

CARIBBEAN DEVELOPMENT BANK

**TWO-HUNDRED AND SEVENTY-NINTH MEETING OF THE BOARD OF DIRECTORS
TO BE HELD IN BARBADOS
DECEMBER 14, 2017**

PAPER BD 146/17

COUNTRY STRATEGY PAPER 2017-2021 – JAMAICA

1. The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for Jamaica over the period 2017-2021. It sets out the strategic direction for CDB's engagement and defines the parameters of its support. In developing the country strategy, CDB held intensive and extensive discussions with key government officials, as well as other stakeholders and development partners. The proposed country strategy responds to Jamaica's development priorities and it seeks to maximise CDB's comparative advantage and optimise development effectiveness and impact through selective and focused support.
2. Specifically, the proposed programme rests on the following four strategic pillars: *Enhance Educational Quality and Improve the Effectiveness of Social Protection; Enhance Governance and Citizen Security; Increase Inclusive Economic Growth and Competitiveness; and Strengthen Environmental Sustainability and Energy Security*. Gender equality will be mainstreamed in CDB's interventions. An indicative resource envelope of one hundred and seventy-one point five million United States dollars (\$171.5 mn) has been estimated to support the programme of assistance over the strategy period. The envelope is augmented by Jamaica's remaining allocation of about seventeen point five million British Pound (GBP17.5 mn) [an estimated \$22.2 mn] in grant funding from the United Kingdom Caribbean Infrastructure Partnership Fund.
3. The proposed country strategy is aligned with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance. Considerable effort has also been undertaken to gauge impact by orienting the Strategy towards a Managing for Development Results framework.
4. The Board of Directors is asked to approve CDB's country strategy for Jamaica for 2017-2021.



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY STRATEGY PAPER 2017-2021
JAMAICA**

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CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated
USD1.00 = JMD128.6

ABBREVIATIONS

ACP	-	African, Caribbean and Pacific
BMCs	-	Borrowing Member Countries
bn	-	billion
BNTF	-	Basic Needs Trust Fund
CC	-	Climate Change
CCTV	-	Closed Circuit Television
CDB	-	Caribbean Development Bank
CIDA	-	Canadian International Development Agency
CIP	-	Community Investment Project
CRP	-	Community Renewal Programme
CSEC	-	Caribbean Secondary Education Certificate
CSP	-	Country Strategy Paper
CTCS	-	Caribbean Technological Consultancy Services
CV	-	Climate Variability
DB	-	Doing Business
DfID	-	Department for International Development
DRM	-	Disaster Risk Management
ECD	-	Early Childhood Development
EE	-	Energy Efficiency
EFF	-	Extended Fund Facility
EGC	-	Economic Growth Council
EPOC	-	Economic Policy Oversight Committee
EU	-	European Union
FY	-	Financial Year
GBP	-	British Pound
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GOJ	-	Government of Jamaica
ha	-	hectares
HDI	-	Human Development Index
HDR	-	Human Development Report
ICT	-	Information and Communications Technology
IDB	-	Inter-American Development Bank
IDPs	-	International Development Partners
IMF	-	International Monetary Fund
JMD	-	Jamaican Dollars
JPS	-	Jamaica Public Service Company
JSIF	-	Jamaica Social Investment Fund
JSLC	-	Jamaica Survey of Living Conditions
km	-	kilometre
KMA	-	Kingston Metropolitan Area

M&E	-	Monitoring and Evaluation
MAPS	-	Methodology for Assessing Procurement Systems
MDAs	-	Ministries, Departments and Agencies
mn	-	million
MSMEs	-	Micro, Small and Medium-Sized Enterprises
MTF	-	Medium-term Socio-Economic Policy Framework
NDP	-	National Development Plan
NPGE	-	National Policy for Gender Equality
NRW	-	Non-Revenue Water
ORM	-	Office of Risk Management
p.a.	-	per annum
PBL	-	Policy-Based Loan
PCM	-	Project Cycle Management
PIOJ	-	Planning Institute of Jamaica
PMES	-	Performance Monitoring and Evaluation System
PPAM	-	Public Policy Analysis and Management
PPP	-	Public-Private Partnership
PTSD	-	Post-Traumatic Stress Disorder
PWD	-	Persons with Disabilities
RCI	-	Regional Cooperation and Integration
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
SBA	-	Stand-by Arrangement
SDF	-	Special Development Fund
SDGs	-	Sustainable Development Goals
SRES	-	Special Report on Emissions Scenarios
STEM	-	Science, Technology, Engineering and Mathematics
TA	-	Technical Assistance
TVET	-	Technical, Vocational Education and Training
UK-CIF	-	United Kingdom-Caribbean Infrastructure Fund
UNDP	-	United Nations Development Programme
US	-	United States
USAID	-	United States Agency for International Development
WB	-	World Bank
WBG	-	World Bank Group

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COUNTRY DATA: JAMAICA

	2012/13	2013/14	2014/15	2015/16	2016/17e
PER CAPITA GDP (current market prices; \$000)	485.9	526.9	567.3	600.0	630.0
GROSS DOMESTIC PRODUCT (GDP)					
GDP at Current Market Prices (\$bn)	1,313.7	1,431.1	1,541.7	1,667.2	1,758.4
Final Consumption Expenditure	1,336.6	1,443.2	1,538.0	1,584.7	1,621.7
Gross Domestic Investment	261.9	304.5	346.5	352.7	375.4
Exports of goods and non-factor services	396.7	437.9	481.9	496.0	551.6
Imports of goods and non-factors services	681.5	754.5	824.7	766.3	790.2
Sectoral distribution of current GDP (%)					
Agriculture	6.8	6.7	6.6	6.6	7.3
Mining and Quarrying	2.2	2.3	2.3	2.3	2.2
Manufacturing	8.6	8.5	8.4	8.5	8.5
Utilities	3.2	3.2	3.1	3.1	3.2
Construction	7.0	7.1	7.2	7.2	7.2
Transport and Communication	11.0	11.0	11.1	11.1	11.0
Hotels and Restaurants	5.5	5.6	5.7	5.8	5.9
Wholesale and Retail Trade	17.7	17.7	17.6	17.6	17.3
Financial and Business Services	11.1	11.1	11.1	11.0	10.8
Government Services	13.3	13.2	13.1	13.0	12.9
Other Services	6.9	6.9	7.0	7.0	6.9
Less Imputed Service Charge	4.1	4.0	4.0	4.0	4.0
GDP at constant 2006 Prices (\$bn)	731.0	732.5	736.4	743.3	753.3
Annual rate of growth in GDP (%)	(0.5)	0.2	0.5	0.9	1.4
MONEY AND PRICES (\$bn)					
Consumer prices (av. annual % change)	6.9	9.4	8.3	3.7	1.7
Money supply (M2; annual % change)	6.6	11.1	7.4	15.8	13.1
Total domestic credit(net)	385.2	426.7	496.1	482.4	522.8
Private sector (net)	276.2	318.9	332.9	365.1	415.5
Public sector (net)	130.5	132.8	193.0	155.8	121.3
Non-bank financial institutions (net)	(21.4)	(25.0)	(29.7)	(38.6)	(15.9)
Estimated Tourism Expenditure (USD mn)	2,070.0	2,113.0	2,244.0	2,402.3	2,552.3
CENTRAL GOVERNMENT FINANCES (\$ mn) ^{1/3}					
Current Revenues	320,929.0	344,848.0	370,878.0	413,971.0	448,641.0
Current Grants	3,940.0	10,429.0	5,018.0	5,463.0	5,574.0
Current Expenditures	361,521.0	358,253.0	396,472.0	427,973.0	453,022.0
Current Account Surplus/ (Deficit)	(40,592.0)	(13,405.0)	(25,594.0)	(14,002.0)	(4,381.0)
Capital Revenue and Grants	...	...	...	...	...
Capital Expenditure and Net Lending	53,231.0	37,758.0	36,989.0	23,019.0	32,747.0
Overall Surplus/ (Deficit)	(54,610.0)	1,740.0	(7,775.0)	(4,884.0)	(10,684.0)
BALANCE OF PAYMENTS (USD mn)					
Merchandise Exports (f.o.b)	1,746.7	1,580.5	1,448.6	1,254.9	1,194.9
Merchandise Imports (f.o.b)	5,904.7	5,462.0	5,207.6	4,449.4	4,168.5
Trade balance	(4,158.0)	(3,881.5)	(3,759.0)	(3,194.5)	(2,973.7)
Net Balance on services account	588.8	618.3	626.1	898.0	1,051.2
Income (net)	(301.4)	(276.9)	(286.5)	(440.0)	(570.0)
Transfers (net)	2,047.8	2,220.5	2,291.2	2,306.4	2,389.5
Current Account Balance	(1,823.1)	(1,319.6)	(1,128.2)	(430.1)	(103.0)
TOTAL PUBLIC DEBT (USD mn)					
Total public debt	19,328.8	18,711.6	18,066.2	17,384.5	16,762.0
Domestic debt outstanding	10,197.0	9,350.0	9,169.7	7,416.05	6,748.3
Long term	...	...	...	...	...
Short term	...	...	...	...	...
External debt outstanding	8,133.4	8,409.7	8,577.5	10,313.9	10,244.0
Debt Service	2,507.2	2,068.4	1,861.1	3,685.7	2,443.2
Amortisation	1,031.2	1,011.5	754.7	2,629.6	1,400.0
Interest Payments	1,476.0	1,056.9	1,106.3	1,056.1	1,043.2
Total debt service as % of current revenue	67.2	62.4	56.7	106.0	69.9
AVERAGE EXCHANGE RATE					
Dollar(s) per US dollar	86.0	104.0	113.0	119.0	128.6

Sources: The Statistical Institute of Jamaica, Bank of Jamaica, Country Authorities.

Data as at 16 June 2017.

COUNTRY DATA: JAMAICA

	2012/13	2013/14	2014/15	2015/16	2016/17e
POPULATION					
Mid-Year Population ('000)	2,711.5	2,717.9	2,723.2	2,728.9	2,730.9
Population Growth Rate (%)	0.300	0.200	0.200	0.200	0.100
Crude Birth Rate	14.6	14.2	13.6	13.8	13.2
Crude Death Rate	6.30	6.40	7.20	6.50	7.20
Infant Mortality Rate	16.70	16.70	16.70	16.70	16.70
EDUCATION					
Enrolment in :					
Primary Institutions ('000)	283.6	269.5	257.5	254.5	251.9
Secondary Institutions ('000)	251.7	239.9	236.1	228.3	224
Tertiary Institutions ('000)	35.4	34.4	33	33	35.7
University ('000)	39.2	40.1	41.6	42.1	38.5
Literacy Rate (%)	91.7	91.7	91.7	91.7	91.7
LABOUR FORCE					
Unemployment Rate (%)	13.9	15.2	13.7	13.5	13.2
Male	11.0r	11.0	10.1	9.9	9.3
Female	18.0r	20.0	18.1	17.8	17.6
Participation Rate (%)	61.9	63.0	62.8	63.1	64.8
Male	69.0r	70.0	70.0	70.3	71.2
Female	55.0	56.3	55.9	56.3	58.9
ENERGY					
Petroleum Imports (mb)	18.7	19.7	18.8	19.8	21.2
Electricity Generated (GWh)	4,136.0	4,146.0	4,107.5	4,209.3	4,349.3
INDICATORS OF HUMAN DEVELOPMENT					
HEALTH AND EDUCATION					
Life Expectancy at Birth (years)	72.7	73.1	74.1	74.1	74.1
Human Development Index	0.727	0.727	0.729	0.73	N/A

EXECUTIVE SUMMARY

1. This Country Strategy Paper (CSP) for Jamaica covers the period 2017-2021, replacing the 2014-16 CSP. It sets out the strategic direction for the Caribbean Development Bank's (CDB) collaboration with Jamaica over the strategy period and defines the parameters of support. The proposed Country Strategy responds to Jamaica's development priorities and is aligned with CDB's Strategic Objectives of: (a) supporting inclusive and sustainable growth and development; and (b) promoting good governance, as well as CDB's cross-cutting objectives of gender equality (GE), regional cooperation and integration (RCI), and energy security.

Country Context

2. Jamaica's development achievements in recent years have been steady. Human development indicators have generally improved and progress has been made towards the Sustainable Development Goals (SDGs). However, poverty remains high at 20% in 2014, slightly below the median poverty line of CDB's borrowing members. While Jamaica was not spared the negative impact of the global recession of 2008-09, the implementation of a structural adjustment programme over the period 2013-16 resulted in improved macroeconomic management and modest economic growth. Jamaica is looking to further diversify its economy by building on the relative success of its tourism industry and improved business regulatory environment. Challenges faced in achieving diversification revolve around: the high incidence of violent crime; relatively low levels of semi-skilled and skilled labour; social inequalities; lack of competitiveness; and climate change (CC) effects. Against these are opportunities for the country to maximise its development potential in areas such as the increased use of renewable energy (RE) and human resource development. Jamaica's priorities are to: (a) enhance social development; (b) improve governance and citizen security; (c) improve economic growth and competitiveness; and (d) promote environmental sustainability and energy security.

Caribbean Development Bank in Jamaica and Lessons Learnt

3. CDB's engagement with Jamaica spans more than four decades. Loans to Jamaica amounting to eight hundred and fifty-one point four million United States dollars (\$851.4 mn) make Jamaica CDB's largest borrower over that period. Lessons from previous country strategies suggest that the following are important to maximising CDB's development effectiveness: (a) a strong results monitoring framework; (b) active assessment of in-country capacity needs and addressing them; and (c) strong collaboration with other development partners.

Country Strategy 2017-2021: Proposed Pillars and Expected Outcomes

4. The 2017-2021 CSP will be aligned with the Government of Jamaica's (GOJ) Vision 2030 Jamaica – National Development Plan (Vision 2030 Jamaica), and its Medium-term Socio-Economic Policy Framework (MTF) 2015-18. The Strategy rests on four pillars: (a) Enhance Educational Quality and Improve the Effectiveness of Social Protection; (b) Enhance Governance and Citizen Security; (c) Increase Inclusive Economic Growth and Competitiveness Reforms; and (d) Strengthen Environmental Sustainability and Energy Security. The indicative programme of assistance has been designed to achieve the following outcomes: (i) improve the quality of, and access to, education; (ii) strengthen social protection; (iii) improve governance and citizen security; (iv) increase competitiveness and productivity; (v) reduce vulnerability to natural disasters; and (vi) improve energy security and efficiency. The proposed programme will be delivered through a mix of direct financing and technical assistance (TA) that

complements the efforts of other development partners. GE, RCI, as well as energy security considerations, will be mainstreamed in CDB's interventions. A Gender Marker Analysis is included at Appendix 1. The Country Strategy is informed by a climate screening exercise summarised in Appendix 2.

Resource Envelope

5. A notional resource envelope of \$171.5 mn is proposed to support an indicative programme of assistance through 2021. This includes an indicative amount of \$35 mn from the ninth cycle of the Special Development Fund (SDF 9) and the envelope is augmented by Jamaica's remaining allocation of about seventeen point five million British Pound (GBP17.5 mn) (an estimated \$22.2 mn) from the United Kingdom Caribbean Infrastructure Partnership Fund (UK-CIF). The envelope includes a possible Policy-based Loan (PBL) of \$30 mn, to support reforms to strengthen inclusive growth.

Results Monitoring

6. Programme accomplishments and sector outcomes will be monitored within a Results Monitoring Framework (RMF). A mid-term review will be undertaken in 2019 to assess progress towards meeting expected outcomes, and to review the utilisation of the resource envelope within the context of any changes to the country's fiscal circumstances, changed country priorities, or a changed operating environment. An end-of-strategy review will also be undertaken to assess overall performance and impact. Monitoring will be done by both CDB and the country's authorities.

Risks and Mitigating Actions

7. The main risks that may affect the execution of the proposed country strategy are: (a) macroeconomic shocks, which can impair the Government's ability to meet its debt obligations; (b) liquidity risk, high but declining debt servicing ratios; and (c) the need to strengthen the implementation capacity of the executing agencies. CDB has identified measures to help mitigate these risks, including: (i) closer fiscal monitoring; (ii) capacity building and institutional strengthening; and (iii) active engagement of development partners and wide stakeholder consultations.

1. COUNTRY CONTEXT

OVERVIEW

1.01 Jamaica is a middle-income country with a heavy debt burden, which has significantly constrained its growth potential. Its population is estimated at around 2.7 mn (see Box 1.1), with a per capita income of around \$8,350 at the end of 2015. The economy is characterised by small size, openness, and extreme vulnerability to natural disasters. The 2016 Human Development Index (HDI) value of 0.73 ranked Jamaica 94th out of 188 countries¹. The Gender Inequality Index, which reflects gender-based inequalities in reproductive health, empowerment and economic activity dimensions, positions Jamaica 93rd out of 159 countries². In comparison, Barbados and Trinidad and Tobago are ranked at 59th and 67th, respectively, on this Index.

Box 1.1: Population

Jamaica's population at the end of 2016 was estimated at 2,730,900 (50.5% female and 49.5% male). The annual population growth rate has been consistently at or below 0.5% for the past decade and was reported at 0.1% in 2016³. The rate of natural increase was 6 per 1,000 (natural increase of 16,400), with estimated births and deaths at 36,000 and 19,600, respectively, and net external movements at -14,800 in 2016. The net migration rate was -5.4 per 1,000 population. As expected, migration continued to have an impact on the population growth and structure, as well as other social and economic characteristics.

Jamaica's demographic landscape has been classified as a moderately ageing population, with a median age of 26 years. This is as a result of fertility and mortality trends which influence the demographic transition. The 0-14 age group has been declining, while the working age group (15-64 years) has been increasing, and the 65+ age group remains the fastest growing segment of the population. Reductions in birth and death rates, as well as improvements in health, sanitation, and overall quality of life have contributed to the demographic profile. On the other hand, lifestyle diseases, traffic accidents, and homicides remained the leading cause of deaths.

1.02 Development has been particularly challenging, with anaemic growth over the past two decades. During the period 1997-2016, real Gross Domestic Product (GDP) grew at an average rate of 0.4%, coupled with persistent fiscal deficits at 4.5% of GDP, keeping public debt above 100% of GDP for the past 16 years. This debt overhang contributed to depressed investor sentiment, crowding out the required private sector investments needed for economic growth and job creation, while the high debt-servicing costs limited the Government's ability to fund essential public goods and services linked to poverty reduction such as health, education and social protection.

1.03 The 2008 global financial crisis eroded the gains of poverty reduction over the last two decades, when the national poverty rate of 9.9% in 2007 more than doubled to 20% in 2014. The Jamaica Survey of Living Conditions (JSLC) reported that rural and female-headed households (58%), and children (33%) were over-represented among the poor. Similarly, the poor faced weaker socioeconomic prospects in education, labour force participation, employment, and living conditions.

¹ Gross National Income converted at the average exchange rate, United Nations Development Programme (UNDP) HDI (2016).

² UNDP HDI (2016). According to the report, 67.1% of adult women have reached at least a secondary level of education, when compared to 59.4% of their male counterparts. The report also indicates that female participation in the labour market is 57.7%, compared to 72.2% for men.

³ *Economic and Social Survey, Jamaica (2016)*. Published by the Planning Institute of Jamaica (PIOJ): 20.1.

1.04 Jamaica's development achievements in recent years have been steady. Government policy has focused primarily on reducing debt and achieving macroeconomic stability, while implementing structural policies to foster growth and reduce poverty. Recent reforms have been undertaken to improve financial management and tax administration, broaden the tax base, and transform loss-making public sector entities. The judicious implementation of an economic stabilisation programme resulted in positive real GDP growth over eight consecutive quarters (with growth for fiscal year [FY] 2016/17 being estimated at 1.4%) and notable reductions in the public debt-to-GDP ratio and debt service. Inflation and the external current account deficit fell to historical lows, and unemployment declined from 15.8% in FY 2013/14 to 12.7% as at end-December 2016. Nevertheless, the country continues to face many development challenges, including increasing poverty, ageing physical infrastructure, low productivity growth, high levels of violence, and environmental vulnerabilities.

1.05 Jamaica's ability to sustain economic growth and ride out external shocks is limited by the country's dependence on tourism and mineral extraction for foreign exchange earnings, which are highly susceptible to natural disasters and external shocks. The country faces threats from multiple natural hazards, including hurricanes, tropical storms, droughts, storm surges, and floods. Over the last two decades, the frequency and intensity of hurricanes and high-intensity rainfall events have increased, with the country averaging at least one storm event per annum (p.a.), resulting in cumulative damage and loss estimated at one hundred and twenty-one billion Jamaica dollars (JMD121 bn, or 2% of GDP), and the loss of 72 lives.

1.06 Going forward, it will be critical for Jamaica to stay the course in relation to the implementation of its reforms and growth strategy, while addressing the acute social issues that the country faces. It will also be critical for Jamaica to raise its growth rate above the 2% ceiling that has characterised its economic history for most of the last four decades. Moreover, multilateral financing will be important to Jamaica, given its potential to contribute to improved debt dynamics.

MACROECONOMIC CONTEXT

Recent Macroeconomic Performance and Prospects

1.07 Jamaica's real GDP grew from a modest 0.2% in FY 2013/14 to 1.4% in FY 2016/17, reflecting increased activity in the agriculture, construction, utilities, manufacturing, and tourism sectors. The increased economic activity was supported by private investment, buoyant credit growth, net export growth, foreign direct investment inflows, and business confidence. This coincided with the implementation of GOJ's economic reform programme and the creation of an enabling business environment to facilitate private sector-led growth. The positive growth effect resulted in a fall in unemployment from 15.8% in FY 2013/14 to 12.7% as at end-December 2016. Inflation fell to its lowest recorded rate of 1.7% in FY 2016/17 from 6.9% in FY 2012/13, against the backdrop of depressed international commodity prices, with related improvements in the external current account balance.

1.08 The public finances improved significantly after 2013, with tighter primary expenditure and reduced average effective interest rates from active debt management, together with improvements on the revenue side. During the Extended Fund Facility (EFF) period⁴, GOJ achieved sustained primary surpluses of 7.3% of GDP on average to reduce the public debt by 25 percentage points over the 3 years⁵. Part of the economic programme involved reducing debt-servicing costs by relying more on multilateral development bank funding. Additionally, Jamaica's international bonds performed remarkably well over the period, with the average yields, as well as the spread between the yields and benchmarks (EMBI+ spread and the United States [US] treasuries), falling to record low levels in 2016. Increased market confidence provided GOJ with the impetus to refinance and extend the maturity of a proportion of its public debt, both in 2015 and 2016⁶, coinciding with improved sovereign credit ratings.

1.09 Since February 2016, the new administration focused on rebalancing public expenditure and tax reforms to boost GDP growth. Increased fiscal space created from the reduction in the Government's interest bill (of 2.1% of GDP) and constrained wages and salaries, allowed public funds to be redirected to social protection and public investment programmes⁷. Also in 2016, GOJ cut income taxes as part of a broader revenue-neutral package of tax reforms to spur economic growth by rebalancing from direct to indirect taxes⁸.

1.10 Jamaica's modest economic recovery is likely to continue in the medium term, with growth projected to accelerate to 2.1% in FY 2017/18. Economic growth is expected to benefit from improvements in the business environment, including initiatives to lower input cost and improve external competitiveness. Inflation is expected to remain low in the context of low international oil prices. Domestic economic performance also stands to benefit if the global recovery is stronger than currently anticipated. The tourism, manufacturing, agriculture, and construction sectors are the ones that are expected to drive growth in the short term. The increase in investments in hotel plant is expected to continue. At the same time, enhancements in agricultural productivity, especially through priority investments in infrastructure, including irrigation, are expected to generate direct and indirect increases in incomes and reduction in poverty. This is predicated on increased linkages between agriculture and other sectors (especially tourism and the manufacturing sectors), increased output from agro-parks and other GOJ initiatives to increase production and stabilise the production chain.

⁴ The International Monetary Fund's (IMF) EFF operated over the period February 2013 to November 2016, and was subsequently replaced with a three-year precautionary Stand-By Arrangement (SBA) of \$1.67 bn in November 2016 by the new administration. SBA targets initiatives toward macroeconomic stability, economic growth, and job creation.

⁵ Public debt fell from 140.5% of GDP in 2013 to 115.2% in 2016.

⁶ Jamaica issued a historic \$2 bn Eurobond in July 2015. This enabled GOJ to retire its entire \$2.9 bn PetroCaribe debt at an almost 50% discount. In February 2016, GOJ re-entered the domestic bond market redeeming bonds totaling JMD61 mn (3.6% of GDP) and issuing JMD15 mn in new bonds. In August 2016, GOJ went to the international market to exchange \$785 mn of high-coupon international debt maturing in 2017-19 for long-dated debt, thus reducing refinancing risk and extending the average maturity of Jamaican debt.

⁷ Capital spending fell by half to 1.5% of GDP during the first two years of EFF; however, the Government was able to increase spending on capital projects somewhat in 2016.

⁸ Effective July 1, 2016, people with annual incomes of JMD1 mn or less paid no income tax. The threshold was subsequently raised to JMD1.5 mn on April 1, 2017.

1.11 The buoyant economic conditions are likely to make growth more inclusive with a sustained rise in employment opportunities. Fiscal strengthening is expected to continue, in keeping with IMF SBA targets. However, to firmly entrench fiscal and debt sustainability, improving tax revenues and containing the wage bill are critical. The primary risks to real GDP growth are associated with the weaker external demand relating to slower growth in the economies of Jamaica's main trade partners, the non-materialisation of scheduled investment projects, as well as unintended production disruptions based on weak domestic demand or adverse weather conditions.

SOCIAL CONTEXT

Poverty and Human Development

1.12 According to JSLC, while most of the poor are concentrated in rural areas, there has been an increase in the poverty rates in Kingston and the Metropolitan Areas (KMA) and Other Towns since 2004⁹. For example, poverty doubled in KMA between 2008 and 2014 (see Table 1.1). The official data also showed that 7.5% of the population experience extreme or food poverty. Vulnerable groups such as rural and inner-city dwellers, children, youth, elderly, female-headed households, and persons with disabilities (PWD) are more likely to be poor. The poor, compared with the non-poor population, has weaker socioeconomic prospects in education, labour force participation, employment, dependency ratio, and living conditions.

1.13 Income inequality continues to pose significant challenges to poverty reduction efforts. A Gini Coefficient¹⁰ of 0.37 in 2014, reinforced the structural inter-generational nature of poverty and inequality. The poorest 50% of the population consumed 24% of national output, compared with the 57% consumption by the wealthiest 30% over the 1990 to 2014 period.

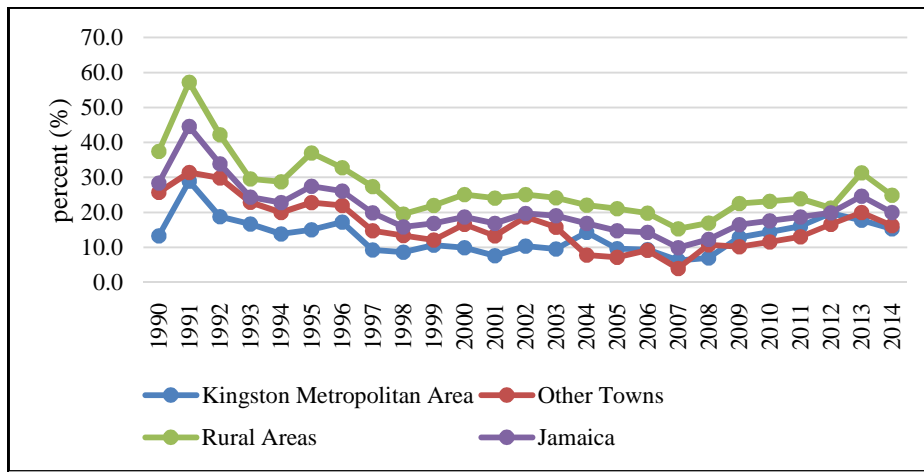
1.14 Increased private employment is associated with lifting many Jamaicans out of poverty¹¹. The reduction in the unemployment rate over the period 2012-16, suggests that the poverty rate may have fallen slightly by end-2016. However, women represented the larger proportion of the unemployed labour force (64%) with an unemployment rate of 17.5% in 2016, while the unemployed youth (ages 14-24 years) averaged 27.7%. The 2016 Human Development Report (HDR) observed that there are gaps in equitable and inclusive economic opportunities in Jamaica. For example, males represent a higher proportion of formal employment and receive greater earnings than females, despite the higher completion rate at the secondary education level among females.

⁹ Between 1990 and 2007, 65.7-74% of the poor were located in rural areas compared with: 61.4% in 2008; 61% in 2009; 57.4% in 2010; and 44.1% in 2014.

¹⁰ The Gini Coefficient measures the inequitable consumption of goods and services among the population quintiles.

¹¹ UNDP Caribbean HDR, 2016.

TABLE 1.1: PREVALENCE OF POVERTY BY REGION (% 1990-2014)



Source: National Policy on Poverty and National Poverty Reduction Programme, Green Paper December 2016.

Gender, Youth and Disability

1.15 Notwithstanding the policy strides made in the promotion of GE, such as the passage of the National Policy for Gender Equality (NPGE) in 2011, Jamaica has gender-based inequalities that affect development. The 2015 GE Index ranked Jamaica 93rd out of 159 countries: 57.7% of women participated in the labour force compared with 72.2% of men, resulting in a gross national income per capita of \$6,628 for females, compared with \$10,086 for men; 67.1% of women have at least a secondary level education, compared with 59.4% of men; and 16.7% of Parliamentary seats are held by women. At present, GOJ and civil society partners prioritise the implementation of NPGE, including a stronger focus on women’s economic empowerment and improved data collection mechanisms with corresponding gender-specific indicators and rights-based mechanisms to prevent and tackle gender-based and other forms of violence.

1.16 A large proportion of the youth ages 15 to 24 are at risk. This portion of the youth is classified as unattached¹² mainly because they left school without adequate qualifications, are unemployed, and are not pursuing post-secondary education or training. The unattached youth’s limited economic participation is a precursor to antisocial behaviours; for example, youth were the main victims and perpetrators of crime. They were responsible for 48% of murders and major crimes, with males overall accounting for 97% of major crimes. At the international level, Jamaica ranks 46th out of 183 countries on the Youth Development Index. The sub-index employment and opportunity was the weakest (0.525) compared with health and wellbeing (0.718), education (0.775), and civic participation (0.945).

1.17 PWD represented 6% of the population (163,080 individuals) and experienced multiple barriers to socioeconomic participation, making them a particularly vulnerable group with a high probability of being poor. Working age (15-64 years) PWD were 5 times more likely to be without access to education

¹² In 2009, unattached youth were estimated at 127,000.

compared with their counterparts without disabilities (non-PWD); further, 49% of PWD was employed versus 75% of non-PWD¹³.

1.18 Poverty-induced socioeconomic hardships and inequality disproportionately borne by these vulnerable groups (women, youth and PWD) therefore demand gender-responsive policymaking and programming to target the poor and vulnerable, necessary to augment GOJ's social policy commitments¹⁴. The broad thrust of GOJ's strategy for addressing social protection includes ongoing public sector reforms to address institutional inefficiencies and improving service delivery. Relatedly, the welfare to work (Steps to Work) component of the Programme of Advancement through Health and Education supports positive social and livelihood outcomes of poor households.

Human Resources Development

1.19 Human Resources Development is a national development priority for GOJ. However, in recent years, the investment in education and training averaged 13% of recurrent expenditure and 4.7% of GDP, below comparator countries in the Region. Access to secondary education has declined (77% net enrolment in 2016), and access to quality Early Childhood Development (ECD) services for the 0-2 age cohort is constrained by a sub-sector which is largely private sector-led. At all levels, without universal participation, females continue to exhibit a higher level of participation and performance compared with their male counterparts¹⁵. With 23% of the labour force certified and with low mastery levels in national examinations¹⁶, systemic improvement is necessary for workforce readiness and participation. This is compounded by persistent under-participation and performance of males throughout, including accounting for 34.1% of enrolment in tertiary education¹⁷.

1.20 As part of GOJ's Vision 2030, Jamaica has articulated a goal of providing world-class education and training to produce well-rounded and qualified individuals, and the strategic areas of focus seek to address several structural and operational barriers to inclusive participation and improved sector outcomes for every learner. The barriers include: (a) inadequate readiness for school due to limited access to quality ECD services; (b) inadequate access to quality learning resources, particularly for PWD; and (c) limited access to quality technical and vocational education and training (TVET) and Science, Technology, Engineering and Mathematics (STEM) programmes. A major issue is limited teacher effectiveness – weaknesses in pedagogical strategies, particularly differentiating instruction to address the individual learning needs of students. While there is an extensive support system for students, more targeted interventions are needed to address unattached youth and enhance safe learning environments to optimise the investment in education. Teacher training, curriculum content, pedagogical and educational materials, all impact the capacity of female and male learners and PWD with special educational needs to achieve successful educational outcomes.

¹³ Gayle-Geddes, Annicia. 2015. Disability and Inequality: Socioeconomic Imperatives and Public Policy in Jamaica.

¹⁴ They include the *National Youth Policy (2015–2030)*; *National Policy for PWD (2000)*; *Disability Act (2014)*; *National Policy for GE (2011)*; *Child Care and Protection Act (2005)*; *Social Protection Strategy (2014)*; and *Green Paper – National Policy on Poverty: National Poverty Reduction Programme (2016)*.

¹⁵ In addition, research showed that PWDs are five times more likely to be without access to education compared with counterparts without disabilities in Jamaica. (Gayle-Geddes, Annicia. 2015.).

¹⁶ Less than 37.7% of students achieve the matriculation requirements for tertiary education (5 Caribbean Secondary Education Certificate [CSEC] subjects, including English) and 47.7% pass CSEC Mathematics.

¹⁷ Economic and Social Survey of Jamaica 2016.

Governance

1.21 Governance consists of the traditions and institutions by which authority in a country is exercised (see Box 1.2). This includes the process by which governments are selected, monitored and replaced; the capacity of the Government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.

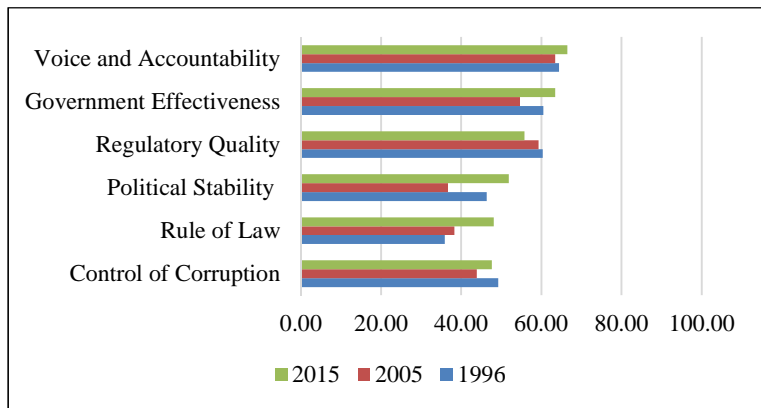
Box 1.2: Governance Index

Good governance is critical for poverty reduction and the development of social and economic policies in the pursuit of broad-based sustainable economic growth. The quality of governance is generally assessed using six criteria:

- (a) *Voice and Accountability* – measuring political, civil and human rights.
- (b) *Political Instability and Violence* – measuring the likelihood of violent threats to, or changes in Government, including terrorism.
- (c) *Government Effectiveness* – measuring the competence of the bureaucracy and the quality of public service delivery.
- (d) *Regulatory Quality* – measuring the incidence of market-unfriendly policies.
- (e) *Rule of Law* – measuring the quality of contract enforcement, the police and the courts, as well as the likelihood of crime and violence.
- (f) *Control of Corruption* – measuring the exercise of public power for private gain, including both petty and grand corruption, and state capture.

1.22 According to the World Bank’s (WB) Worldwide Governance Indicators, Jamaica’s performance on the quality of governance has been mixed over the period 1996 to 2015 (see Chart 1.1). On 3 of the indices, Jamaica scored above the 50th percentile – Regulatory Quality, Government Effectiveness and Voice and Accountability dimensions. The rating reflects GOJ’s policy efforts to strengthen the regulatory environment and broad governance systems in support of its growth objectives. GOJ adopted a ‘whole-of-government’ approach to governance at the public sector level in 2010, which included strengthening the mechanisms of coordination and monitoring and

Chart 1.1: Jamaica Governance Indicators (Percentile Rank)



Source: World Bank (WB) Database 2017, Worldwide Governance Indicators

evaluation (M&E)¹⁸, with a view to greater inclusiveness. In 2013, GOJ established the Economic Policy Oversight Committee (EPOC), comprising of the private sector, government officials, trade unions, and civil society to provide oversight and monitoring of IMF EFF (2013-16). EPOC formed the broad coalition around the public policy reform agenda to ensure sustainability, and mitigated against a relapse of political commitment¹⁹. Similarly, Jamaica benefited from the capacity building by CDB and WB in Improved Public Investment Management through Sustainable Public Procurement over the period 2014-16.

1.23 Conversely, Jamaica performed below the 50th percentile in the Rule of Law and Control of Corruption indices, reflecting the endemic nature of crime in the country. The environment of violent crime erodes social stability and makes rule of law a critical area of concern, creating incentives for migration, inefficiencies in the economy, and the diversion of resources from investment to crime protection.

Crime and Citizen Security

1.24 The incidence of crime in Jamaica is one of the highest in the world, and weighs heavily on the pace of social and economic development. Nationally, homicides per 100,000 of population peaked at 61.6 in 2009, falling to 40.9 in 2015²⁰. The high homicide rates and data on gender-based violence are troubling, with insecurity ranked among the top public and political concerns according to the 2017 Global Competitiveness Report. Further, WB (2003) and the Inter-American Development Bank (IDB) [2017] estimated that the direct and indirect costs associated with crime averaged 3.7-4% of GDP. The events in West Kingston in May 2010²¹ brought to the fore the gravity of the security problem that the country has faced for decades and how it has permeated vulnerable communities island-wide. The causes of crime are related to a number of factors, including: concentrations of young people living in poor, single-parent families, with low education, in areas of rapid urbanisation, high unemployment, and with exposure to domestic violence²² and antisocial behavior; inequality in income distribution; and a chronic drug culture associated with an inflow of illegal firearms. In recent times, the drug culture has been over-shadowed by organised financial crime known locally as “scamming”. It is estimated that “scamming” has taken an estimated \$300 mn p.a. over the period 2010-13, overtaking the drugs trade in terms of illicit contributions to the economy.

¹⁸ The country has implemented a Government-wide Performance Monitoring and Evaluation System (PMES) to ensure policy coherence and accountability across ministries, departments and agencies (MDAs). PMES includes an inventory of activities, resources, results, performance measurement, and governance information which will examine the outcomes and impacts of projects, programmes and policies of MDAs. MDAs will be required to produce integrated strategic business plans and performance reports aligned to national goals (that is, those contained in Vision 2030 Jamaica and MTF, etc.).

¹⁹ In May 2016, the successive Government added another layer with the establishment of an Economic Growth Council, a committee of business leaders tasked with developing a growth strategy. This was followed by the creation of the Public Sector Transformation Oversight Committee in November 2016, similar to EPOC, to accelerate the public sector reforms.

²⁰ The United Nations ranked Jamaica as having the world’s sixth-worst homicide rate in 2015, versus the top five in 2013 by WB.

²¹ Protests and civil disorder leading to 72 deaths and damage to police stations and other property in Western Kingston.

²² Domestic violence plays a critical role in the inter-generational transmission of violent behavior. In Jamaica: 19.6% of women have been subjected to physical or sexual violence by a partner; 69.5% were beaten or physically abused in childhood; and 16.7% witnessed abuse against their mother or stepmother.

1.25 GOJ has placed high priority on tackling the nuanced and complex issues of crime and violence given its negative impact on overall socio-economic development. Currently, GOJ is seeking to strengthen its capacity to utilise scientific and technological solutions in the fight against crime and violence²³. Examples of these interventions include: the introduction of Closed Circuit Television (CCTV), strengthening of security mechanisms at the ports of entry; and strategic social empowerment projects in vulnerable communities. For example, in November 2013 GOJ rolled out its Community Renewal Programme (CRP) intended to promote community empowerment and address risk factors for violent crime, including poor basic infrastructure and living conditions, in selected vulnerable communities.

ENVIRONMENTAL CONTEXT

Environment

1.26 Adverse natural events in Jamaica regularly impact livelihoods, destroy infrastructure and disrupt the provision of essential services. Jamaica is one of the most at-risk countries in the Region, with high percentages of GDP and the population at risk to two or more hazards. The primary risks are linked to natural hazards including hurricanes, floods, droughts, earthquakes, storm surges, and landslides. There were 33 recorded climate-related disasters in Jamaica between 1980 and 2017 causing approximately \$2.7 bn in damage²⁴. Over the last two decades, the frequency and intensity of hurricanes and high-intensity rainfall events have increased, with the country averaging at least one storm event p.a., resulting in cumulative damage and loss estimated at JMD121 bn (2% of GDP) and the loss of 72 lives. Appendix 2 presents a detailed climate and disaster risk screening analysis. It highlights the risks associated with 82% of Jamaica's population living within five kilometers of the coast, exacerbated by insufficient land-use planning, environmental management practices and enforcement of building codes.

1.27 GOJ has taken important steps towards developing a structured approach to addressing environmental and climate-related issues. Policies to protect the environment have been developed, but many of them remain in draft form. There are also serious deficits in enforcement of legislation, due largely to institutional inadequacies, and inadequate financial resources. A CC policy has also been developed that provides direction for a structured approach to adaptation and mitigation actions. However, minimal success has been attained in the achievement of the adaptation objectives, which included the development of sectoral CC strategies and action plans, and the integration of CC considerations in national policies, sectoral and local development plans and programmes. Furthermore, achieving these objectives were constrained by limited technical capacity and human resources.

Energy

1.28 Energy security is key to economic growth and environmental sustainability. Over the period 2012 to 2016, Jamaica imported an average of 19.3 mn barrels of petroleum products p.a., representing 95% of the country's energy needs. Transportation accounts for 46% of fuel imports and most of the population commutes within urban centers, resulting in a significant amount of congestion and the emission of harmful Green House Gases. Electricity generation accounts for 29% of fuel imports, of which the public sector consumes 12.5% of the electricity generated (at a cost of \$22.1 mn in 2015). By reducing GOJ's expenditure on electricity consumption, valuable resources could be freed for other priority investments.

²³ CDB approved grant resources for a *Community Renewal Baseline Study* in 17 CRP communities.

²⁴ EM-DAT: The Emergency Events Database, 2017.

1.29 GOJ committed in the 2009 National Energy Policy to create a modern, efficient, diversified, and environmentally-sustainable energy sector for the island. This included: replacing oil with Liquefied Natural Gas as the main energy source; diversifying the energy mix toward a RE target of 30% by 2030; and reducing the energy intensity and consumption of petroleum imports in the medium term through energy efficiency (EE) initiatives in the electricity and transportation sectors²⁵.

²⁵ To date, 152 megawatts of RE capacity has been installed, producing 10.5% of the total net generation. The 2015 IMF Working Paper, Caribbean Energy Macro-Related Challenges, indicates that investments in EE are accompanied by a stronger increase in long-term GDP than would result from capital investment in other sectors.

2. KEY DEVELOPMENT PRIORITIES

DEVELOPMENT GOALS AND STRATEGY

2.01 GOJ’s planning process is underpinned by its long-term development plan for the country. Vision 2030 Jamaica, which is the country’s first long-term development plan. The National Development Plan (NDP), which was approved by Parliament in 2009, envisages Jamaica achieving developed-country status by 2030. NDP provides the platform upon which a series of three-year MTFs are prepared. MTF 2015-18 is the third in the series of MTFs. NDP is built on four strategic national goals which are mapped onto 15 national outcomes. These are included in Table 2.1.

TABLE 2.1: VISION 2030 JAMAICA – NATIONAL GOALS AND OUTCOMES

National Goals	National Outcomes
Jamaicans are empowered to achieve their fullest potential.	(a) Healthy and Stable Population. (b) World-Class Education and Training. (c) Effective Social Protection. (d) Authentic and Transformational Culture.
The Jamaican society is secure, cohesive and just.	(e) Security and Safety. (f) Effective Governance.
Jamaica’s economy is prosperous.	(g) Stable Macroeconomy. (h) Enabling Business Environment. (i) Strong Economic Infrastructure. (j) Energy Security and Efficiency. (k) Technology-Enabled Society. (l) Internationally Competitive Industry Structures. i. Agriculture ii. Manufacturing iii. Mining and Quarrying iv. Construction v. Creative Industries vi. Sport vii. Information and Communications Technology (ICT) viii. Services ix. Tourism
Jamaica has a healthy natural environment.	(m) Sustainable Management and Use of Environmental and Natural Resources. (n) Hazard Risk Reduction and Adaptation to CC. (o) Sustainable Urban and Rural Development.

2.02 Accompanying these documents are other strategy and policy documents that articulate GOJ’s approach to specific areas. These include the Economic Growth Council (EGC) 5-in-4 Report, the 2017/18 Fiscal Policy Paper, and the Growth Agenda Policy Paper 2015/16. Some of the key priorities emerging from these documents and from discussions with senior country officials are: maintaining macroeconomic stability through fiscal and debt sustainability; increasing economic growth and job creation, targeting 5% growth in four years; enhancing the business environment and competitiveness; developing and protecting

human capital; improving citizen security and public safety; and environmental resilience. Moreover, the 2016 IMF SBA explicitly incorporated recommendations from EGC on attaining higher real GDP growth, job creation aimed at poverty reduction, and improved living standards.

Fiscal and Debt Sustainability

2.03 Over the past two decades, the massive debt overhang severely compromised Jamaica's growth performance and limited the Government's ability to engage in developmental expenditures that are needed to propel the economy above the growth levels that would increase real per capita income. In order to reduce the level of indebtedness, GOJ implemented a number of fiscal reforms aimed at increasing revenue, containing expenditure, and improving debt management since 2008. These reforms included actions to: rationalise and strengthen controls on public sector entities; increase the efficiency of financial management and budget processes; and enhance revenue systems. The actions also included two debt restructuring exercises – one in 2010 and another in 2013. The debt restructuring exercises reduced the interest cost on GOJ's domestic debt. Such efforts have increased the primary balance and reduced interest payments, improving debt dynamics significantly. However, with public debt at 115.2% of GDP in 2016, Jamaica continues to face one of the largest debt overhangs in the world. The government financing needs remain high, but declining, amidst a real interest burden that outweighs the acceleration in GDP growth.

Increasing Economic Growth and Competitiveness

Job Creation and Competitiveness:

2.04 Jamaica's low real GDP growth reflected a stagnant private sector, limited technological innovations, and an inadequate supply of skills for the labour market. Jamaican business executives identified that the most problematic factors hindering the conduct of business²⁶ were inefficient government bureaucracy, crime, corruption, tax rates, and an inadequate supply of infrastructure. At the firm level, private sector performance in terms of sales, employment and productivity has been weak, relative to regional averages and comparator countries²⁷. This coincided with GOJ's limited fiscal space which constrained investments to improve the physical and economic infrastructure, including water and energy projects. Analytical studies and stakeholder consultations (see Box 2.1) identified several sectors, such as tourism, agri-business, creative industries, energy and ICT as potential sources of increased competitiveness, job creation and sustained growth for Jamaica²⁸. Consequently, the structural policies that

²⁶ Jamaica ranked 75th out of 138 countries in the Global Competitiveness Report 2016-17. In WB 2017 Doing Business Report (DB 2017), Jamaica ranked 67th out of 189 countries surveyed. The index sub-scores also indicate that Jamaica ranks below the average in relation to the number of procedures to: securing construction permits (75th); getting electricity (101st); enforcing contracts (117th); and trading across borders (131st). Improvements were made in the DB 2017 in terms of the time it took to register property and get credit. Improvements in the general environment for the operation of businesses is critical to advancing development in the country.

²⁷ IDB 2016. An engine of growth: the Caribbean private sector needs more than an oil change. <https://publications.iadb.org/bitstream/handle/11319/7997/Engine-Growth-Caribbean-Private-Sector-Oil-Change.pdf?sequence=1&isAllowed=y>.

²⁸ Through its Caribbean Technological Consultancy Services (CTCS), CDB has prioritised micro, small, and medium-sized enterprises' (MSMEs) professionalism in food quality and safety for supplying the tourist market; the creative industries sector, specifically focussing on the business of music; and a simplified aquaponics system designed to empower small-scale farmers to grow and sell food more efficiently and earn an income.

GOJ are implementing will be critical in facilitating growth. Tackling major impediments, such as crime and energy generation and efficiency, can boost competitiveness and productivity growth in the medium term. There is also a need to ensure that interventions in the leading sectors, such as tourism and agriculture, offer inclusive employment and livelihood opportunities to vulnerable groups such as youth, women, and PWD.

Box 2.1: Job Creation

GOJ has made job creation one of its central tenets over the medium term, as articulated in the EGC 2016 Report and precautionary SBA with IMF. While higher and sustainable economic growth is necessary to create more jobs, it is not sufficient as there are structural and policy impediments to employment generation. In 2013, the Statistical Institute of Jamaica estimated that 69% of the labour force had no formal training, corroborated by the 2011 WB Report which identified that the low productivity associated with the low real GDP growth rates of the past two decades reflected deficiencies in entrepreneurship and in the quality of education and skills training. Relatedly, the labour market has been undergoing a structural change with an increased demand for skilled and semi-skilled workers, particularly with the recent growth in the Business Process Outsourcing Sector, considered the primary source of employment, next to tourism in Jamaica. Consequently, GOJ established a Labour Market Reform Commission in 2015 as part of the effort to strengthen the Jamaican economy, particularly through the creation of an enabling business environment while ensuring decent work for all.

Economic Infrastructure

2.05 The provision and maintenance of appropriate infrastructure is essential to sustain economic and social development. There has been little investment in periodic or routine maintenance of the drainage network, despite the higher population and development densities. As a result, the high volume of domestic waste, as well as debris and sediment load from the upper watersheds, obstructs the drainage system and increases the risk of flood damage to the road infrastructure. This is exacerbated by the steady increase in informal settlements along much of the five-metre right-of-way of the main drainage channels. GOJ views the rehabilitation of the drainage infrastructure as priority to mitigate against the hazards associated with sea level rise, flooding, and coastal erosion. In addition, public investment in this area is consistent with the proposed urban re-development plans.

2.06 The deteriorated conditions of Jamaica's water network system, inadequate maintenance, and business practices have contributed to high level of non-revenue water (NRW)²⁹. Along with the challenge of high NRW, is that of inadequate storage capacity in many parishes to meet the demand during the dry season. The National Water Commission proposed that the modernisation of the network infrastructure, improved data collection and information management can contribute to the reduction in NRW, in addition to reducing the energy cost for water production.

²⁹ NRW refers to water that is pumped and then lost or unaccounted for. Over the past decade NRW has been estimated at over 60%. <http://www.mwh.gov.jm>.

Dynamic Agricultural Sector

2.07 Agriculture plays a critical role in driving economic growth, moderating Jamaica's debt burden, and reducing rural poverty and inequality. The agriculture sector contributes to GDP (7.3%), employment (16.6%), and foreign exchange earnings in Jamaica³⁰. A significant challenge for the sector is the fact that evidence is emerging that large sections of the country's most productive lands, historically referred to as 'bread-basket areas', are being impacted by irregular rainfall patterns and more intense/prolonged droughts, possibly as a result of Climate Variability (CV) and CC. Additionally, the sector's main trading partners, and the local hospitality and agro-processing sectors, have begun mandating that their suppliers adhere to increasingly stringent food safety management systems. Complying with those systems will require considerable investments – both public and private – in infrastructure across the supply chain. GOJ's approach to development of the sector is multifaceted and includes measures aimed at addressing competitiveness, establishing linkages with the local tourism and agro-processing sector, and facilitating export to metropolitan markets. MTF 2015-18 articulates the urgency to diversify toward a range of agricultural products and the provision of adequate water supply, irrigation and drainage to boost production and improve livelihoods in the rural areas.

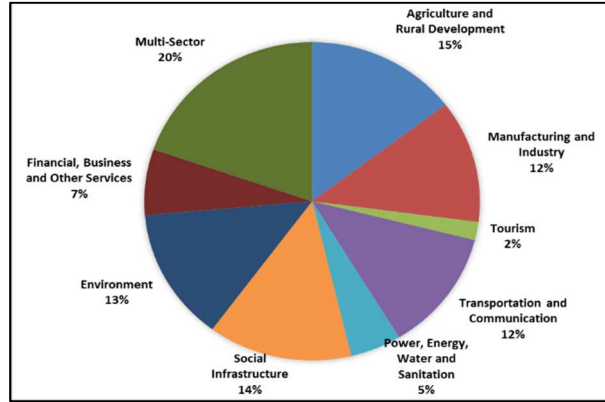
³⁰ Economic and Social Survey of Jamaica 2016.

3. CARIBBEAN DEVELOPMENT BANK IN THE COUNTRY

COUNTRY PORTFOLIO

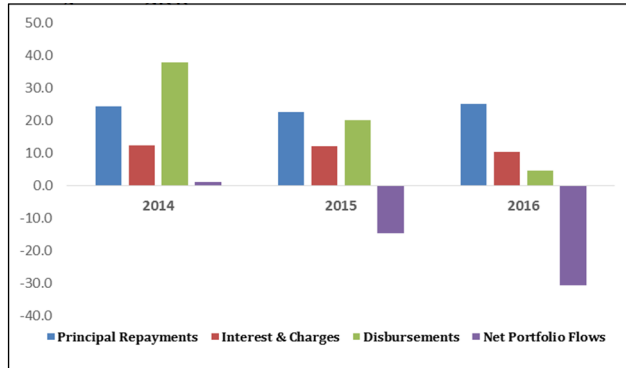
3.01 CDB approved \$851.4 mn in loans to Jamaica over the period 1970 to September 2017. The approved loans were channeled to several sectors including: (a) agriculture and rural development; (b) tourism; (c) education; (d) physical infrastructure rehabilitation, transportation and communication; (e) financial services; and (f) multi-sector, which includes PBLs. As at September 30, 2017, approvals to Jamaica accounted for 16% of CDB’s total approvals, ranking the country as the largest recipient of assistance among CDB’s 19 Borrowing Member Countries (BMCs).

Chart 3.1: Loan Portfolio Distribution (1970-September 2017)



3.02 As Chart 3.1 shows, multi-sector, agriculture and social infrastructure accounted for the largest share of CDB’s lending to Jamaica, reflecting the high proportion of concessional lending. Over the 2014-16 Country Strategy³¹ period, net portfolio flows were negative in each year except 2014, when CDB disbursed the \$35 mn PBL (see Chart 3.2).

Chart 3.2: Portfolio Flows (\$ mn)



Source: CDB.

REVIEW OF COUNTRY STRATEGY 2014-16

3.03 The CSP was approved against the backdrop of severe economic and fiscal challenges faced by Jamaica. The Strategy was initially aimed at three outcome areas: improving educational quality and training; strengthening resilience and reducing vulnerabilities to natural hazard events; and enhancing the quality of, and access to, community services and citizen security. The resource envelope was \$38.5 mn (Jamaica’s allocation under SDF 8 of \$33.8 mn; and Basic Needs Trust Fund (BNTF) allocation of \$4.7 mn). However, Jamaica was facing a number of challenges at the time, including high public debt, negative-to-low GDP growth, low international reserves, and rising unemployment. As a result, the focus of the CSP was reoriented towards supporting GOJ’s reform programme, and in December 2014, the Board of Directors approved a \$35 mn PBL in support of reforms related to fiscal consolidation, growth and competitiveness, and social cohesion³². During the

³¹ The strategy period was restricted to two years due to the uncertainty that surrounded GOJ medium-term development, ongoing coordination of donor support behind an economic reform programme, and the risk that priorities could have changed towards the stabilisation of the economy.

³² A key component of Jamaica’s economic programme involved access to concessional financing from multilateral development banks to reduce the Government’s debt-servicing costs and support of the budget financing needs.

period, CDB also provided TA aimed at institutional strengthening of the Ministry of Finance to facilitate the implementation of critical macroeconomic and structural reforms, as well as improve inclusive macroeconomic policy and planning and advisory support around the coordinated economic reform programme.

3.04 The PBL was aimed at supporting GOJ in implementing its stabilisation and adjustment programme. The Government stabilised the fiscal accounts with a primary surplus of 7% on average over the strategy period; the public debt-to-GDP ratio decreased from 145% of GDP in FY 2012/13 to an estimated 122% in FY 2016/17³³. The external sector also improved, with the current account deficit more-than-halved from 10% of GDP (baseline year) to less than 3% of GDP (end-December 2016); and gross international reserves improved averaging six months of imports. With modest economic recovery of 1.7% as at December 2016, fiscal and debt sustainability remain a focal point for macroeconomic stability in the medium term, and it is prudent for CDB to closely monitor and support developments in this area.

3.05 Over the CSP period, CDB also provided TA to: strengthen the institutional capacity of the Government, civil society and private sector; improve education outcomes and reduce poverty; and finance feasibility studies for planned infrastructural investments. TA support also included the institutional strengthening of the Ministry of Finance in the form of a macroeconomic adviser, to: facilitate in-house capacity building in macro-fiscal management and policy advice; exposure of Government officials to Public-Private Partnership (PPP) intensive training courses³⁴ and policy guidance to enable senior officials to unlock funds from the \$5-6 bn PPP-project financing market; and the strengthening of public procurement. BNTF Seventh and Eighth Cycle (7 and 8) projects³⁵ also contributed to the provision of basic infrastructure and livelihood enhancement services. This included the expansion, rehabilitation and upgrade of four schools in the parishes of Trelawney and St. Elizabeth; and the Community Investment Project targeting improvement of infrastructure in health and transportation in selected rural communities.

LESSONS LEARNT

3.06 The CSP was part of a coordinated package of support to Jamaica during a time of severe fiscal and debt challenges. The programme provided critical assistance to GOJ in strengthening governance structures and institutional capacity, support community renewal programmes, and improve national capacity in natural hazards for mitigation and management.

Relatedly, reform efforts targeted improving the DB environment to stimulate investment and job creation aimed at a growth target of 2% over the medium term.

³³ According to the 2017/18 Budget Statement and medium-term debt strategy reports.

³⁴ CDB's Regional PPP Support Programme is a \$1.2 mn project launched in May 2015, to build the capacity of Government agencies to develop and implement PPP projects. Participants from across the Caribbean, within Government and State-owned Enterprises participated in three PPP Bootcamps designed to expose Government staff to the key aspects of PPP development and implementation. Topics covered range from developing the necessary Government policies, conducting feasibility studies, to structuring transactions. Other PPP initiatives by CDB include: a Caribbean web-based PPP Toolkit; a help desk for Government officials to seek assistance on project-level issues; and the creation of a permanent *Regional PPP Unit*, designed to offer practical advice to Caribbean governments on PPP policies and projects.

³⁵ BNTF 7 allocation for Jamaica was approved in October 2012 and committed \$7.85 mn to improve education outcomes in Jamaica. An additional amount of \$1.92 mn was approved under BNTF 8 in December 2014, targeting other human resource development initiatives during 2015 and 2016.

3.07 Strong bipartisan and stakeholders' support are essential for continuity in policy and programme reforms, evidenced by the strong country ownership of the economic reform agenda on fiscal prudence, economic growth, and job creation. The involvement of the private sector and civil society in the design and monitoring of the reform programme enhanced transparency and accountability of the authorities to deliver on the mandate.

3.08 Programme design should take account of implementation capacity constraints. CDB intends to provide more technical support and capacity building to improve project cycle management (PCM) and implementation within member countries.

3.09 Increased donor coordination in the context of a fiscally-constrained economy is important. This may include portfolio coordination, complementary projects and alignment with GOJ's Public Sector Investment Programme aimed at improving the delivery of development results over the CSP cycle. This can take the form of periodic donor meetings and country surveillance exercises, similar to the joint IMF-WB missions. Similarly, scope exists for donor collaboration on the scaling-up of successful projects to achieve tangible results in the short term and maximum impact.

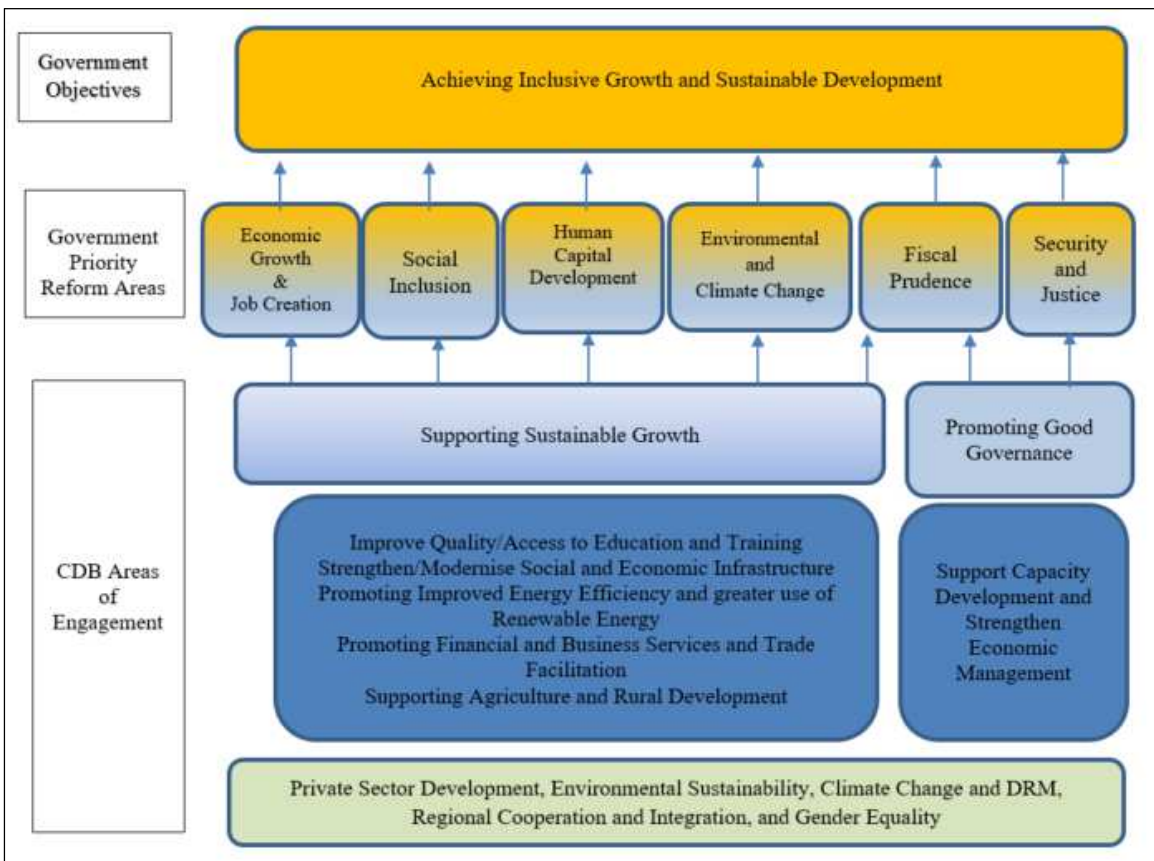
3.10 Future engagement with Jamaica ought to account for the limited fiscal space and the growth agenda outlined by GOJ, in addition to targeting short-to-medium term growth and employment opportunities in areas that can catalyse private sector investments. Therefore, it is prudent to explore areas with other development partners where TA and financial support can be combined to accelerate economic transformation. Equally important are knowledge products on the socio-economic, governance and institutional framework of Jamaica to strengthen the efficacy of project implementation.

4. CARIBBEAN DEVELOPMENT BANK’S COUNTRY STRATEGY

COUNTRY STRATEGY

4.01 The Strategy is based on dialogue with key policymakers and stakeholders, and consistency with GOJ’s development priorities, consideration of development partners’ activities in the country, and GOJ’s borrowing strategy. It is consistent with CDB’s Strategic Objectives of supporting inclusive, sustainable growth and development, and promoting good governance³⁶. GE, as well as energy security and citizen security considerations, will be mainstreamed in CDB’s operations. The 2017-2021 CSP is aligned with GOJ’s Vision 2030 Jamaica, and the MTF 2015-18 (see Chart 4.1). CDB will continue to leverage its own comparative advantage and intervene in those sectors where the assistance can have the greatest developmental impact and rebalance the country’s fiscal profile, consistent with the IMF-supported programme.

CHART 4.1: CSP CONTRIBUTION TO JAMAICA’S DEVELOPMENT OBJECTIVES



³⁶ CDB Strategic Plan 2015-19. http://www.caribank.org/uploads/2012/05/BD-Paper_StrategicPlan_2015-19_Final_For_PublicDisclosure-Final.pdf.

4.02 The Strategy rests on four pillars: (a) Enhance Educational Quality and Improve the Effectiveness of Social Protection; (b) Enhance Governance and Citizen Security; (c) Increase Inclusive Economic Growth and Competitiveness Reform; and (d) Strengthen Environmental Sustainability.

Pillar 1: Enhance Educational Quality and Improve the Effectiveness of Social Protection

Expected Outcome 1: Enhance Educational Quality

4.03 CDB-supported interventions, including BNTF 9, will focus on access, as well as improving educational quality specifically as it relates to teacher effectiveness³⁷. The interventions will support:

- (a) teacher training including the effective delivery of the curriculum, particularly TVET, STEM, and English;
- (b) the quality of instructional supervision; and
- (c) effective teaching, including the provision of pedagogical resources to support inclusive education services for PWD, gender-responsive³⁸, differentiated instruction and key disciplines.

Expected Outcome 2: Improve the Effectiveness of Social Protection

4.04 At the community level, CDB has supported initiatives to strengthen local economic development and expand income-earning opportunities for vulnerable groups, men and women through Jamaica Social Investment Fund (JSIF). Accordingly, CDB will support GOJ in the following areas:

- (a) Continued support to the Community Investment Project (CIP) II, primarily targeting basic social infrastructure and capacity-building to improve sustainable livelihoods in rural areas. This project follows the first CDB-funded CIP implemented by JSIF.
- (b) The establishment of a residential therapeutic centre and the requisite institutional and human resource framework to provide mental health and psycho-social services for at-risk children island wide³⁹.
- (c) TA to support the hardware and software requirements for the development of a national monitoring system for SDGs.

³⁷ The interventions are also designed to allow the country to benefit from CDB's successes and experience in rolling out TVET-related assistance in other BMCs, as well as the country goal of empowering Jamaicans to achieve their greater potential.

³⁸ Targeting interventions to address the poor educational outcomes for boys and male youth in the Jamaican context

³⁹ This centre will be complemented by two existing mobile units which serve rural areas primarily.

Pillar 2: Enhance Governance and Citizen Security

Expected Outcome 3: Improve Public Sector Governance

4.05 CDB recognises that implementation capability can be strengthened and, therefore, seeks to support the initiatives being driven by GOJ and other International Development Partners (IDPs) to enhance performance monitoring and public sector efficiency to enable fiscal prudence, growth and productivity. In support of ongoing public sector development, CDB has financed several regional initiatives in the area of public procurement from which Jamaica has benefited. CDB, in collaboration with WB, has established a Regional Procurement Center at the University of Technology, Jamaica, to provide accredited procurement training to Jamaica and the wider Region. The first cohort, in October 2017, was taken from the Jamaican public sector and financed largely by CDB to further procurement capacity building to support the rollout of the new Jamaican Public Procurement Framework. Jamaica, through CDB support, is acting as the regional country representative on the working group to revise and update the existing Methodology for Assessing Procurement Systems (MAPS). It is anticipated that there will be a MAPS assessment of the new national public procurement system within the next 24 months, which will inform the discussion about the use of national procurement systems. CDB also provides training in PCM and Public Policy Analysis and Management (PPAM) to its BMCs, and Jamaica is expected to start participating in this programme in 2017. In addition to these initiatives, CDB will consider the following intervention:

- (a) TA support to strengthen the capacity of EGC Secretariat and the Cabinet Office to support evidence-based research and policy analysis and M&E.

Expected Outcome 4: Reduce Crime, Citizen Security and At-Risk Youth

4.06 Tackling crime, citizen insecurity and youth-at-risk constitute urgent priorities for the country and for CDB alike. With multiple proposed security and safety initiatives, it is prudent that a comprehensive approach be undertaken to collaborate across IDPs to reduce duplication and encourage cost savings. Therefore, CDB will collaborate and leverage the expertise of GOJ, IDB, WB, and UNDP to implement a comprehensive crime and violence prevention initiative. CDB will consider support for: initiatives to reduce the incidence of recidivism; capacity building for vulnerable groups (men, women and PWD); local economic development initiatives to broaden the economic base of the communities and expand income earning opportunities for the youth; and social communication/public education campaigns. CDB would therefore consider:

- (a) TA support to the Rejuvenating Communities Project initiatives in West Kingston to address Post-Traumatic Stress Disorder (PTSD), implement community safety plans, and support skills training and alternate livelihoods. The project is geared at strengthening governance and socio-economic prospects of West Kingston CRP communities⁴⁰ adversely impacted by the 2010 Tivoli Incursion.

⁴⁰ West Kingston includes Tivoli Gardens, Denham Town, Hannah Town, Fletcher's Land and Central Downtown/Matthews Lane.

- (b) TA to support the development of a National Anti-Violence Communication and Outreach Programme⁴¹ in partnership with the private sector and creative industries (musicians, visual artists and animators).
- (c) TA to complete a comprehensive National Security Enhancement Programme encompassing border and community security, for example incorporating the use of technological solutions.
- (d) Infrastructural investment to support the installing and commissioning of new non-intrusive scanning equipment by the Jamaica Customs Agency, and the integration of CCTV into the existing traffic management system and street-lighting infrastructure.

Pillar 3: Improving Economic Growth and Competitiveness Reforms

Expected Outcome 5: Inclusive Growth and Competitiveness Reforms

4.07 CDB will support inclusive economic growth and competitiveness through reforms to: improve business innovation; enhance the economic infrastructure; and improve agricultural productivity. These interventions support GOJ's reform programme, and are closely aligned with the third goal of NDP – becoming a prosperous economy – which includes the achievement of a stable macro-economy, an enabling business environment, energy security and efficiency, and internationally competitive business structures:

- (a) CDB will provide resources to support policy reforms aimed at inclusive growth and improve competitiveness interventions to: (i) address unattached youths; (ii) facilitate skills and on-the-job training; and (iii) provide entrepreneurship and business capacity support for women and youth-driven MSMEs.

Expected Outcome 6: Develop Resilient Economic Infrastructure

4.08 Underpinning growth in the productive sectors, is the need for adequate climate resilient infrastructure, adequate (and safe) water supply and sanitation services. CDB is also funding the completion of the Hermitage Dam Rehabilitation Study, which would support the National Strategy that will ensure adequate and safe water supply and sanitation services. It is envisioned that the study will yield capital works solutions which would further support the strategy's long-term sustainability. As a result, CDB will support:

- (a) Project financing for urban drainage infrastructure works for the communities of Falmouth, Annatto Bay, Port Maria, and those surrounding Sandy Gully, taking into account the urban redevelopment plans as completed by the Urban Development Commission.
- (b) Project financing for the rehabilitation of Hermitage Dam.

⁴¹ The objective is to stimulate behavioral changes in gender-stereotyping, perceived roles in families, communities, and as citizens. In addition to the adoption of alternative communication techniques to mitigate violence and improve livelihood, opportunities for the disenfranchised youth, women, and other poor and vulnerable groups.

- (c) PPP financing opportunities to upgrade Jamaica's economic infrastructure, including airport upgrades and expansion, improvement of water treatment and reduction of the level of NRW along the north coast, Jamaica's tourism belt.

Expected Outcome 7: Dynamic Transformation of the Agriculture Sector

4.09 Agriculture remains an important contributor to GDP, employment and foreign exchange earnings in Jamaica. CDB recently approved an irrigation project in the Essex Valley⁴², St. Elizabeth, to supply water to approximately 700 hectares (ha) of agricultural land. The project is intended to reduce the water-related challenges faced by farmers in Essex Valley, and enhance agricultural production and productivity. In this respect, CDB will support:

- (a) A comprehensive and inclusive Agriculture Sector Development Strategy.
- (b) Updating the country's National Irrigation Master Plan, which was developed in 1998.
- (c) UK-CIF grant financing for the development of an economically-viable irrigation project, and associated production and marketing infrastructure for communities, including women and men in Clarendon and St. Catherine.
- (d) TA grant for feasibility studies to develop a suitable irrigation system for South St. Elizabeth.

Pillar 4: Strengthen Environmental Sustainability and Energy Security

Expected Outcome 8: Reduce Vulnerabilities to Natural Disasters

4.10 CDB is currently providing support in helping GOJ achieve some of its CC adaptation objectives in the water and agricultural sectors. At the community level, GOJ is also benefitting from support for building climate resilience and disaster risk reduction under the Community Disaster Risk Reduction, and the African, Caribbean and Pacific (ACP)-European Union (EU)-CDB Natural Disaster Risk Management (DRM) in Caribbean Forum of ACP States Programmes. CDB will consider:

- (a) TA grant to develop a Multi-Hazard Early Warning System Framework and Guidelines.
- (b) Institutional and technical capacity building to improve the resilience of Jamaica's forests to CC and natural disaster impacts.
- (c) Strengthen national CC public awareness and build technical capacity for improving increasing resilience of coastal infrastructure to the impacts of CC at vulnerable sites in Jamaica.
- (d) Strengthen CC governance framework at the local level.

⁴² The Essex Valley project is funded through a grant of £35.5 mn from UK-CIF, administered by CDB.

Expected Outcome 9: Improve Energy Security and Efficiency

4.11 CDB approved a project with the Jamaica Public Service Company (JPS) to roll-out their Smart light-emitting diode Streetlight Project island-wide in July 2017, intended to lower energy cost and improve EE. In this respect, CDB will support:

- (a) The inclusion of RE generation with other projects, for example the Essex Valley Irrigation Project.
- (b) PPP financing opportunities in the diversification of the energy and related sectors.

INDICATIVE RESOURCE ENVELOPE

4.12 The Strategy is consistent with GOJ's borrowing strategy, which requires a high degree of concessionality in order to balance the Government's development needs with the objective of improving medium-term debt dynamics. The 2017/18 fiscal policy paper indicates that the financing needs over the country strategy period are estimated at around \$6.4 bn, equivalent to 46.7% of 2016 GDP. The financing need is dominated by Jamaica's debt amortisation payments as the country is projected to have only small and disappearing fiscal deficits over the whole period. Although policy-based lending played a major role in the previous country strategy, CDB's focus under this Strategy is expected to shift toward lending and TA support in areas of inclusive growth and competitiveness. However, important reforms are still ongoing and policy-based lending would be beneficial from a governance and debt management perspective. The temporal profile of the proposed financing plan would be largely related to the timing of structural reforms and the availability of fiscal space for investment lending.

4.13 TA and investment grants over the country strategy period would continue to play a central role. Furthermore, there is considerable scope to leverage incremental financial support from other international financial institutions and bilateral donors. CDB considers the strategic policy frameworks as the sound basis for cooperation with Jamaica. In line with Jamaica's Vision 2030 and its MTF 2015-18, the notional resource envelope envisaged for Jamaica for the period 2017-2021 is \$171.5 mn. The envelope includes an indicative amount of \$38 mn from SDF 9 and augmented by Jamaica's remaining grant allocation of approximately \$22 mn from UK-CIF. Table 4.1 provides a breakdown of the indicative programme.

IMPLEMENTATION PLAN AND RESULTS MONITORING

4.14 The RMF in Appendix 3 will be used to monitor and assess development results. It identifies the: (a) country's development objectives to which each of CDB's indicative interventions is aligned; (b) sector constraints to be addressed; (c) expected outcomes to which the proposed interventions are expected to contribute (including GE); and (d) performance indicators against which the results will be measured. For strategic purposes, RMF is pitched at the sector level; however, the project level RMF will be specified during project design. Monitoring of the Strategy will be done by both CDB (coordinated by the Economics Department) and country authorities. CDB's engagement will be focused on promoting mutual accountability for results and fostering open and frequent policy dialogue with GOJ. Strategy implementation will be monitored through annual country portfolio reviews, as well as a mid-term review in 2019. The Mid-term Review will assess progress towards meeting expected sector outcomes, in addition to assessing portfolio progress and utilisation of the resource envelope within the context of possible

changes to the country’s fiscal circumstances. An end-of-strategy evaluation will also be undertaken to assess its contribution to sector outcomes.

TABLE 4.1: CDB INDICATIVE LENDING AND TA PROGRAMME 2017-2021 (\$ mn)

Intervention Area	Loan	Grant
Objective 1: Enhance Educational Quality and Improve the Effectiveness of Social Protection		
Expand and upgrade TVET and STEM programmes in schools and training institutions	15.0	
Mainstream inclusive, effective pedagogical strategies, including differentiated instruction to support learners at-risk.	--	1.0
Community Investment Project II/JSIF	10.0	
Development of a national monitoring system for SDGs.	--	0.5
Establish a Residential Therapeutic Centre to provide psycho-social services for children	2.0	0.7
Objective 2: Enhanced Governance and Citizen Security		
Strengthening the EGC Secretariat	--	0.8
Rejuvenating Communities Project in West Kingston	--	0.5
National Anti-Violence, Communication and Outreach Programme	--	0.5
National Crime Reduction Project (Border and Community Security)	22.0	0.5
Objective 3: Improving Economic Growth and Competitiveness		
Inclusive Growth and Competitiveness PBL	30.0	--
Urban Drainage and Development (Falmouth Dragline and Sandy Gully)	20.0	1.2
Water and Sewage Sector: Hermitage Dam Rehabilitation	18.0	0.5
Update the National Irrigation Development Plan/Agriculture Sector Study	--	1.5
UK-CIF financing for Clarendon and St. Catherine Irrigation Project		22.2 ⁴³
Financing for South St. Elizabeth Irrigation Project	20.0	--
Development Strategy, ‘Fruits, Vegetables and Roots and Tubers Sub-sector’	--	0.5
Objective 4: Strengthen Environmental Sustainability and Energy Security		
Developing Multi-Hazard Early Warning System Framework and Guidelines	--	0.4
TA support/capacity building toward climate resilient forestry	--	0.3
Building Coastal Infrastructure resilience against the impacts of CC	--	0.3
Strengthening CC Governance Framework at the local level	--	0.3
Street Light Retrofitting – JPS	25.0	--
TOTAL	162.0	31.7

⁴³ Jamaica’s remaining allocation of UK-CIF grant funding (GBP17.5 mn) [an estimated \$22.2 mn].

COORDINATION OF DEVELOPMENT PARTNERS

4.15 Active donor coordination is important to increase the likelihood of achieving meaningful development results. CDB will pursue an active engagement strategy with relevant partners in the areas/sectors of its interventions, in order to avoid duplication and optimise its development support. The strategy will include partaking in donor coordination meetings that are organised in country. Areas for possible collaboration will be actively pursued. CDB has already spoken with IDB, UNDP, and WB about collaborating on projects of mutual interests and complementary capacities. Appendix 4 summarises the current activities of development partners. IDB has been the largest multilateral lender to Jamaica over the last five years. IDB's current Country Strategy (2016-2021) focuses on: (a) improving public sector management; (b) increasing private sector productivity and growth; and (c) reinforcing human capital protection and development. The World Bank Group (WBG) is also a significant development partner. WBG (2014-17) programmes cover macroeconomic management, an enabling environment for private sector growth, and social and climate resilience. Jamaica also benefits from programmes administered by EU⁴⁴, UNDP⁴⁵, the United States Agency for International Development (USAID), Global Affairs Canada, and the Department for International Development (DfID).

⁴⁴ Under the 11th European Development Fund (2014-2020) the financial allocation for Jamaica totals 46 mn Euros. EU's financial support to the National Development Strategy is built around three focal sectors, namely: justice; environment and CC; and public finance management.

⁴⁵ UNDP 2017-2021 Country Programme targets interventions in access to equitable social protection systems, citizen security and democratic governance, access to clean energy, resilience to CC and natural disasters, and natural resource management.

5. RISK ANALYSIS AND MITIGATION

5.01 There are a number of risks associated with this strategy. These risks can be categorised under the headings of financial and operational risks. Various risk mitigation measures have been established to manage these risks within tolerable levels through a framework of measurement, monitoring and control policies, procedures and processes. The financial risks to CDB include the impact on its outlook and financial health from lower-than-expected loan targets, approvals and disbursement. This can be caused by factors including: lower-than-expected fiscal performance; and weak implementation capacity of GOJ, among others, leading to reduced demand.

5.02 CDB's Office of Risk Management (ORM) has overall responsibility for the establishment and oversight of CDB's risk management framework. ORM policies are established to identify, analyse and monitor the risks faced by CDB, to set appropriate risk limits and controls, and to ensure adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and CDB's activities. The primary risks encountered by CDB are as follows:

- (a) **Credit Risk** – the risk of financial loss to CDB if GOJ or counterparty to a financial instrument fails to meet its contractual obligations that arise principally from the loans and advances to customers and investments.
- (b) **Liquidity Risk** – the risk that GOJ may encounter difficulty in meeting obligations associated with its financial liabilities or responsibilities that are settled by cash or another financial asset. With respect to this strategy, the concern would be largely in relation to the availability of counterpart contributions that would normally be required from the borrowers for the financing of projects by CDB. Prudent liquidity risk management requires GOJ to maintain sufficient cash and short-term marketable securities, and monitor future cash flows to ensure that adequate liquidity is maintained.
- (c) **Operational Risks** – emanating from the execution of business activities and relating to the potential loss or damage to reputation from failed or inadequate internal processes, people and systems, or from external events. It is the risk arising from direct or indirect loss or damaged reputation attributable to fraud, human error, processes or technological internal controls.

5.03 Table 5.1 summarises these risks as they relate to Jamaica, as well as CDB's proposed mitigation measures.

TABLE 5.1: RISK ASSESSMENT AND MITIGATION MEASURES

Risk Type	Description of Risk	Mitigation Measures
Credit	Macroeconomic shock or unforeseen circumstances can impair GOJ's ability to meet its debt obligations, and could pose a threat to the degree to which the CSP may be implemented.	<p>Debt-to-GDP decreased from over 145% of in FY 2013 to around 115.3% of GDP in FY 2016. GOJ is conservative in its approach to debt, with a preference for concessionary borrowing, backed by a primary surplus of 7% of GDP. Notwithstanding, Jamaica's dependence on exports to US, Canada, and UK makes the country vulnerable to economic shocks in these countries. Credit risk is, therefore, likely to be moderate to high.</p> <p>CDB will coordinate closely with IMF's SBA Programme to mitigate macro risks. The Mid-term Review will provide an opportunity to reassess the CSP, as well as Jamaica's growth and fiscal prospects.</p>
Liquidity	GOJ has insufficient liquidity to meet debt service obligations to CDB and to provide counterpart contributions.	<p>This risk is moderate to low, due to the concessional nature of GOJ's debt. GOJ has consistently recorded a current surplus in recent years amid a reduction in the country's gross financing needs. However, the ratios of debt service to Government revenues and to exports, remain above acceptable levels. CDB will continue to monitor these ratios with GOJ. The Mid-term Review provides an opportunity to reassess the CSP, as well as Jamaica's liquidity position.</p> <p>Annual surveillance of economic performance and policies in order to support corrective measures, as well as through support in key areas for macroeconomic stability in the priority area of public sector management.</p>
Operational	Implementation capacity constraints.	<p>GOJ acknowledges the need to improve implementation capacity of executing agencies. Support during the CSP period from CDB (such as through improved development planning, and PPAM and PCM training) will strengthen project implementation capacity in various ministries. Relevant TA will identify further capacity needs.</p> <p>Efforts will also be made to deepen CDB's understanding of the political economy in important reform areas to inform the nature and scale of its engagement. Sustained engagement in this area with stakeholders will include assessments of loans that are not meeting milestones, with a view to reformulating or cancelling operations that are considered to no longer meet original development objectives, where applicable.</p> <p>Additionally, CDB will intensify and strengthen collaborative oversight of the portfolio jointly with PIOJ over the CSP period.</p>
Operational	CC and weather-related natural disasters.	<p>GOJ is involved in ongoing efforts to mainstream Disaster Risk and Recovery, and is working with various development partners, including CDB. The CSP will provide support to reduce vulnerability to such events, in particular through support to the Community Development Committee and through CC considerations in all interventions.</p>

5.04 Other measures to help mitigate these risks include: (a) greater focus on economic diversification in the CSP, especially with respect to tourism; (b) quick response to address the socioeconomic effects of natural hazards; (c) significant degree of concessional funding sufficient to be able to lighten fiscal burden; and (d) active engagement of development partners and wide stakeholder consultations.

GENDER MARKER ANALYSIS

CRITERIA	SCORE	DESCRIPTION/CODE
Analysis	1	Social and gender analysis conducted at the CSP preparation and incorporated in the CSP document.
Data	0.5	Sex-disaggregated data included in the analysis and in the baselines and indicators and targets of RMF.
Engagement	1	Consultations with gender-relevant stakeholders undertaken during preparation.
Response	0.5	Gender-responsive outcomes, outputs and indicators included. (But not for each outcome).
TOTAL	3.0	Code: GM

CLIMATE AND DISASTER RISK SCREENING

Basic Project/Programme Information

Project Title: Country Strategy Paper
Country: Jamaica
Sector: Multi-Sector
Country Objectives and Brief Description: To identify the overall risk to priority sectors identified as critical to meeting the country's CSP goals and priorities, based on climate and geophysical hazards and sector potential impact, but adjusted for the sector's institutional readiness, and for the challenges and opportunities presented by the larger development context.
Project Cost: N/A

Summary of Climate and Disaster Risk Screening

A. Context

Jamaica is located in the north-western Caribbean Sea, south of Cuba and south west of Haiti. The country has a total land area just under 11,000 square kilometres (km²). Jamaica is the third largest island in the Caribbean. Jamaica's forests cover approximately 336,000 ha of land which represents roughly 30% of the entire island (Forestry Department, 2015). Important forest ecosystems include: Cockpit country¹, which is the largest remaining primary forest in Jamaica; Dolphin Head², which is a forest reserve and an important area of biodiversity; and the Portland Bright area, which supports the country's largest intact area of mangrove forest. The island has narrow coastal plains and an interior characterised by mountainous terrain, especially in the eastern and central regions. Approximately 120 rivers flow from the mountainous central interior to the narrow, somewhat discontinuous, northern and southern coastlines.

Currently, approximately 82% of Jamaica's 2.8 mn population lives along the coastline, or within 5 km of the coast³. Jamaica's coastline extends for 1,022 km and is the habitat for many of the island's diverse species and ecosystems including sandy beaches, rocky shores, estuaries, wetlands, seagrass beds and coral reefs. It is also the location for most of the country's critical infrastructure, formal and informal housing, major towns and cities, as well as a high percentage of the island's economic activities including tourism, mixed farming, fishing, shipping and mining. Jamaica's freshwater resources come from surface sources (rivers and streams) and underground sources (wells and springs) and rainwater harvesting. Groundwater supplies most water demands.

B. Sectors

Education

All of Jamaica's schools are exposed to strong winds associated with storms. Many schools are located in flood-prone areas (riverine and coastal), while others are in close proximity to landslide-prone areas. With the

¹ The low, flat lands of Cockpit Country are dominated by agriculture, but the mountains are covered by forest and the area is also the source of freshwater for 40% of Jamaicans.

² Area is under threat from timber extraction and agriculture.

³ Ministry of Land, Water, Environment and CC. 2015. CC Policy Framework for Jamaica.

effects of CC and natural hazards projected to intensify, these processes can be exacerbated, thus future design and construction must take areas prone to landslides, flooding and storm surges into consideration.

Agriculture

Jamaica's agricultural sector is highly vulnerable to the negative effects of CC and natural hazards. The sector uses over 320,000 ha and comprises large-scale plantation production and small-scale mixed cropping. There are over 200,000 farmers (30% of whom are women) and 20,000 registered fishers. Much of the small-scaled agriculture occurs on slopes, as some 80% of the land surface is hilly or mountainous. About 50% of these lands have slopes at, or exceeding, 20°. Much of the agriculture takes place in the watershed areas which are often badly degraded. In instances, farmers contribute to this degradation through unsustainable practices such as "slash and burn" and removal of tree cover. Furthermore, the majority of farmers use less than one ha of land to farm. The Agricultural Production Index has been negatively impacted by extreme climate events in the past few decades. Climate projections imply that: agriculture on hilly slopes will experience further degradation with increased incidence of drought and intense rainfall; crops will become more exposed to pests and diseases; water availability will be uncertain with changes in rainfall patterns; soil productivity will be reduced overtime; and traditional crops and livestock may not be able to withstand increased temperatures and other extreme climate conditions, etc.

Water

Over the years, water resources have been adversely impacted by extreme events such as droughts, flooding and tropical systems, as well as sea level rise. Both groundwater and streams are vulnerable as demonstrated by past events. Groundwater has been impacted by pollution and saline intrusion; stream flows have suffered from increased mud-flows or sedimentation from hillsides; eroded river beds; and, in some areas, reduced rainfall. The distribution system for water resources is also susceptible to damage from extreme climate events because of various factors, chief among them is location. A large percentage of the intakes are located in river beds, many wells and pumping stations are in low-lying areas, and some infrastructure is within areas susceptible to landslides and flooding. Water is exposed to high turbidity and pollution from natural and human-based activities (including saline intrusion).

Transport

The transport sector is highly vulnerable to the effects of CC and natural hazards. Ports are extremely vulnerable to storm surges and sea level rise, which can critically damage infrastructure. Several major roads are located on low-lying areas at, or near, the coast which are subject to flooding and coastal hazards. Insufficient road rehabilitation and the absence of climate-sensitive road construction guidelines for the construction of new roads, have combined to increase the vulnerability of roads.

C. Exposure⁴: Brief description of Hazards Likely to Affect the CSP⁵	
<i>Hazard</i>	<i>Description⁶</i>
<p>The listed hazards are the significant ones for the country:</p> <ul style="list-style-type: none"> (a) Extreme Temperature. (b) Extreme Precipitation and Flooding. (c) Drought. (d) Sea Level Rise. (e) Storm Surge. (f) Strong Winds. (g) Earthquakes. (h) Landslides. 	<p>CC projections indicate an increase in mean annual temperature of 0.6 to 2.3°C by the 2060s, and 1.1 to 3.5° by the 2090s. Annually, projections indicate that ‘hot’ days are projected to occur on 27-73% of days by the 2060s, and 30-98% of days by the 2090s.</p> <p>Projections of mean annual rainfall from different models in the ensemble are consistent in indicating decreases in rainfall for Jamaica in June/July/August and March/April/May rainfall under the highest emissions scenario. Across all emissions scenarios, the range of changes is -72% to +12% for June/July/August and -59% to +51% by the 2090s. Flash floods are increasingly expected from severe rainfall events.</p> <p>With models predicting lower rainfall, extended periods of drought are likely to occur. For example, irrigation deficit is likely to increase by about 6-10%. Groundwater flow is expected to decrease by up to 5% by 2039.</p> <p>The maximum wind speed from tropical cyclones is expected to increase, but estimates are highly uncertain. Whereas, the evidence is thin on any increase in frequency, warmer sea surface temperatures could lead to higher-intensity hurricanes (source: Global Facility for Disaster Reduction and Recovery).</p>

⁴ The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

⁵ A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

⁶ Trinidad and Tobago Meteorological Office, 2015.

D. Drivers of Impact

Key Drivers of Impacts

KEY DRIVERS OF IMPACTS		
Sector	Historical/Current Drivers	Future Drivers
Education	Strong Winds; Earthquake	Extreme Temperature; Extreme Precipitation and flooding
	*	Strong Winds
Agriculture	Extreme Temperature; Drought; Landslide	Storm Surge
	Extreme Precipitation and flooding; Strong Winds	Extreme Temperature; Extreme Precipitation and flooding; Drought; Strong Winds
Transport	Earthquake	Extreme Temperature; Sea Level Rise; Storm Surge
	Extreme Precipitation and flooding; Strong Winds; Landslide	Extreme Precipitation and flooding; Strong Winds
Water	Extreme Precipitation and flooding; Drought; Sea Level Rise; Storm Surge; Strong Winds	Extreme Temperature; Strong Winds
	*	Extreme Precipitation and flooding; Drought; Sea Level Rise; Storm Surge

*If a cell is blank it implies there is 'No high or moderate risks' identified from any hazard.

Key:

High Risk

Moderate Risk

E. Sensitivity⁷ of Sectors (if known) or Overall Project	
<p><i>Key Sectors in CSP</i></p> <ul style="list-style-type: none"> (a) Education. (b) Agriculture. (a) Transport. (b) Water. 	<p><i>Sensitivity to CC and Natural Hazards</i></p> <p>The education and water sectors were assessed to have a moderate sensitivity to CV and CC. The agriculture and transport sectors, on the other hand, were assessed as being highly sensitive to the potential impacts of CV and CC. Extreme precipitation and flooding, strong winds, and landslide posed the main threat for the transport sector. For the agriculture sector, extreme temperature, extreme precipitation and flooding, drought, and strong winds were assessed to be the main areas of concern.</p>
F. Adaptive Capacity	
<p>Overall, the priority sectors in the CSP have a moderate adaptive capacity to potential impacts of CC. While several policies and strategies have been developed, none of the sectors has taken a comprehensive approach to incorporating CC considerations into their daily practices.</p>	
G. Climate and Disaster Risk Assessment Summary	
<p>The priority sectors in the CSP have varying levels of vulnerability to CV and CC, ranging from moderate vulnerability in the education and water sectors to high vulnerability in the agriculture and transport sectors. Adaptive capacity in all sectors is at a low level signalling the need for interventions to address areas of shortcoming. More emphasis needs to be placed on:</p> <ul style="list-style-type: none"> (a) Mainstreaming CC into key sectors by undertaking CV assessments and developing climate resilient guidelines for key infrastructure sectors. (b) Supporting disaster mitigation through mapping of landslide risk, road slope stabilisation, remediation or elimination of failures for primary and secondary road networks and national and local scale. (c) Implementing measures to improve water use efficiency. 	
H. Overall Risk Assessment Rating (None/Low/Moderate/High): Moderate	

⁷ The degree to which a system, asset, or species may be affected, either adversely or beneficially, when exposed to CV or CC, or geophysical hazards.

TABLE 1: CLIMATE AND GEOPHYSICAL HAZARDS, AND POTENTIAL IMPACTS FOR PRIORITY SECTORS FOR CURRENT AND FUTURE TIME PERIODS

Natural Hazard	Time Scale	Description Of Hazards	Education	Agriculture	Transport	Water
Extreme Temperature	Current	Mean annual temperature has increased by around 0.6°C since 1960, an average rate of 0.14°C per decade. There is insufficient daily observational data to identify trends in daily temperature extremes.				
	Future	The mean annual temperature is projected to increase by 0.6 to 2.3°C by the 2060s, and 1.1 to 3.5° by the 2090s. The range of projections by the 2090s under any one emissions scenario is around 1-2°C. All projections indicate substantial increases in the frequency of days and nights that are considered 'hot' in the current climate. Annually, projections indicate that 'hot' days are projected to occur on 27-73% of days by the 2060s, and 30-98% of days by the 2090s. Days considered 'hot'1 by current climate standards for their season, are projected to increase most rapidly in June/July/August, occurring on 59-100% of days of the season by the 2090s. Nights that are considered 'hot' for the annual climate of 1970-99 are projected to occur on 29-71% of nights by the 2060s and 40-97% of nights by the 2090s. Nights that are hot for each season are projected to increase most rapidly in June/July/August, occurring on 68-100% of nights in every season by the 2090s. All projections indicate decreases in the frequency of days and nights that are considered 'cold'2 in the current climate. These events are expected to become exceedingly rare, occurring on 0-2% of days in the year by the 2090s.				

Natural Hazard	Time Scale	Description Of Hazards	Education	Agriculture	Transport	Water
Extreme Precipitation and Flooding	Current	Mean rainfall over Jamaica has decreased in June/July/August and September/October/November by 6.2 and 4.5 millimetres per month (4.4 and 2%) per decade, respectively, but these trends are not statistically significant. However, flooding from extreme rainfall events has been significant.				
	Future	Projections of mean annual rainfall from different models in the ensemble are consistent in indicating decreases in rainfall for Jamaica in June/July/August and March/April/May rainfall under the highest emissions scenario. Across all emissions scenarios, the range of changes is -72% to +12% for June/July/August and -59% to +51% by the 2090s. For the other seasons, projection range from increases to decreases, but ensemble median values are always negative. Annual projections vary between -65% to +22% by the 2090s with ensemble median values of -6 to -14%. The proportion of total rainfall that falls in heavy3 events decreases in most model projections, showing changes of -19% to +9% by the 2090s. Maximum 1- and 5-day rainfalls in projections span a similar range of positive as negative changes, but ensemble median values tend to be negative. Runoff decreases in most models, under A2, about 10% by 2039. High flow may be reduced up to 25% in A2, but low flow somewhat less between 5 and 10%. Flash floods are increasingly expected from severe rainfall events.				

Natural Hazard	Time Scale	Description Of Hazards	Education	Agriculture	Transport	Water
Drought	Current	Droughts have occurred at various times, notably in 1997 and 2000. Not as severe, but dry seasons have extended periods without rainfall.				
	Future	With models predicting lower rainfall, extended periods of drought are likely to occur. For example, irrigation deficit is likely to increase by about 6-10%. Groundwater flow is expected to decrease by up to 5% by 2039.				
Sea Level Rise	Current	Historical rates of sea level rise have contributed to impacts in coastal areas such as Portmore and the St. James coastline.				
	Future	Jamaica is vulnerable to sea level rise. Sea-level in this region is projected by climate models to rise by the following levels ⁴ by the 2090s, relative to 1980-1999 sea-level: o 0.13 to 0.43m under the Inter-governmental Panel on CC Special Report on Emissions Scenarios (SRES) B1 o 0.16 to 0.53 metres under SRES A1B o 0.18 to 0.56 metres under SRES A2. However, the models exclude future rapid dynamical changes in ice flow.				

TABLE 2: CLIMATE DISASTER RISK SCREENING TOOL FOR JAMAICA

	EDUCATION		AGRICULTURE		TRANSPORT		WATER	
	Historical/ Current	Future	Historical/ Current	Future	Historical/ Current	Future	Historical/ Current	Future
Potential Impact								
Extreme Temperature	Yellow	Orange	Orange	Red	Yellow	Orange	Yellow	Orange
Extreme Precipitation and Flooding	Yellow	Orange	Red	Red	Red	Red	Orange	Red
Drought	Green	Green	Orange	Red	Green	Yellow	Orange	Red
Sea Level Rise	Green	Yellow	Green	Yellow	Yellow	Orange	Orange	Red
Storm Surge	Green	Yellow	Yellow	Orange	Yellow	Orange	Orange	Red
Strong Winds	Orange	Red	Red	Red	Red	Red	Orange	Orange
Earthquake	Orange	X	Yellow	X	Orange	X	Yellow	X
Landslide	Yellow	X	Orange	X	Red	X	Yellow	X
Overall Sector Potential Impact								
	Yellow	Orange	Orange	Red	Orange	Red	Yellow	Orange
Institutional Readiness Score								
	4-Minimal		8-Moderate		8-Moderate		8-Moderate	
Preliminary Sector Impact								
	Yellow	Orange	Orange	Red	Orange	Red	Orange	Orange
Development Context Considerations								
	<ul style="list-style-type: none"> • Access to technology : Decreases risk • Financial resources : Increases risk 		<ul style="list-style-type: none"> • Land ownership issues : Increases risk • Land and soil quality : Increases risk • Legal enforcement : Increases risk 		<ul style="list-style-type: none"> • Financial resources : Increases risk • Legal enforcement : Increases risk 		<ul style="list-style-type: none"> • Financial resources : Increases risk • Legal enforcement : Increases risk 	
Overall Sector Risk								
	Orange		Red		Red		Orange	

INDICATIVE RESULTS MONITORING FRAMEWORK

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR I: Educational Quality and Social Protection					
Enhance Educational Quality	<ul style="list-style-type: none"> i. Weak instructional quality. ii. Insufficient appropriately trained instructors for advanced level programming in TVET. iii. Insufficient teachers with basic pedagogical training for PWD and gender-responsive instructions. iv. Insufficient access at ECD and secondary levels. v. Persistent male under-enrolment and male drop-out. vi. Skills mismatch between education and training, and the needs of the private and public sectors. 	<ul style="list-style-type: none"> i. Increased access to high quality education and training. ii. Improved quality of/access to ECD, secondary, TVET and higher education by men and women. 	<ul style="list-style-type: none"> i. Percentage increase in suitably trained teachers and instructors available by 2021. <i>Baseline 2016.</i> ii. Percentage increase in national mean passing CSEC in five or more subjects at one sitting by gender by 2021. <i>Baseline 2016.</i> iii. 5% increase in students writing at least one TVET subject at either CSEC or Caribbean Vocational Qualification by 2021. <i>Baseline 2016.</i> iv. 5% increase in students writing Caribbean Advanced Proficiency Examination and students transitioning to post-secondary education by 2021. <i>Baseline 2016.</i> 	<ul style="list-style-type: none"> i. Teacher training and continuing professional development across the sector. ii. Curriculum review and revision with a focus on TVET and STEM. iii. Enhancing planning for, and M&E of, education outcomes. iv. Development and implementation of mechanisms/strategies for enhanced delivery of TVET and STEM training/subjects. 	<ul style="list-style-type: none"> i. GOJ finances sufficiently robust. ii. Sufficient GOJ and CDB capacity to take forward programmes. iii. Existing complementary projects proceed accordingly.

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR I: Educational Quality and Social Protection					
Improve the Effectiveness of Social Protection	<ul style="list-style-type: none"> i. Social policy not sufficiently integrated. ii. Need to improve efficiency and effectiveness of social protection system. iii. Concerns about citizen security, with respect to youth unemployment and crime; and ageing. 	<ul style="list-style-type: none"> i. Effective livelihood programmes (indirect social protection). ii. Ameliorate social issues that are associated with crime. 	<ul style="list-style-type: none"> i. Percentage increase in labour market participation/livelihoods for women and youths in the rural areas by 2021. <i>Baseline 2017.</i> ii. Percentage reduction in the number mental health and psycho-social cases by 2021. <i>Baseline 2017.</i> iii. Improved evidence base for tackling various dimensions of SDGs associated with poverty reduction, by 2018. <i>Baseline 2017.</i> 	<ul style="list-style-type: none"> i. Local economic development initiatives such as the Community Investment Project implemented by JSIF. ii. BNTF assistance. iii. Capacity building for vulnerable groups (men, women and PWD). iv. Support for economic empowerment of women. v. Enhanced Country Poverty Assessment leading to enhanced capacity to collect and analyse social data for evidence-based decision-making. vi. TA to strengthen the development of national monitoring system for SDGs. 	<ul style="list-style-type: none"> i. GOJ finances sufficiently robust. ii. GOJ actively and successfully bids for TA funding. iii. Sufficient capacity to take forward interventions.

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR II: Governance and Citizen Security					
Improved Public Sector Management and Governance Reforms	Weaknesses in project management and results monitoring.	<ul style="list-style-type: none"> i. Improved capacity for strategic policy management and coordination, including evidence-based, gender responsive decision-making. ii. Improved technical and political governance systems. 	<ul style="list-style-type: none"> i. % increase in programmes and projects applying PPAM and PCM, by 2021. ii. 50% of programmes and projects in targeted ministries are gender mainstreamed, by 2021. iii. Improvement in fiscal balance and debt-to-GDP ratios. 	<ul style="list-style-type: none"> i. All support is gender sensitive where applicable. ii. TA for GOJ staff on CDB's project management training programme with respect to PPAM, PCM, and Managing for Development Results, and the gender dimensions therein. iii. TA to support to EGC in the design and execution of an implementation for the strategic initiatives identified in 5-in-4. 	<ul style="list-style-type: none"> i. GOJ finances sufficiently robust. ii. GOJ actively and successfully bids for TA funding. iii. Sufficient capacity to take forward interventions.

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR II: Governance and Citizen Security					
Reduced Crime, Citizen Security and At-Risk Youth	Concerns about citizen security, with respect to youth unemployment and crime, women, and ageing.	Ameliorate social issues that are associated with crime.	Reduction in number of violent crimes against men and women in target areas, by 2021. <i>Baseline 2017.</i>	<ul style="list-style-type: none"> i. TA to support the development of social communication/public education national anti-violence campaigns and community outreach. ii. TA support to vulnerable communities' rejuvenation projects. iii. BNTF interventions in basic community access (e.g. roads, footpaths, bridges and drainage improvement) and water and sanitation systems enhancement. iv. TA support to develop national security crime prevention programme, including border and vulnerable communities. v. Upgrading of border security equipment and the integration of crime fighting technological solutions. 	<ul style="list-style-type: none"> i. GOJ finances sufficiently robust. ii. GOJ actively and successfully bids for TA funding. iii. Sufficient capacity to take forward interventions.

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR III: Economic Growth and Competitiveness					
Increasing Productivity and Competitiveness	<ul style="list-style-type: none"> i. Low agricultural productivity and yields. ii. Impact of extreme weather events on agriculture. iii. Inadequate, outdated and poorly-maintained infrastructure. iv. Inadequate drainage network has not kept pace with land development pressures. v. Potable water infrastructure requiring updating, improving and expanding. vi. High dependence on petroleum imports for energy production, limited energy reform capacity GOJ/Jamaica to take forward energy reforms. vii. Low gender mainstreaming capacity of line ministries involved in infrastructure works. viii. Low-skilled and semi-skilled persons. ix. Shortage of specific skills sets in the labour force to meet growth in services sector. x. Limited access to appropriate finance for MSMEs and inadequate financial management skills. 	<ul style="list-style-type: none"> i. Increased agricultural production and productivity, which is climate proof. ii. Improved access to, and quality of, climate resilient social and economic infrastructure, based on the expressed needs of women and men in the target. iii. Increased access to water and sanitation services. iv. Diversify energy mix towards RE. v. Improved access to, and quality of skills training based on labour market needs. vi. Improved private sector operations and development. 	<ul style="list-style-type: none"> i. Increase in the agriculture sector's Real GDP by 2021. <i>Baseline 2017.</i> ii. Ministries and contractors involved in energy and infrastructure works are gender sensitised by 2021. iii. 100% of investment projects using appropriate tools to effectively address environment, CC, EE, and DRM considerations during project design and implementation. iv. Increase in skilled women and men employed in industry by 2021. <i>Baseline 2017.</i> v. Increased labour market participation of graduates from National Training Agency/Housing, Opportunity, Production and Employment programme by 2019. vi. Lowering the % of youth (14-24 years old) that does not work or study. 	<ul style="list-style-type: none"> i. Measures to mitigate the impact of CC/CV-induced, weather-related challenges on agriculture. ii. Support for farming and agro-processing, as well as export compliance, strategic marketing, business plans, and product development. iii. Financing of public infrastructure systems. iv. Supporting urban drainage, energy and water improvements. v. PBL instrument to support job creation and growth reforms. 	<ul style="list-style-type: none"> i. GOJ finances sufficiently robust. ii. UK-CIF projects delivered in timely manner. iii. Sufficient GOJ and CDB capacity to take forward programmes. iv. Feasibility studies completed on time with clear recommendations. v. CTCS support for PTSD.

Country Objectives	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB Indicative Areas for Support	Assumptions
PILLAR IV: Environmental Sustainability					
Reduced vulnerability to natural disasters	<ul style="list-style-type: none"> i. Poor coordination among agencies with responsibility for implementing the national CC plan. ii. Low level integration of environment, DRM and CC adaptation in sector planning. 	<ul style="list-style-type: none"> i. Improved Capacity for Strategy Policy Management to reduce CC vulnerability. ii. Enhanced institutional capacity to better manage environmental, CC and disaster risks. iii. Coordinate system for response to post-hazard events. 	<ul style="list-style-type: none"> i. Increase in number of ministries and agencies with improved compliance monitoring, enforcement and reporting systems by 2021. <i>Baseline 2017.</i> ii. All sectoral policies, strategies and plans mainstreamed with environmental, CC and disaster risk reduction by 2021. iii. Increased use of concessional funding for qualifying interventions by 2021. iv. 100% of investment projects using appropriate tools to effectively address environment, CC, EE, and disaster risk reduction considerations during project design and implementation. 	<ul style="list-style-type: none"> i. TA to improve environmental governance, reduce environmental degradation and increase climate resilience, in particular support for: <ul style="list-style-type: none"> (a) knowledge management, compliance monitoring, enforcement and reporting systems; (b) mainstreaming of environmental, CC, and disaster risk reduction in sectoral policies, strategies and plans; and (c) implementation of the National CC Adaptation Policy. ii. Support for Jamaica's efforts to access climate funds from the Adaptation Fund and other sources. 	<ul style="list-style-type: none"> i. Sufficient GOJ and CDB capacity to take forward programmes. ii. CDB secures access to next tranche of Climate Action Line of Credit. iii. CDB and GOJ identify and take forward projects most likely to qualify for concessional funding.

TABLE 1: MEDIUM-TERM THEMES, PRIORITY NATIONAL OUTCOMES AND PRIORITY AREAS OF FOCUS UNDER MTF 2015-18

National Goals	Medium Term Themes	Priority National Outcomes	Government Strategic Priorities	Priority Areas
National Goal #1: Jamaicans are Empowered To Achieve Their Fullest Potential	Development and Protection of Human Capital	A Healthy and Stable Population	Human Capital Development	Primary and Secondary Health Care Health Information and Indicators Disease Surveillance and Health Information System Population Planning and Data Systems
		World-Class Education and Training		Early Childhood Development Educational System Reforms Labour Force Training
		Effective Social Protection	Social Inclusion	Social Protection Poverty Reduction Persons with Disabilities
National Goal #2: The Jamaican Society is Secure, Cohesive and Just	National Security and Justice	Security and Safety	Security and Justice	Jamaica Constabulary Force Reform Anti-Crime Strategy Protection and Care for Children and Youth Community Security Justice System Reform Local Governance
		Effective Governance		
National Goal #3: Jamaica's Economy is Prosperous	Economic Stability, Growth and Employment	A Stable Macro-economy	Fiscal Prudence and Pursuit of a Credible Macroeconomic Programme	Fiscal Consolidation Debt Management Tax Reform
		An Enabling Business Environment	Economic Growth and Job Creation	Competitive Business Environment Labour Market Reform Targeted Employment Programmes
		Priority Economic Projects		Major Development Projects - Road Infrastructure Development - Agroparks - ICT Parks - Logistics Hub - Tourism Product Development - Creative Industries and Sport - Urban Renewal - Energy Diversification Projects
National Goal #4: Jamaica has a Healthy Natural Environment	Environmental Sustainability and CC Response	Hazard Risk Reduction and Adaptation to CC	Environmental and CC Resilience	Environmental Sustainability and Hazard Risk Reduction

APPENDIX 4**DONOR MATRIX BY NATIONAL OUTCOME**

Outcome	Development Partners
National Outcome 1: Healthy and Stable Population	Global Fund for the Acquired Immune Deficiency Syndrome; USAID; Pan American Health Organisation; EU; WB.
National Outcome 2: World Class Education and Training	Canadian International Development Agency (CIDA); Brazil; WB; IDB; USAID; CDB.
National Outcome 3: Effective Social Protection	WB; EU; IDB; CDB-BNTF.
National Outcome 4: Authentic and Innovative Culture	
National Outcome 5; Safety and Security	IDB; WB; DFID; USAID; EU.
National Outcome 6: Effective Governance	EU; CIDA; IDB; UNDP; DFID; CDB.
National Outcome 7: A Stable Macro-economy	EU; China; IDB.
National Outcome 8: An Enabling Business Environment	IDB; DfID (Caribbean Aid for Trade and Regional Development Trust Fund); CIDA; DFID; USAID; EU; IDB.
National Outcome 9: Strong Economic Infrastructure	IDB; China; CIDA; CDB.
National Outcome 10: Energy Security and Efficiency	WB; UNDP.
National Outcome 11; A Technology-Enabled Society	IDB.
National Outcome 12: Internationally Competitive Industry Structures	IDB; Food and Agriculture Organisation; EU; CIDA; USAID; WB; International Atomic Energy Agency.
National Outcome 13: Sustainable Management and Use of Environmental and Natural Resources	UNDP; EU; WB.
National Outcome 14: Hazard Risk Reduction and Adaptation to Climate Change	CIDA; EU; United Nations Framework Convention on Climate Change; UNDP; Japan Trust Fund; IDB.
National Outcome 15: Sustainable Urban and Rural Development	Korea International Cooperation Agency; CDB.