timely and effective manner and to ensure that the goal and objectives of the country strategy are met and the desired results achieved.

For the above mentioned reasons, half of the yearly allocations for the 3 years of the MIP coinciding with the General Budget Support (GBS) under the 10th EDF, would be devoted to support the macroeconomic stability of the country, in line with the Jamaica Country Strategy. In total this would amount to 38.4% of the overall Sugar Multi-annual Indicative Programme 2007-2010. This support would supplement the GBS under the 10th EDF. The combined strong GBS programme in support to macroeconomic stability would constitute a very powerful incentive for a Government that has currently no fiscal space, to pursue a debt-containment and fiscal reform programme as well as to implement important Public Finance Management reforms. The funds would also provide some much needed room for manoeuvre to the Government for social expenditure, in particular in the social sectors such as education.

A programme to support the sugar cane sector in Jamaica and the diversification in the rural areas, focusing on objectives 2 and 3 of the MIP

The sugar industry in Jamaica provides employment and direct or indirect source of income to thousands of households in communities throughout the island; direct employment is estimated at 14,418 (of which 6,297 factory workers and farmers directly employed by the industry and 6,541 independent cane farmers), while approximately 472,000 persons live in communities dependent on sugar industry. The privatisation of the industry involves changes in the structure and location of cane cultivation and sugar production that will lead to contraction of output and employment in areas which are highly dependent on the sugar industry, with the most vulnerable areas including communities around the Long Pond estate in the parish of Trelawney and the Bernard Lodge estate in the parish of St. Catherine where the production of raw sugar is scheduled for closure by 2008. It will be necessary to ensure that steps are taken during the transition to a modernized industry to protect the welfare of those dependent on the industry, including planning community and regional interventions to mitigate any potential dislocation to the rural labour force and to avoid any increase in rural poverty.

The presently public managed sugar estates provide non-wage benefits to their workers through health and insurance plans, and contribute to **social** infrastructure in surrounding communities including basic school facilities, health clinics, housing for senior staff and field workers, and recreational programmes and facilities. These services will very likely no longer be borne by the industry once the ongoing privatisation process is finalised and therefore their costs will have to be ensured by the government. This intervention will be supported by introducing indicators that take into account elements of objective 2 of the Jamaican Strategy, including feasibility studies and their implementation over time, for **Area Development Programmes (ADP)** mentioned in the Jamaican Country Strategy.

The **activities** in the ADP will combine economic, social and environmental components in an integrated approach to rural sustainable development. They could include inter alia:

Agricultural diversification projects.

Promotion of alternative uses for lands released from sugar cane.

Development of sustainable alternative economic activities in sugar areas.

- 1.4 Support to displaced sugar workers, including training (at all levels) relevant to the implementation of diversification initiatives and retirement schemes.
- 2.1 Construction and rehabilitation of state owned schools and clinics in sugar dependent areas.
- 2.2 Improvement of other strategic rural infrastructure in target areas
- 2.3 Training to improve the human capacity for delivering social services in sugar areas
- 2.4 Improving access (linking communities) to social services – e.g. school fee waivers, improving communication (public education), counselling and raising awareness of the different options, etc.
- 3.1 Advocacy and education to strengthen appropriate land use and environmental management in sugar cane areas.

Furthermore, the emergence of a viable market for ethanol production by indigenous sugar cane, along with diversification of value added sugar cane products (molasses, rum, ethanol, and possibly refined sugar) will help produce positive outcomes from the privatization process and help mitigate any negative social consequences of rationalization and modernization. The rehabilitation of existing factories and contribution of a potential new integrated plant to produce ethanol from Jamaican feed-stock, along with new cogeneration plant, will help consolidate jobs in the new modernized cane sugar industry.

The sugar cane industry represents a potential source of **renewable energy** for Jamaica through recovery of biomass energy stored in bagasse and other cane waste, and through the production of ethanol for use as a fuel additive as well as an alternative fuel. JCS establishes a favourable policy and market environment in Jamaica for the sugar cane industry to contribute to the production of renewable energy through biomass conversion and ethanol production. These measures also would be in line with the island’s energy policy by supporting the use of renewable energy sources, contributing toward energy security based on indigenous supplies, and providing sustainable environmental benefits.

The production of up to 70 million litres of ethanol to meet the local market needs for the substitution of the gasoline additive MTBE will require 1,000,000 tonnes of sugar cane (13,000 additional hectares of cane cultivation). Such substitution –already decided by GOJ and not entailing any need for engine modification- can be met by either imported ethanol (i.e. ethanol produced with imported feedstock) and/or by ethanol produced from local cane.

FINANCIAL ALLOCATION/OVERALL AND PER PROGRAMME

	2007	2008	2009	Sub total 2007-2009	2010
Macroeconomic support	12,500,000	9,000,000	8,349,500	29,849,500	
Support to the sugar cane sector development and economic diversification in the	12,500,000	9,000,000	8,349,500	29,849,500	

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rural areas					
Total	25,000,000	18,000,000	16,699,000	59,699,000	17,848,000

The 2010 repartition between the two components will be decided on the basis of a review to be carried out after 2.5 years, taking into consideration results of the two programmes as well as developments in WTO (including DDA negotiations) and world prices of sugar and energy

RESULTS

- Maintaining stability of macroeconomic indicators.
- Implementation of the Medium Term Socio-Economic Policy Framework (MTF), including the containment of public debt through fiscal reforms.
- Adequate social services are delivered in sugar cane areas
- Market and industry opportunity for ethanol produced from local grown sugar cane are investigated and developed. To this end a study is currently being carried out by the Delegation.
- Sustainable alternative economic activities in sugar cane areas are investigated and developed in line with the results and orientations from the 2006 allocations

PERFORMANCE INDICATORS

It is important to note that while both GBS and SBS would have the same general conditions (macro-economic framework and level of PFM) the specific conditionalities (i.e. indicators), which reflect the different but mutually supportive objectives, would be the following:

For GBS: Implementation of the GoJ's structural adjustment and fiscal reform policy aimed at reducing the public debt (in line with the Medium Term Socio-Economic Policy Framework, MTF), including the Sugar Industry's debt which is roughly 2% of GDP and is growing rapidly.

A key objective of the GBS will be the implementation of the MTF, which includes the need to contain public debt through fiscal reforms. The JCS reaffirms the macroeconomic objectives of the MTF. The two are fully coherent.

The GBS should also include PFM and social indicators. The specific conditionalities would take account of the GoJ concerns on education from a macro point of view by ring-fencing public spending on education.

For SBS: Implementation of the Government's strategy to support the sugar cane sector, as foreseen in their Country Strategy.

Social services in the sugar cane area are maintained and the government will take up its responsibility in reaching this target

Sources of income in sugar dependant income from non-sugar industry zones diversified over the medium term.

Percentage of target population in sugar dependant areas living below the poverty line is declining over the medium term.

Appropriate regulatory framework for diversification of sugar cane production in place (renewable energies and ethanol production and commercialisation)

Feasibility studies for Area Development Plans are delivered and implementation starts

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Investments needed to finance the transformation of the sugar cane industry are mobilized.

CROSS CUTTING ISSUES

Environmental sustainability is included in the second area of intervention of the JCS. To this end, and in accordance with the principles of its development policy, the EC will elaborate with the GoJ a Strategic Environmental Assessment (SEA) for the JCS, and take its recommendations into account in the design of EC assistance. Environmental sustainability may, in particular, be enhanced by shifting of fuel consumption towards bio-fuels.

Gender is an important element in the studies carried out under the 2006 allocation; the gender dimension is explicitly included in the ToRs for the technical assistance and capacity building component. The shifting of responsibility for some social services from the plantation estates to the government will be of special relevance to the status of women.

The area of **good governance** cuts across the SPSP as implementation of the sector strategy (JCS) is central to the EC assistance between 2006 and 2010. Specific attention in EC budget support programmes concerns the issue of Public Financial Management. The ongoing PEFA exercise will assess the level of PFM in Jamaica and will facilitate dialogue between GoJ and the EC for reform measures and assistance in this area. One of the key objectives of the PEFA, in addition to assessing the PFM situation in the country will be to identify the essential PFM reforms needed.

LINK TO RELEVANT ACTIVITIES

EU Banana Support Programme (EUBSP)

The 10 year Strategic Framework of Assistance (SFA) that funds the EUBSP originates from the Council Regulation 856/1999 that aims to assist twelve ACP exporters of bananas to the EU to come to terms with the increased liberalisation of the banana regime. The objectives of the EUBSP in Jamaica are to assist to respond to this changing market by-improving the competitiveness of the banana industry, and supporting diversification where improvement in the competitiveness is not sustainable.

Integrated Development Programme for the ACP Caribbean Rum Sector (regional programme: chef de file Delegation in Barbados)

The programme aims to enhance the competitiveness of the rum sector by making it export-ready in the segment of branded products. Its three main components are: (i) institutional capacity building of the West Indies Rum and Spirits Producers Association (WIRSPA); (ii) plant modernisation and meeting environmental needs; (iii) implementation of a distribution and marketing strategy.

The total project cost is estimated at about €146 Million, of which 70 million will be funded by EC, from intra-ACP Resources. The remaining 75 million will be financed by the private sector.

GBS in 10th EDF.

The Delegation has discussed and agreed with the GoJ to pursue a new General Budget Support Programme under the 10th EDF. The total envelope of this GBS from the 10th EDF would be €

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55M, and would be aimed at providing a strong incentive vis-à-vis the GoJ to pursue a debt-containment and fiscal reform programme, including:

- i) **restructure the debt stock** in order to reduce debt-service payments;
- ii) **further control public wages, other primary expenditures and capital outlays;**
- iii) **enhance fiscal revenues** through the implementation of tax reforms.
- iv) **control public sector financing needs**

All these possible areas of reform will be discussed in depth with the IFIs and the relevant GoJ services.

The GBS should also include PFM and social indicators. The specific conditionalities would take account of the GoJ concerns on education from a macro point of view by ring-fencing public spending on education.

The result of the GBS from the 10th EDF to be delivered in parallel with GBS component from the Sugar Accompanying measures would be the following:

The € 55M GBS to be delivered in 3 years will be supplemented by further € 29.8M delivered in parallel from the Sugar funds. These significant GBS allocations will constitute a very strong incentive for the Government that has virtually no fiscal space, to pursue a debt-containment and fiscal reform programme as well as to provide some resources for social investments and to implement important PFM reforms.

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ANNEX 10: SUMMARY OF PEFA ASSESSMENT

Summary of PFM Performance Scores

PFM Performance Indicator	Score
A. Credibility of the Budget	
1. Aggregate expenditure out-turn compared to original approved budget	B
2. Composition of expenditure out-turn compared to original approved budget	C
3. Aggregate revenue out-turn compared to original approved budget	A
4. <i>Stock and monitoring of expenditure payment arrears</i>	<NS>
B. Comprehensiveness and Transparency	
5. Classification of the budget	A
6. Comprehensiveness of information included in budget documentation	C
7. Extent of unreported government operations	C
8. Transparency of Inter-Governmental Fiscal Relations	C+
9. Oversight of aggregate fiscal risk from other public sector entities.	A
10. Public Access to key fiscal information	B
<i>C(i) Policy-Based Budgeting</i>	
11. Orderliness and participation in the annual budget process	B
12. Multi-year perspective in fiscal planning, expenditure policy and budgeting	C+
<i>C (ii) Predictability and Control in Budget Execution</i>	
13. Transparency of taxpayer obligations and liabilities	B+
14. Effectiveness of measures for taxpayer registration and tax assessment	C+
15. Effectiveness in collection of tax payments	D+
16. Predictability in the availability of funds for commitment of expenditures	D+
17. Recording and management of cash balances, debt and guarantees	B+
18. Effectiveness of payroll controls	D+
19. Competition, value for money and controls in procurement	C
20. Effectiveness of internal controls for non-salary expenditure	D+
21. Effectiveness of internal audit	D+
<i>C (iii) Accounting, Recording and Reporting</i>	
22. Timeliness and regularity of accounts reconciliation	D+
23. Availability of information on resources received by service delivery units	C
24. Quality and timeliness of in-year budget reports	C+
25. Quality and timeliness of annual financial statements	D+
<i>C (iv) External Scrutiny and Audit</i>	
26. Scope, nature and follow-up of external audit	C+
27. Legislative scrutiny of the annual budget law	B+
28. Legislative scrutiny of external audit reports	C+
D. Donor Practices	
D-1 Predictability of Direct Budget Support	B+
D-2 Financial information provided by donors for budgeting and reporting on project and program aid	C
D-3 Proportion of aid that is managed by use of national procedures	D

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Summary assessment

The Public Expenditure and Financial Accountability (PEFA) assessment has been undertaken as an exercise sponsored by the European Commission on behalf of the Donor Harmonization Group and in agreements with the Government of Jamaica (GoJ). The assessment was prepared on the basis of:

1. The Public Financial Management Performance Measurement Framework issued by the PEFA multi-donor programme in June 2005; and,
2. The demonstrated observable public financial management (PFM) practices in Jamaica at the time of the assessment as determined through interviews and reviews of official documents and reports.

In addition a large amount of documentary evidence was provided by the government to support the study, where possible, corroborating evidence was sought from a variety of sources. Discussions were held with stakeholders to determine the appropriate scoring for each indicator.

The purpose of the PFM Performance Report is to assess at a given point in time the status of the public financial management system. It should serve as a comprehensive and holistic measure of current PFM systems identifying both areas of strength and weakness. It is important to underline that the objective of the assessment has not been to evaluate and score the performance of specific institutions or any PFM officials, but rather to assess the PFM systems themselves.

Through this, the first PEFA Assessment carried out for Jamaica, baseline is to be set for the continued use and assessment of the set of 31 high-level indicators of the PEFA Performance Measurement Framework. It is anticipated that such PEFA Assessments shall be carried out every two to three years, and in so doing provide a clear and accessible basis for monitoring PFM progress over the long term.

While this report neither articulates specific recommendations for PFM reform, nor details an action plan, it is anticipated that the results shall assist in the Government defining its PFM reform priorities and subsequent reform activity sequencing schedule. Further, it should serve as a useful basis for supporting dialogue pertaining to a strengthened approach Harmonized Donor support of the Government's PFM reform efforts.

INTEGRATED ASSESSMENT OF PFM PERFORMANCE

1. Credibility of the Budget

The revenue out-turn matches very well the budget projections, even in the year of Hurricane Ivan, and thus provides a sound starting point for the credibility of the budget. The taxation reforms have translated into greater transparency and accessibility of information for taxpayers which has led to greater tax payer registration and compliance.

The aggregate expenditure out-turn figures matches the budget estimates reasonably well but not without having given rise to the substantial accrual of arrears. This underlying difficulty is made more apparent by the high levels of variance of expenditure out-turn for the budget entities up and above aggregate expenditure deviation from aggregate budget estimates revealed. High indebtedness appears to have coloured a number of aspects of PFM practice in Jamaica. Even with a sound budget process and for the most part effective debt management, there has been a direct impact upon budget execution in respect of the predictability of budget releases, the

subsequent ineffectiveness of commitment controls, the negative impact on value for money objectives of sound procurement as the market compensates for late payments; and the accrual of arrears which in turn can undermine macroeconomic stability.

The narrow fiscal space in which PFM operates in Jamaica, exacerbated by the high non-discretionary component of the budget (including the wage bill which comprises 60% of primary expenditure), has contributed to a decoupling between budget planning and the budget execution. Arrears are in practice paid out of the next year's budget thus constraining further the current year's resources and distorting even more budgetary outcome from budgetary intent.

The budget process, while it occurs within a pre-announced resource envelope based upon credible fiscal forecasts and has strong bottom-up elements within the budget entities, is more characteristic of a budget process based on the development of a laundry list subject to top-down cuts and cherry picked projects, than subject to a true reconciliation of top-down resource discipline and bottom-up inputs. The Budget Entities state that their budget estimates based purely on an absolute needs basis (and without the policy basis or authority to close down service facilities or reduce staffing levels) is still far in excess of the available resources to present a realistic circumstance for reconciling their budgets to the resource envelopes. This process weakens credibility of the budget.

In spite of having many of the elements in place to achieve a fully credible budget, the situation apparently resulted in a mismatch between budget needs (as defined by the policy objectives) and the available resources. It would appear that this situation has been caused by the high levels of indebtedness having emanated largely from the absorbed losses from the financial crisis of the late nineties. These losses were absorbed without compensating short-term adjustments to service delivery levels. As a result the high non-discretionary component of the budget today does not readily permit tactical budget cuts at the implementation level of the budget and would require more fundamental policy and strategic decisions to bring the primary expenditure needs more in line with available resources.

2. Comprehensiveness and Transparency

The very strong democratic traditions have evolved a fairly transparent and comprehensive budgetary process. Fiscal forecasts are realistic and debt management is based upon a clear and well articulated debt management strategy with a careful monitoring of the debt stock. The budget documentation is fairly comprehensive and the government has adopted international standards for the budget formulation and execution, based on economic, administrative and sub-program classification that can produce consistent documentation according to GFS/COFOG standards. The budget classification is well capable of supporting a policy based budgeting process.

The budget cycle is well defined and the call circular issues clear guidelines providing a sound context for the budget process. The budget documents are quite detailed and are made available on the Internet, however certain basic data (whilst available internally) is not shown in the budget books.

The Ministry of Finance and Planning has the capacity to oversee transactions through daily bank reconciliation and to monitor the public entities plans and financial management. However, such an oversight capacity may be rendered ineffective by supporting policy implementations that do not take costs into account or incorporate a resource availability discipline.

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A culture of transparency with regards to budget documentation is clearly evident. There is a clear intent of transparency and a proactive sharing of useful budget process information, as reflected in the level of public oversight engagement. The public access to information is enshrined in the Access to Information Act. However, some simple steps could be taken to provide fuller information that actually exists, and the delays in the publication of financial statements render their transparency less relevant.

3. Policy-Based Budgeting

The budget process is clearly set out in Call Circular and adhered to. Most ministries complete their submissions on time and many of them start the process before the receipt of the budget circular indicating the ceilings. While the Executive completes its budget submissions prior to the start of the fiscal year, the legislature always approves the budget at the start of the fiscal year. This is largely due to the historical practice of Parliament with respect to their sitting schedule. Consistent with the requirements of the Constitution the Parliament approves the appropriations within one month of the start of the fiscal year after subjecting the budget proposals to vigorous debate.

Medium term fiscal aggregates forecasts including the budget year are prepared for a three-year horizon; however, the next budget year is not linked to the forecasts. Many of the elements of sound strategic planning are already evident and there are some important elements of multi-year budgeting that have been introduced, however these elements have not yet been integrated into an effective multi-year budget process.

Sector strategies and detailed corporate plans are prepared but these are rarely costed and if so, without the top-down discipline of a fiscal aggregate constraint, hence not fully facilitating a direct tie-in into the broader budget formulation process. These impacts negatively upon budget execution along with the implementation of the internal controls.

4. Predictability and Control in Budget Execution

Revenue forecasts are realistic and tax collection is robust enough to serve as a key factor to achieving fiscal aggregate and budgetary allocation discipline. In practice however budget allocation discipline is not always achieved. The unpredictability of budget releases and the corresponding lack of commitment controls lead to expenditure profiles that do not closely match budgetary intent. Cash management is done through a centralised bank accounts monitoring mechanism that facilitates daily bank balance consolidation that informs budget releases. However, the tight cash constraints translate into a budget execution process based on 30-days warrants negotiated monthly. This lack of predictability arising from the narrow fiscal space undermines the effectiveness of controls in the budget execution as for example in the case of internal audit units that lack the necessary funding to be fully operational.

The absence of sanctions in the legal and regulatory framework and the practice of PFM do not create an environment to ensure compliance with the legal and regulatory requirements. The limited effectiveness of Audit Committees to ensure the full implementation of corrective measures derived from both internal and external audit findings exacerbates the problem further.

With the high levels of arrears the PFM system, even where appropriate procurement methods are applied cannot guarantee value-for-money as the market adopts a pricing strategy that factors-in payment delays.

Approximately 60% of primary expenditure is the wage bill. Fragmentation of personnel and payroll processing, weaknesses in software, lack of direct integration between personnel databases and the payroll function all point to weak payroll controls. This is in spite of a powerful establishment control process that misses the mark of its full potential because it is not well integrated into the budget process.

5. Accounting, Recording and Reporting

Although Government accounting standards are applied across all ministries consistently, the accounting, recording and reporting is characterised by delays. The monthly expenditure returns are comprehensive, distinguishing of commitments and expenditure, advances and payments and allow direct comparison of budget implementation to the original budget but the lateness of their submissions limit their effectiveness as a management tool. Further the lack of consolidation of Budget Entity submissions to an aggregate budget implementation profile limits the information available to policy decisions.

The annual appropriations accounts are typically well outside of the 4 month requirement of the FAA Act. Delays extend for some budget entities extend more than a year after the year-end. In practice, this fragmentation and delays in the submission is reflected in the absence of actual audited expenditure figures being included in the Estimates of Expenditure passed by the House of Representatives. The only expenditure data reported are provisional expenditures.

There is some indication that expenditure documentation is not complete and that for some MDAs there are not adequate storage facilities to properly file expenditure documentation.

6. External Scrutiny and Audit

Jamaica is characterised by historically strong democratic system and a vibrant public oversight of the government's financial management. Unfortunately, the late submission of the financial statements undermines the Auditor General's function and limits the level of information available to the House of Representatives on the financial management and execution of the previous fiscal year. Nonetheless, the Standing Finance Committee, i.e. the full House, and the Public Account Committee use the Auditor General report, and the Budget documents, for their debates. The Public Account Committee's hearings are thorough and the debate is open to the public, the press and is broadcasted on television.

However, opportunities are missed to strengthen the PFM system as the recommendations made by the Auditor General and the Public Account Committee are not enforced through the full implementation of corrective measures. This may be in part due to the lack of effective sanctions application.

ASSESSMENT OF THE IMPACT OF PFM WEAKNESSES

When viewed from the perspective the three main objectives of a sound PFM system, namely aggregate fiscal discipline, strategic allocation of resources and the efficient delivery of services, Jamaica demonstrates clear potential to score well on all three, with many specific functions of PFM carried out very well, but does not quite live up to its full potential in practice. It is important to keep in mind the importance of linkages between PFM activities and the tendency for a PFM system to deliver overall at a level influenced significantly by the weakest links in the activity chain.

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There are two main factors that colour PFM in Jamaica:

1. PFM in Jamaica is characterised by a number of very sound elements of PFM activity. There is much evidence of a long history of reform. However, the implementation of a holistic broad based strategy has been somewhat fragmented, without a great enough emphasis on reform activity sequencing and coordination. This tendency to fragmentation in its reform implementation is further exacerbated because there is not single coordinated funding framework through which all donors active in the sector can extend their support, nor a single reform monitoring and evaluation framework with both verifiable milestones as well as outcome indicators to inform and steer the pace, sequence, and emphasis of PFM reform.
2. The narrow fiscal space under which PFM is carried out appears to have placed much pressure on the country's PFM systems and may have contributed to a significant decoupling of the budget execution process from the budget formulation and preparation processes.

With respect to aggregate fiscal discipline Jamaica's well developed debt strategy, and comprehensive transparent management of debt; credible three year fiscal forecasts along with realistic revenue forecasts and a comprehensive and policy-capable budget process all point to the ability to deliver on aggregate fiscal discipline. But these are hindered by the still nascent multi-year budget formulation systems (Medium Term Socio-Economic Framework); and the absence of a true reconciliation process between the top-down resource availability constraint and the bottom-up budget elements.

The budget classification in Jamaica adopts the COFOG/GFS standard and so is well capable of supporting a policy based budgeting process and thus provides a necessary input for achieving the strategic allocation of resources. There is vigorous engagement by the parliamentary oversight body and effective debate of the appropriations bill. However, the lack of predictability of budget releases (even with important elements of a rule based budget release process, but given the confines of the narrow fiscal space) reduces to a process with short-forecast horizon with an element of ad-hoc aspects to it, with the subsequent effects on commitment control effectiveness and so the accrual of arrears. The impact of which is that it leads to a less than full achievement potential in the strategic allocation of resources.

There is a high level of bottom participation within budget heads which, through such ownership, should enhance their abilities to deliver services efficiently. There is clear guidance on the requirement for procurement planning and on the use of appropriate tender methods for carrying out procurements. However, the high level of accrued arrears undermines the ability of Jamaica's PFM system to achieve value for money. The delays in budget implementation reports as well the delayed financial statements restrict the availability of useful management feedback information to ensure efficient service delivery.

PROSPECTS FOR REFORM PLANNING AND IMPLEMENTATION

There is clear commitment to PFM reform. There has been substantial reform undertaken in Jamaica since the nineteen-seventies. And PFM practice has benefited from these reform efforts. Initial reform PFM efforts were more selective and incremental in their scope. Recently the Government of Jamaica has embarked upon a holistic programme of broad Public Sector Reform enshrined in its Public Sector Modernization Vision and Strategy (2002 – 2012). The reform programme has buy-in from the highest levels of Government and was launched by the Prime Minister. The Public Sector Reform Unit (PSRU) within the Cabinet Office has been established

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to manage, implement, monitor and report on the reform activities. The reform strategy is comprehensive and incorporates a number of sections including Sustainable Development, Governance, Values and Principles and Regeneration of the Public Service, Customer Service, Resource Management and Accountability.

The comprehensive aspect of the PFM reform programme embedded within the Public Sector Modernization Vision and Strategy makes it stand out from early efforts. While this approach is more demanding, its integrated approach provides an opportunity for achieving the significant improvements in the quality that have eluded many of the past efforts made at improving public expenditure management in Jamaica.

The centrality of sound PFM to Public Sector Reform emanates from its fundamental role in facilitating the business of Government across all of its core functions. The achievement of sound PFM serves as the enabler, the necessary condition, for a well functioning public sector. Effective PFM reform requires a holistic and comprehensive approach. There are many specific functions of public finance management that are inter-linked so that a carefully managed sequencing of reform steps, fully cognizant of the inter-linkages, serves as a pre-requisite for effective PFM reform.

While the Public Expenditure Policy Coordination Division is responsible for many aspects of PFM Reform, there does not appear to be a specific reform pillar set up to implement the reform strategy and to facilitate the close coordination and sequence across all PFM reform activities. Further there is not a single coordinated funding framework supported by a harmonised donor group to effectively support PFM reform. While a number of donor funded projects have been set up to support selected activities within the Public Sector Reform Programme that are PFM functions, these are not coordinated under a single implementation framework. There does not appear to be a single consolidated reporting framework for monitoring and evaluating or providing feedback on the sequencing and pacing of reform activity implementation. This has led to some fragmentation of reform implementation and has possibly lessened their impact on overall PFM performance improvements.