

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK AND
THE INTER-AMERICAN INVESTMENT CORPORATION**

**IDB GROUP COUNTRY STRATEGY
WITH
JAMAICA
(2022–2026)
NOVEMBER 2022**

This document was prepared by: Tariq Alli (CCB/CJA) Team Leader, Lorenzo Escondeur (CCB/CJA), Rochelle Samuels (CCB/CJA), Maria Cecilia Acevedo Villalobos (DSP/SPK), Natasha Richardson (DSP/CJA), Lesley Cassar (CCB/CCB), Shirley Foronda (VPC/FMP), Veronica Benedettelli (VPC/FMP), Henry Mooney (CCB/CCB) and David Rosenblatt (CCB/CCB). Contributions were received from: Musheer Kamau (CCB/CCB), Sasha Baxter (CCB/CCB), Benjamin Roseth (IFD/ICS), Gerard Alleng (CSD/CCS), Roberto Aiello (INE/ENE), Tomás Serebrisky (INE/INE), Francesco de Simone (IFD/ICS), Antonio Garcia-Zaballos (IFD/CMF), Phillip Keefer (IFD/IFD), Gerardo Reyes-Tagle (IFD/FMM), Kayla Grant (IFD/CTI), Cynthia Hobbs (SCL/EDU), Laurence Telson (SCL/GDI), Ricardo Cuevas (SCL/SPH), Fernando Pavon (SCL/LMK), Jody Maxwell (SCL/LMK), Pablo Ibarra (SCL/SPH), Norbert Schady (SCL/SCL), Lenin Balza (INE/INE), Hector Valdes Conroy (CSD/RND), Olga Gomez (CSD/RND), Paolo de Salvo (CSD/RND), Yuri Chakalall (CSD/RND), Allen Blackman (CSD/CSD), Marcelo Paz (DSP/SPK), Paula Castillo (DSP/SPK), Adriana Valencia (DSP/SPK), Joaquin Lennon (DSP/SPK), Pablo Pereira (DSP/SPK), Federico Bragagnolo (DSP/SPK), Matthew Shearer (INT/TIN), Juliana Almeida (CSD/CCS), Cesar Leyva Muñoz (CSD/CSD), Alejandro Lopez-Lamia (CSD/HUD), Ana Maria Saiz (SCL/MIG), Naveen Umrao (VPC/FMP), Jodi Ho Lung (CCB/CJA), and Sudaney Blair (CCB/CJA).

This document is being released to the public and distributed to the Bank's Board of Executive Directors simultaneously. This document has not been approved by the Board. Should the Board approve the document with amendments, a revised version will be made available to the public, thus superseding and replacing the original version.

Contents

I. SOCIOECONOMIC CONTEXT	7
II. THE IDB GROUP IN JAMAICA	9
III. STRATEGIC AREAS	15
A. Reactivate the Productive Sector for Sustainable Growth	16
B. Addressing Social Gaps	19
C. Cross-Cutting Themes and Dialogue Areas	21
IV. ESTIMATED LENDING FRAMEWORK	23
V. STRATEGY IMPLEMENTATION	24
VI. RISKS	27

List of Annexes

Annex I: Results Matrix

Annex II: Country Systems Matrix

Annex III: Main Economic and Social Indicators

Annex IV: Indicative Lending Framework

Annex V: Country Strategy Development Effectiveness Matrix

Electronic Links

[Jamaica: Country Development Challenges May 2021](#)

[Fiduciary Technical Note](#)

[Portfolio Summary](#)

[Civil Society Consultation](#)

[Donor Coordination](#)

[Vision 2030 Jamaica - National Development Plan](#)

[Jamaica Medium Term Socio-Economic Policy Framework 2018–2021](#)

Acronyms and Abbreviations

AI	Artificial Intelligence
AGD	Auditor General's Department
BPO	Business Process Outsourcing
BMIS	Beneficiary Management Information System
CCB	Country Department Caribbean Group
CCF	Contingent Credit Facility
CDB	Caribbean Development Bank
CDC	Country Development Challenges
COVID-19	Novel Coronavirus Disease 2019
CS	Country Strategy
CJA	Country Office Jamaica
CTMS	Central Treasury Management System
DFATD	Department of Foreign Affairs, Trade and Development
DMU	Debt Management Unit
EGDI	UN E-Government Development Index
ESPF	Environmental and Social Policy Framework
EU	European Union
FAMP	Fiscal Administration Modernization Programme
FATF	Financial Action Task Force
FDI	Foreign direct investment
FFS	Fee-for-service
FISPEG	Fiscal Program for Economic Growth
FY	Financial year
GDP	Gross domestic product
GFS	IMF Government Finance Statistics Manual
GOJ	Government of Jamaica
GOJEP	Government of Jamaica Electronic Procurement Information System
ICPR	Independent Country Program Review
ICT	Information Communications and Technology
IDBG	Inter-American Development Bank Group
IDB Lab	Innovation Laboratory of the IDB Group (formerly Multilateral Investment Fund)
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
JP	Justice of the Peace
JPS	Jamaica Public Service Company Limited
IMF	International Monetary Fund
KMA	Kingston Metropolitan Area
LAC	Latin America and the Caribbean
LNG	Liquefied natural gas
MDAs	Ministries, Departments and Agencies
MNS	Ministry of National Security
MLSS	Ministry of Labor and Social Security
MOFPS	Ministry of Finance and the Public Service
MOJ	Ministry of Justice
MSMEs	Micro, Small and Medium Enterprises
OJT	On-the-job training

NCD	Noncommunicable disease
NIDS	National Identification System
NRW	Non-Revenue Water
ORP	Office of Outreach and Partnerships
OVE	Office of Evaluation and Oversight
PATH	Programme of Advancement Through Health and Education
PEFA	Public Expenditure and Financial Assessment
PBL	Policy-based loan
PBP	Policy-based programme
PEFA	Public Expenditure and Financial Accountability
PEU	Project Execution Unit
PFM-RAC	Public Financial Management Reform Action Plan
PIOJ	Planning Institute of Jamaica
PMR	Project Monitoring Report
PPF	Project Preparation Facility
PPP	Public-private partnership
PST	Public Sector Transformation
SBA	Stand-By Agreement
SG	Sovereign Guaranteed
SMEs	Small and medium-sized enterprises
SOEs	State-owned enterprise
SOs	Strategic Objectives
STEM	Science, technology, engineering and mathematics
TFFP	Trade Finance Facilitation Program
TSA	Treasury Single Account
UN	United Nations
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank
WEF	World Economic Forum
W&S	Water and Sanitation
WRA	Water Resources Authority

EXECUTIVE SUMMARY

Socioeconomic Context	Following years of steadfast macro fiscal and institutional reform, Jamaica successfully emerged from two (2) successive IMF adjustment programs (spanning 2013–2019) with near universal praise for its efforts and progress. As a result, a key pillar of economic policy is now the fiscal responsibility framework, which focuses on reaching prudent debt reduction targets over the medium term. Despite the impressive record of fiscal consolidation, debt reduction, and rationalization of government entities, Jamaica must still address some key challenges, in particular the need to accelerate productivity growth to support private sector development and help the economy to reach its full potential. As a small, open economy with a narrow productive base, Jamaica is vulnerable to external shocks, as well as natural disasters and climate change. To ensure that growth is broad-based and inclusive, the country needs to improve the quality of and access to critical services, particularly healthcare, education and vocational training, safe drinking water, and affordable energy, as well as improved citizen security. Broadening access to finance and opportunities, including for women and small and medium-sized firms, will also be critical to drive faster and more sustainable inclusive growth.
The IDB Group in Jamaica	The IDB Group (IDBG) holds the largest share of Jamaica’s multilateral public debt (about 54 percent at end 2021) and is an important source of technical assistance. The 2016–2021 Country Strategy (CS) prioritized three strategic areas: improve public sector management, increase private sector productivity and growth, and reinforce human capital protection and development. The IDBG approved SG loans totaling US\$848 million, \$585 million of which were Policy-Based Loans. Investment loan approvals were mainly in the areas of public sector strengthening, health, and MSME development and support. Total disbursements during the period amounted to US\$893 million. Over the same period, IDB Invest approved loans, guarantees, and equity transactions for a total of US\$304 million while IDB Lab approved 13 technical cooperation activities valued at US\$8 million that leveraged counterpart financing of US\$11.5 million. These operations focused on opportunities to increase the productivity and competitiveness of the private sector, particularly those in infrastructure, energy generation and efficiency, inclusive tourism, value chains, and export-oriented industries. IDB Invest also partnered with financial institutions to expand SME access to finance to support the growth of women-led firms and to facilitate greater access to low and medium-income housing.
Strategic Areas 2022–2026	The new IDBG Country Strategy (CS) 2022–2026 aims to fully support the government’s twin objectives of faster inclusive growth and durable debt reduction. The IDBG will work with the private and public sectors to develop a new way of engagement to support private sector-led post-pandemic recovery. Private investment is critical for supporting Jamaica’s recovery, building resilience, and accelerating digital transformation. The right formula would allow Jamaica to grow sustainably, while bolstering government revenue and reducing the public debt ratio, creating fiscal space to support additional investment in key priority areas without compromising economic sustainability. The new CS is more focused than the previous CS and will support two strategic areas of engagement: (i) reactivating the productive sector for sustainable growth and (ii) addressing social gaps. These areas will be addressed taking into consideration the cross-cutting areas of gender and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law. To complement this CS, the IDBG will work in a new value proposition that favors a broad range of reimbursable and non-reimbursable knowledge services to be delivered under a “think tank” model. The 2022–2026 CS will thus lead with knowledge, defining a medium-term programmatic knowledge agenda aimed at identifying innovative solutions in close collaboration with the government and the private sector. Dialogue areas on education, tourism, sustainable infrastructure, and SME support are also included.
Indicative Lending Framework	In addition to resources for private sector projects to be contributed via IDB Invest and IDB Lab, the IDB foresees sovereign guaranteed approvals of US\$350 million over the period 2022–2026. Expected disbursements over the five-year period are US\$505 million, with a projected annual inflow of US\$90 million to US\$140 million, including from the existing portfolio. Expected annual average approvals over the period amount to US\$70 million. Under these assumptions, the debt with the IDB would represent 7.4 percent of total public debt at the end of the period, compared to 11 percent at end-2021.
Risks	There are five main risks to this strategy: (i) macroeconomic risks, given the medium-term consequences of the COVID-19 pandemic and the Russian invasion of Ukraine, among other shocks; (ii) the potential for natural disasters to adversely affect growth and employment; (iii) the availability of fiscal space and concerns related to project execution capacities; (iv) market fluctuations associated with the demand for financing of private investment projects; and (v) the efficient build-out of the “think tank” model given that this type of engagement would be the first of its kind in the Caribbean. The CS envisions a proactive approach to supporting the government and the private sector.

I. SOCIOECONOMIC CONTEXT¹

- 1.1 **Jamaica has made tremendous progress with economic stabilization and reforms in recent years, but much remains to be done to accelerate growth and development.** Following years of macro, fiscal, and institutional reforms, Jamaica emerged from two successive IMF adjustment programs (spanning 2013–2019) with near universal praise for its efforts and progress. Importantly, the history of high debt levels and periodic fiscal crises prompted the government to initiate unprecedented fiscal institutional reforms over the past decade. These reforms resulted in a fiscal responsibility framework and related mechanisms² that should anchor deficits and public debt levels at prudent levels, supporting sound policies, solvency, and enhanced resilience to shocks. Despite this impressive record of fiscal consolidation, debt reduction, and rationalization of government entities, going forward Jamaica must still address some key challenges, in particular the need to accelerate productivity growth such that the economy can reach its full potential.
- 1.2 **As a small, open economy with a narrow production base, Jamaica is vulnerable to external shocks, including from natural disasters and climate change.** Jamaica is one of the most tourism-dependent economies in the world, based on the IDB’s latest Tourism Dependency Index ([Mooney et al. 2020](#)). From 2015–2019, tourism was responsible for an average of about 33 percent of GDP (when counting the sector’s direct and indirect contributions), about 30% percent of total employment, and about 60 percent of total exports. As a result, the COVID-19 crisis, which caused the tourism sector to completely shut down for much of 2020, drove the largest real GDP contraction on record (of about -10 percent), with implications that are likely to persist for years until tourism flows durably return to pre-pandemic levels.³ The COVID-19 crisis places a greater urgency on the medium-term reform agenda, to reactivate the productive sector and establish the basis for sustainable and inclusive growth. Similarly, Jamaica’s economic output—particularly the important tourism sector—is vulnerable to the effects of natural disasters, which have devastated productive activities and both public and private infrastructure in the past. Climate change will only amplify related implications. Finally, the Russian invasion of Ukraine that began in early 2022 underscores the degree to which foreign production and price shocks can affect Jamaica’s economy. Given the heavy reliance on imported fuels for power generation and other economic activity, price and supply shocks originating abroad can stifle growth and complicate policymaking (e.g., monetary and fiscal policies).
- 1.3 **Jamaica’s productivity has been in decline for decades and remains below levels that prevailed in the 1950s.** Raising productivity is a central objective of the government and the private sector, to help the economy deliver durable, broad-based, and inclusive growth. Key deficits include insufficient levels of public and private investment in infrastructure, education, capital goods, and information technology. Similarly, efforts to improve the business climate will be crucial to attract investment and ensure that it can deliver dividends in terms of innovation, efficiency, and diversification.
- 1.4 **Macroeconomic stabilization and reform have taken center stage over the past decade, but socioeconomic deficits are Jamaica’s most pressing development challenge.** Though reestablishing macroeconomic and fiscal sustainability were of the highest priority at the outset of the previous CS period (2015/16), strong progress in related areas over the past decade provides scope to refocus on equally pressing socioeconomic challenges. Against this

¹ The Country Strategy with Jamaica will be in effect from its approval date until November 2026.

² See [Mooney et al. \(2018\)](#) for a full discussion of Jamaica’s fiscal institutional reforms, including the fiscal responsibility framework and independent fiscal council.

³ It is worth noting that remittances from Jamaicans living abroad increased considerably from the onset of the crisis, which helped to offset the impact of the shock to exports for the balance of payments and, consequently, the exchange rate.

backdrop, the proportion of the population living below the poverty line remained high at about 13 percent in 2018 (latest available), with rural areas registering higher poverty rates than urban areas (15 percent).⁴ Recent research also finds that children account for almost one-half of those living below the poverty line in Jamaica. In terms of income inequality, the Gini index⁵ was about 0.37 in 2017 (latest available), suggesting that income remains highly stratified in Jamaica. For many, particularly the most vulnerable populations, access to quality basic services is lacking, including quality healthcare, education, vocational training, safe drinking water, and electricity. Similarly, safety and security remain areas where much progress is needed, particularly in poorer urban areas. Broadening access to finance and opportunities, including for women and small and medium-sized enterprises, will also be critical to driving faster and more sustainable inclusive growth.

- 1.5 **Despite progress with public sector reform in recent years, further efforts are required to improve efficiencies and modernize service delivery.** The government has made great progress with public financial management reforms since 2013, including the development of a fiscal responsibility framework, the rationalization and/or privatization of several public bodies and enterprises, the establishment of a single treasury account, public wage reforms, tax reforms, and the passage of legislation in support of an independent fiscal commission.⁶ Looking forward, completion of a number of ongoing initiatives (e.g., the fiscal council), further strengthening of the tax administration, reforms to improve public expenditure efficiencies, and adoption of digital technologies and related legislative reforms will be crucial. More broadly, faster progress is needed on the government’s digital strategy, including to promote the digitization of transactions, strengthen cybersecurity, boost digital skills and literacy, and develop both a strategy and the infrastructure required to support this transition. Finally, efforts to improve governance will be important to build and maintain trust in government officials and services, as well as to boost investment and avoid sanctions that could adversely impact banking and business services.
- 1.6 **Climate change has and will continue to have significant implications for Jamaica.** Of particular concern is the severe impact of extreme weather conditions (hurricanes, droughts, and floods) on agricultural output and the many lives that depend on it; on health given the risk of increased water-borne diseases and heat stress; for national security; accelerating rates of coastal erosion and proximity of most of the population to coastal areas that are being impacted by rising sea levels; as well as the extreme vulnerability of physical infrastructure to related stresses.⁷ Against this backdrop, the projected impacts of extreme temperatures (0.42-0.46 °C by the 2020s; 0.75-1.04 °C by the 2030s, 0.87-1.74 °C by the 2050s)⁸ will result in an increase in agricultural pests, weed bacteria, and diseases such as the beet army pest worm, which caused crop damage of JM\$140 million in 2012.⁹
- 1.7 **Vision 2030 Jamaica is the country’s first long-term strategic development plan and covers the 21-year period 2009–2030.** It embodies the plans and processes for the realization of a collective vision, encapsulated in the statement: “Jamaica, the place of choice to live, work, raise families and do business.” Vision 2030 Jamaica is geared towards engaging all Jamaicans and development partners in the process to achieve and benefit from sustainable and inclusive development. The Vision 2030 plan focuses on the following four National Goals, as well as several related outcomes: (1) Jamaicans are empowered to

⁴ Jamaica Survey of Living Conditions.

⁵ Where a coefficient of zero implies perfect equality, and 1 implies perfect inequality.

⁶ The Independent Fiscal Commission Act was passed in February 2021.

⁷ As an example, many of the over 700 squatter neighborhoods are vulnerable to natural disasters and flooding. Similarly, Montego Bay—the most significant tourism center—is especially exposed to climatic shocks, with areas surrounding the airport expected to experience the deepest storm surge flooding. These and other factors point to health risks as well as risks to key physical infrastructure and tourism-related areas, including beaches and natural habitat (Jamaica Country Development Challenges, 2021).

⁸ Jamaica Third National Communication on Climate Change (2018).

⁹ The State of the Jamaican Climate 2015.

achieve their fullest potential; (2) Jamaican society is secure, cohesive, and just; (3) Jamaica's economy is prosperous; and (4) Jamaica has a healthy natural environment.

- 1.8 **Against this backdrop, Jamaica's economy is well positioned for a strong recovery and growth over the medium term, though risks to the outlook remain.** Building on sustained and successful economic and institutional reforms since 2013, real GDP growth rebounded to 4.4 percent in 2021 after the COVID-driven -10% percent shock in 2020. Looking forward, real GDP is projected¹⁰ to rebound to pre-crisis (e.g., end-2019) levels of output by about end-2023, based on current assumptions of a sustained recovery of the crucial tourism sector, as well as a normalization of external demand conditions and price pressures over the next few years. Should these assumptions hold, it is expected that the Government of Jamaica will meet its debt reduction target, as specified under the fiscal responsibility law, of a debt-to-GDP ratio of less than 60 percent by 2028.¹¹ Achieving this target will also require continued strong performance with respect to fiscal objectives, including sustained primary fiscal surpluses, currently projected at about 5 percent of GDP on an annual basis through 2026. Important risks to the expected recovery and fiscal consolidation objectives include renewed trade and travel disruptions, sustained commodity and import price shocks, new shocks to the global economy (e.g., linked to the Russian invasion of Ukraine or other unforeseen events), and/or the impact of natural disasters.

II. THE IDB GROUP IN JAMAICA

(i) 2016–2021 Country Strategy Implementation

- 2.1 **The 2016–2021 CS with Jamaica aimed at supporting the government's development agenda through addressing constraints to economic growth focused on three priority areas:** (i) public sector management; (ii) private sector productivity and growth; and (iii) human capital protection and development. Resilience to climate shocks and gender equality were included as cross-cutting areas.
- 2.2 **The CS estimated SG approvals of US\$854 million by the end of the period, which was very close to actual approvals.** Over the period, the IDB approved public sector loans totaling US\$748 million, of which \$485 million were for Policy-based Loans (PBLs) and US\$263 million for investment loans¹². In addition, US\$18.9 million was approved for 51 technical cooperations. Approvals focused mainly on reforms in fiscal management (US\$225 million), health (US\$150 million) and public sector strengthening (US\$110 million). Total investment and PBL disbursements during the period amounted to US\$912 million.¹³
- 2.3 **Private sector engagement improved during the 2016–2021 CS period.** IDB Invest approved loans, guarantees, and equity transactions for a total of US\$304 million, in contrast to US\$182 approved (including US\$175 million to improve the port terminal in Kingston) in the period leading up to 2016.¹⁴ Most of the financing to the private sector was concentrated on expanding financing for SMEs, low- and medium-income housing, and to foster international trade, primarily through financial institutions. In addition, private sector support aimed at the recovery of sustainable tourism, which was one of the most affected economic activities during the COVID-19 pandemic. IDB Invest also supported the development of electricity generation assets from renewable sources and the competitiveness of the agro-industry sector and its linkages to small and medium farmers. IDB Lab approved 13 grants valued at US\$8 million that leveraged counterpart financing of US\$11.5 million. Additionally, IDB Lab's TC, Supporting the development of an early-stage entrepreneurial ecosystem (JA-M1033) was

¹⁰ Based on latest available data from the Government of Jamaica and IMF World Economic Outlook (April 2022) projections.

¹¹ The target of a public debt to GDP ratio of less than 60% was delayed from 2026 to 2028 because of the COVID-19 crisis.

¹² Over the same period, 3 investment grants valuing US\$30.1 million were approved.

¹³ As of September 30, 2022.

¹⁴ Including regional operations.

scaled up to a US\$25 million Sovereign Guaranteed (SG) Conditional Line of Credit for Investment Project (CCLIP) loan, to expand access to small and medium-sized enterprises to access financing. This expansion highlights the strong linkages between the needs of the productive sector and the offerings of the IDB Lab to include not only technical cooperation activities, but also access to financing.

- 2.4 **The IDB Group continues to be the largest source of multilateral financing in Jamaica.** At the end of 2021, IDBG financial support accounted for 18 percent of total external public financing and approximately 54 percent of the country's total multilateral financing. The Bank's support to the country is concentrated in the public sector, but non-sovereign guaranteed (NSG) loans have increased steadily since 2019.

(ii) Key Results Achieved

- 2.5 **Main results of the 2016–2021 Country Strategy.** The IDBG supported the government's development agenda by addressing constraints to economic growth. Investments were supported in a range of sectors, including reform/modernization of the state, health, water and sanitation, social investment, and energy.

A. Public Sector Management

- 2.6 **Fiscal Management.** The Fiscal Administration Modernization Programme¹⁵ (FAMP) fully supported the Stand-By Agreement (SBA) and the structural reform agenda of the Fiscal Programme for Economic Growth III (FISPEG III).¹⁶ The main objectives of the tax reform were achieved by reducing tax expenditures and broadening the tax base. The combination of the policy and institutional reforms sponsored by the FISPEG PBL along with the technical and institutional support from FAMP resulted in much more robust and sustainable fiscal capabilities in Jamaica than there were prior to these interventions.¹⁷ Tax reforms included a successful reduction in the tax gap¹⁸ and the number of late-filing taxpayers due to the particular emphasis on payment facilitation and auditing functions.¹⁹ Customs collections were also improved due to the following IDBG supported interventions²⁰: (i) the development of new business processes²¹; (ii) integration of intelligence activities²²; (iii) improved risk and readiness assessments²³; (iv) certification of Customs staff and traders²⁴; and (v) the implementation of e-manifests.²⁵ In addition, the debt management operations of the Ministry of Finance and the Public Service (MOFPS) were improved by strengthening risk analysis²⁶

¹⁵ JA-L1039 was an investment loan with approved amount of US\$65M.

¹⁶ JA-L1055 was a PBL with approved amount of US\$50M.

¹⁷ The main objectives of the tax reform were achieved with the reduction of tax expenditures and broadening of the tax base. The overall objective of supporting the GOJ in achieving a sustainable fiscal position exceeded its target of 7 percent, with (FY 17/18 and 18/19) with the IMF noting in 2019 that "The primary surplus exceeded the program target ... buoyed by the General Consumption Tax (GCT) and international trade taxes." (IMF 2019). Further elaborating on this contribution of revenue-enhancing measures to the primary surplus, the Jamaican authorities observed, "Sound tax policy and tax administration reforms that included a strategic shift from direct to indirect taxes and a slate of measures that effectively reduced tax expenditures and improved compliance contributed to revenues surpassing budget each year of the SBA." (IMF 2019-1). See FAMP PCR.

¹⁸ The Tax Gap was reduced from 45 percent baseline to 27 percent at end of project. See FAMP PCR Annex III.

¹⁹ Late filing reduced from baseline 18 percent to 7 percent at end of project. See FAMP PCR Annex III.

²⁰ Increased from baseline J\$220M to J\$480M at end of project See FAMP PCR Annex III.

²¹ Eight new business processes were implemented: cargo, management of assets forfeiture, e-manifest, transit, e-payment, risk management, post clearance audit, and anti-smuggling and electronic declarations increased from a baseline of 57 percent to 100 percent at end of project. See FAMP PCR Annex III.

²² All five customs areas were consolidated into one Central Intelligence Unit and are now carrying out intelligence activities in an integrated way (up from 0 at baseline). See FAMP PCR Annex III.

²³ Two risk assessments were fully integrated with the e-manifest and cargo processing system and three readiness assessments for the Single Window were disseminated among the main MDAs: Agriculture, Health, and Commerce. See FAMP PCR Annex III.

²⁴ The Jamaica Customs Agency certified 65 people as International AEO Experts. See FAMP PCR Annex II.

²⁵ E-manifests were introduced through the implementation of the ASYCUDA system. See FAMP PCR Annex III.

²⁶ At end of project, data from the 6 main economic sectors were available for risk analysis, up from 0 at baseline. See FAMP PCR Annex III.

and the Debt Management Branch (DMB) internal control reporting and reports on public bodies.²⁷

- 2.7 **Modernization of the State.** The Bank provided support through a PBL²⁸ to: (i) develop a road map and action plan for ICT transformation in the government²⁹; (ii) reduce the time for border compliance from 82 hours to 48 hours—a 41.5 percent reduction, which will be a significant achievement; (iii) reduce public sector wages to GDP for fiscal year 2019/2020; and (iv) strengthen the legislative framework surrounding civil servant employment.³⁰ Further support was provided through an investment loan which: (i) improved efficiency across 14 ministries, departments, and agencies (MDAs) with the rollout of an HR management information system³¹; (ii) reduced the number of days for approval of a business start-up³²; and (iii) bolstered internal fiduciary controls with training and system improvements across 31 MDAs.³³ The Bank continues to support modernization of the public sector through two loans approved during the CS period to ensure strengthening and sustainability of the achievements to date on public sector transformation and to implement a National Identification System³⁴ (NIDS) that would provide a cornerstone for the digital economy.

B. Private Sector Productivity and Growth

- 2.8 **IDB Invest fostered key engines of growth in Jamaica, such as infrastructure, trade, financial resources for the real sector, and tourism, through existing and new operations.** These NSG transactions helped the country create 3,925 jobs primarily through the expansion of port infrastructure,³⁵ provided access to finance to more than 370 SMEs, benefitted 607 women through economic empowerment initiatives, and provided employment support initiatives to 434 participants in the labor market. Complementarily, IDB Invest supported Jamaica to foster its engagement in international trade and improve food security, by financing imports, mainly of food and combustibles, for a total amount of US\$172 million under the Trade Finance Facilitation Program (TFFP), in partnership with local banks. Similarly, IDB Lab supported 200 farmers and trained 1,000 youths through Project Grow, which linked small-scale farmers to corporate supply chains in the production of cassava. IDB Lab's TC support of \$0.81 million leveraged private sector financing of US\$4 million.

²⁷ Included in the Medium-Term Debt Management Strategy produced annually by the DMB and published on the Ministry's website.

<https://www.mof.gov.jm/debt-management/>

²⁸ JA-L1078: Support to the Public Sector Transformation Programme approved for US\$110M.

²⁹ [Blueprint Report Executive Summary and Recommendations](#)

³⁰ [1] The PBL supported the implementation of the Special Early Retirement Programme (SERP); amendments to the Employment (Termination and Redundancy Payments) Act to reduce the wage bill; introduction of a policy to mandatorily link payroll with approved positions; Pensions (Public Service) Act 2017; Policy on the Categorization and Rationalization of Public Bodies and an Action Plan for rationalization of 79 Public Bodies with submission of at least 55% of annual reports 2017/18; among other policy actions related to public servant employment.

³¹ PSEP made a crucial contribution to the establishment of the Government of Jamaica HCMES (called MyHR+)12 by procuring it, establishing it, and launching it in 14 MDAs. See PSEP PCR II.2.b. Results Achieved.

³² The PSEP helped Jamaica move up considerably on the World Bank's Doing Business rankings — achieving a rank of six in 2016 and maintaining that rank in the 2019 Doing Business report. The improvements also resulted in Jamaica being named one of the "10 Most Improved Economies" on the Number of Days to Register a business dimension in 2016. See PSEP PCR II.2.b. Results Achieved.

³³ A Professional Development framework for Internal Audit Units (IAU) was prepared, the Government of Jamaica's Internal Audit Manual was updated; the IA employees were trained and the rollout of the TeamMate Software across Internal Audit Units in 31 MDAs was accomplished. With the new platform, the audit system has moved online and the AGD has reported that these interventions have resulted in improved financial audits which can be delivered faster. This capability was particularly beneficial during the 2020 COVID-19 national shutdown, when the AGD officers were able to work remotely and successfully conduct a concurrent special audit to monitor emergency interventions executed in Jamaica. See PSEP PCR II.2.b. Results Achieved.

³⁴ JA-L1072: Implementation of the National Identification System (NIDS) for Economic Growth approved for US\$68M.

³⁵ Currently, the Kingston Container Terminal (JA-L1054) is the largest infrastructure project supported by the Inter-American Development Bank Group in Jamaica without the issuance of government guarantees. The financing by IDB to the private partner amounted to US\$ 205 million with a tenor of up to 15 years. The private partner provided US\$187 million of equity and internal funds, matching the remaining 41 (Suarez-Alemán, Yitani- Ríos, Castillo-Martinez, Astesiano, and Franco-Corzo, 2020) "Case studies in Public-Private Partnerships in Latin America and the Caribbean." IDB discussion paper No. IDB-DP-00789.

C. Human Capital Development

- 2.9 **Health.** During the strategy period, the IDBG provided support to the health sector through technical assistance initiatives and a hybrid operation—a Policy-Based Program ³⁶(PBP) of US\$150 million supported by an investment loan (US\$50 million³⁷)—aimed at contributing to the improvement of the health of Jamaica's population by supporting comprehensive policies to prevent noncommunicable diseases (NCDs) and improving access to an upgraded and integrated primary and secondary health network in prioritized areas with an emphasis on efficient and higher-quality care for NCDs. To date, telemonitoring services have been implemented in 10 health centers across the island, industrial laundry equipment has been installed in two hospitals, and the design for the upgrade of the Spanish Town Hospital has been completed. During the COVID-19 pandemic, the private sector, with the support of an IDB Lab TC valued at \$0.15 million, prototyped an integrated artificial intelligence and tele-triage with monitored referrals into the existing MD Link platform. The platform saw an increase in the number of users from 5,000 pre-COVID-19 to 25,000 in 2021.
- 2.10 **Citizen security.** The Bank has been supporting the country in this sector for the past 18 years. Most recently, the Bank concluded the Citizen Security and Justice Programme (CSJP) III.³⁸ The Programme has continuously sought to reduce crime and violence in vulnerable communities through interventions addressing individual, family, and community risk factors. Almost half of the individuals who went through the Case Management System showed a reduction in the level of risk of violence or anti-social behavior. The programme successfully provided: (i) 820 courses on healthy gender norms; (ii) tertiary education scholarships, as well as secondary level and remedial education to over 5,000 CSJP beneficiaries; (iii) job placement and training services, as well as apprenticeships and internships for over 5,000 beneficiaries; and (iv) training to approximately 5,000 justice workers, including Legal Aid Counsels and Justices of the Peace (JPs), police and justice officials, volunteers, and facilitators in community justice services.
- 2.11 **Water and Sanitation.** During the strategy period, the GOJ guaranteed loan resources for the National Water Commission (NWC) to improve the efficiency of operations through the Kingston Metropolitan Area (KMA) Water Supply Improvement Project.³⁹ This flagship project supported the rehabilitation of water supply infrastructure in the KMA and selected towns in Jamaica. Specifically, these included the: (i) rehabilitation of 26 water supply facilities and treatment plants in the KMA; (ii) development of a water supply, drainage, and sewerage system for Port Antonio; and (iii) use of an innovative approach in the form of a Co-Management Performance-based contract whereby both the Contractor and the NWC had obligations for its execution and included training of the NWC staff to implement and become responsible NRW reduction.
- 2.12 **Social Protection.** Following the successful conclusion of the first phase of the Integrated Social Protection and Labour Programme,⁴⁰ a second investment loan backed the GOJ efforts to provide social protection and support for some of the most vulnerable citizens by bolstering the government's key social programme, The Programme of Advancement Through Health and Education (PATH).⁴¹ The achievements under the Programme include: (i) the

³⁶ JA-L1080: Support for the Health Systems Strengthening for the Prevention and Care Management of Noncommunicable Diseases Programme and JA-L1086: Support for the Health Systems Strengthening for the Prevention and Care Management of Noncommunicable Diseases Programme II.

³⁷ JA-L1049: Support for the Health Systems Strengthening for the Prevention and Care Management of Non-Communicable Diseases Programme.

³⁸ JA-L1043, approved for US\$20M.

³⁹ JA-L1035: Kingston Metropolitan Area (KMA) Water Supply Improvement Programme, approved for US\$133M.

⁴⁰ JA-L1037: Integrated Social Protection and Labor Program, approved for US\$30 million.

⁴¹ JA-L1053: Integrated Support to Jamaica Social Protection Strategy.

establishment and strengthening of the national electronic labour exchange portal and the labour market mobile application; (ii) issuance of 456,429 cash grants, totaling US\$45 million⁴²; (iii) the development of a PATH School Feeding Policy; (iv) strengthening of PATH Beneficiary Management Information System (BMIS) to improve the financial management of PATH; (v) introduction of a document management system; (vi) development of a National Policy for Senior Citizens; (vii) completion of two pilot programmes aimed at addressing important gaps in parenting skills and providing on-the-job training (OJT); and (viii) introduction of the Social Pension Programme.

- 2.13 **IDB Lab has begun support to catalyze the growth of the digital economy by reskilling and upskilling 1,000 youths from vulnerable communities.** The TC will create an artificial intelligence (AI) algorithm for labor demand identification and job placement tool to connect and train low-income unemployed and under-employed youths with in-demand skills and connecting them to SMEs that need to digitize and acquire human capital.
- 2.14 **COVID-19 Response: During the pandemic, the Bank provided assistance to the Government of Jamaica through several non-reimbursable technical cooperation activities and a two-tranche PBL valuing US\$175 million.**⁴³ The sectors that benefitted the most from these interventions were energy, education, health, and reform/modernization of the state. In addition, project teams were allowed to review and update the annual revised plan P(a) for 2020. This positively affected the Performance Monitoring Reports (PMRs). At the end of 2020, 87 percent of the portfolio achieved a satisfactory rating while the remaining 13 percent were in alert. In 2021,⁴⁴ the performance ratings changed as project team were not allowed to adjust annual planning. The IDB worked closely with Project Executing Units (PEUs) to replan based on current realities, while some teams suffered from downtime because members contracted the COVID-19 virus. Most face-to-face trainings/events were moved to virtual formats, which resulted in savings in most instances.

(iii) Active Portfolio and Lessons Learned

- 2.16 **At end-July 2022, the current portfolio consisted of nine investment operations for US\$273 million in six sectors:** health, financial markets, reform/modernization of the state, private firms and SME development, social investment, and energy. There is also a Contingent Loan for Natural Disaster Emergencies for US\$285 million.
- 2.17 **Lessons learned: The COVID-19 pandemic challenged the implementation period by impacting the delivery of goods and services, and it stretched the capacity of IDBG clients.** Key among the lessons learned is the need to build flexibility and agility into projects, quickly respond to the materialization of unexpected risks/external shocks and provide support that is relevant and timely. For example, in sovereign guaranteed operations, site visits were carried out virtually with external consultants hired to go into the field and provide a live video feed of the physical outputs, thereby removing the need for group congregation. Adjustments were made to procurement plans to include the addition of collaborative tools such as zoom, Google meet, and Teams to facilitate a sustained and continuous work environment in different locations. At the beginning of the pandemic, short meetings were held on WhatsApp and other non-conventional media. Demonstrating agility in mobilizing private sector actions and actors, IDB Lab, with the support of IDB Invest, issued a Call for Innovative Solutions for COVID-19 and piloted with the private sector, a telemedicine solution with

⁴² Beneficiaries broken down by years: 2016 - 175,000; 2017 - 110,691; 2018 - 93,574; 2019 - 77,164

⁴³ US\$75 million was disbursed under JA-L1087: Strengthening Fiscal Policy and Management Programme to Respond to the Public Health Crisis and Economic Effects of COVID-19 in Jamaica I in 2021. In 2022, US\$100 million was disbursed under the second operation JA-L1088.

⁴⁴ 75%, 8%, 17% in satisfactory, alert and problem respectively.

COVID-19 screening capabilities during the pandemic. This can serve as a lesson for government in the implementation of telehealth solutions to the most vulnerable in the society.

- 2.18 **Projects designed with the expectation of being implemented under fiscal space constraints need to be fully attuned to the implications of these constraints for timely execution.** Several of the projects and programmes designed and implemented covered comprehensive reform and strengthening across multiple ministries, departments, and agencies (MDAs). They faced significant implementation challenges due to limited fiscal space since the onset of the COVID-19 crisis, as well as weak coordination at a strategic level between and among MDAs. These two factors should be taken into consideration during project preparation.
- 2.19 **The partnership between Jamaica and the IDBG was reinforced through closer and more proactive portfolio monitoring and programming.** Nevertheless, the challenges of intra-governmental coordination and institutional capacity remain. Transformational projects increasingly rely on highly technical skills that were previously not in demand in the country. As a result, contract management needs to be improved to ensure timely delivery of quality goods and services. There is also a need to create a formal space for learning and collaboration to improve execution of IDBG projects.
- 2.20 **In addition, donor coordination became more important to avoid duplication of efforts and competition for fiscal space.** It was observed that for projects with both a grant and loan component, the government continues to prioritize the execution of activities under the grant component. As such, during preparation, project teams need to pay special attention to this issue and improve the design of unique results matrices for these types of operations.
- 2.21 **IDB Invest has been able to serve as a catalyst attracting additional financing to the country through its successful A/B Loan programme.** In one case, IDB Invest was able to mobilize US\$31.0 million, increasing the availability of medium-term financing to support the growth of a Borrower's SMEs lending portfolio, while contributing to the maturity and structure of its debt profile. This third-party financing also helped to enhance the diversification of the Borrowers funding sources, decreasing the dependence on shorter-term deposits, to the benefit of its SME clients. For investors, participating in an IDB Invest loan can provide certain financial advantages and mitigate their risks. More broadly, the tangible and intangible assets that IDB Invest offers—a strong portfolio, deep technical expertise, a presence in the field, and a longstanding commitment, as part of the IDB Group, to create social and environmental value and sustainable economic development—can give investors the confidence they need to operate in the region.
- 2.22 **The provision of non-financial additionality through advisory services has become a key comparative advantage for IDB Invest in Jamaica,** as in other small and island countries, supporting a wide range of transactions and contributing to the creation of adequate conditions for potential new business in the future. Supporting sustainable businesses and development projects through the private sector in Jamaica requires tailored financial products and processes, including local currency solutions (particularly for sectors with revenues denominated in local currency) and efforts to support smaller transactions.⁴⁵
- 2.23 **For the IDB Lab, there are significant gains to be made by seeking opportunities for joint value creation within the IDBG, while utilizing its ability for risk taking and prototyping.** Lessons can be taken from IDB Lab role as a catalyst to test and pilot innovative solutions that can be scaled by government with IDB support, such as IDB Lab work in venture capital and entrepreneurial ecosystem development that was scaled by IDB. IDB Lab also works jointly with IDBG to simultaneously support priorities, as seen in the IDBG support in

⁴⁵ CII/GN-354-1 "Action Plan Update for Small and Island Countries." IDB Invest internal document.

the development of the electric mobility ecosystem, with the coordination of the public and private sectors that creates an environment for private investment to provide scale.

- 2.24 **Conclusions of OVE’s Independent Country Program Review (ICPR) Jamaica 2016-2021.** To specifically acknowledge the OVE ICPR, strategy implementation will continue to deepen efforts to address implementation challenges in close coordination with the GOJ to maximize synergies in policies and procedures, to the extent possible. For example, in: (i) the area of procurement where, as the ICPR points out, there are complex procurement processes; (ii) disbursements, which as the ICPR indicated were below the levels of the previous period; and (iii) avenues to improve stakeholder coordination, given the low coordination among key stakeholders reported in the ICPR. Looking ahead, the premise of the CS 2022–2026 is grounded in the expectation of decreased demand for sovereign guaranteed lending given the government’s debt reduction targets that overlap with the CS period. The private sector arms of the IDBG are expected to complement and supplement traditional, public sector capital investment. Such a structure would therefore ease the demand for already tight fiscal space. Further, under the CS 2022–2026, actions will also be taken to improve execution (and disbursements) through strengthening the capacity of PEUs, especially in the use of the Bank’s updated procurement policies and working closer with the Planning Institute of Jamaica (PIOJ) to monitor project performance and mutually agree on agile ways of resolving challenges as they arise. Moreover, the Bank will continue to provide technical assistance in procurement using TCs or administrative resources (e.g., through on-demand support for procurement and financial management) to bolster PEU capacity, particularly with the preparation of tender documents for complex procurement, as needed. Finally, the deep and close collaboration that was expanded and even more of an imperative during the COVID-19 pandemic, to strengthen collaborative oversight of the portfolio jointly with the PIOJ will continue by leveraging agile methodologies through sprint planning, for example, to agree on major activities and events, especially those that rely on PIOJ to facilitate intra-government coordination.

III. STRATEGIC AREAS

- 3.1 **The IDB Group’s Country Strategy with Jamaica 2022–2026 will contribute to a post-COVID-19 recovery that is socially inclusive, sustainable, and driven by the private sector.** Private entrepreneurship and investment are critical for driving Jamaica’s recovery, building overall resilience through diversification of economic activity across more sectors, and accelerating digital transformation. The right formula would allow Jamaica to grow sustainably, while bolstering government revenue and reducing the public debt ratio, thus creating fiscal space to support additional investment in key priority areas without compromising economic sustainability. Included within this will be, through the increase in private sector investment, additional facilities that are offered by the IDB Lab such as equity financing, reimbursable technical cooperation, and entrepreneurship ecosystem development initiatives to assist growth in the private sector.
- 3.2 **Through this new strategy, the IDBG will work with the private and public sectors to develop a new way of engagement to support a private sector-led post-pandemic recovery, complemented by a broad range of knowledge services.** Based on lessons learned from the previous CS, the results of the Country Development Challenges update, the challenges arising from the COVID-19 pandemic, OVE’s findings in its ICPR, and the Government’s Vision 2030 and priorities,⁴⁶ the 2022–2026 CS will support two strategic areas of engagement: (i) reactivating the productive sector for sustainable growth; and (ii)

⁴⁶ [Jamaica’s Vision 2030: National Goals and Outcomes](#). The Vision 2030 plan focuses on the following four “National Goals”, and several related outcomes: (1) Jamaicans are empowered to achieve their fullest potential; (2) Jamaican society is secure, cohesive and just; (3) Jamaica’s economy is prosperous; and (4) Jamaica has a healthy natural environment.

addressing social gaps. In addition, gender and diversity, climate change and environmental sustainability and institutional capacity and the rule of law are proposed as cross-cutting areas to be addressed.

- 3.3 **The priority areas and cross-cutting themes outlined in this section relate to the objectives of the Second Update of the Institutional Strategy 2020–2023, IDB Invest Business Plan 2020–2022, and IDB Lab (formerly, Multilateral Investment Fund) Business Plan 2020–2022** through: (i) the establishment of smart institutional frameworks and enhanced capacity of the state; (ii) inclusion of all segments of the population in financial markets; (iii) developing quality human capital through lifelong skills development; (iv) providing adequate knowledge and innovation ecosystems by facilitating the use of technologies; (v) promoting gender equality and diversity; and (vi) addressing the economic and social impacts of climate change adaptation and mitigation. CS priorities are also aligned with the priority segments of the IDB Invest 2020–2022 Business Plan to support infrastructure development, strengthen capacity to support the corporate segment, and leverage resources through the financial system for the priority areas and cross-cutting themes. Additionally, IDB Lab’s Business Plan 2022–2023 is also aligned with the CS and focuses on IDB Lab playing a key part in the recovery efforts, unleashing innovations that accelerate social inclusion and help activate new and more sustainable engines of growth. Priority will be given to projects that benefit poor and vulnerable populations directly by improving their livelihoods, facilitating their access to essential products and services, enhancing their skills and economic opportunities, and/or reducing their vulnerability to climate change. Last, the sovereign guaranteed inherited portfolio has an available balance of US\$185.1 million, equivalent to 60% of the approved amount. Given that this CS seeks to build on the last, therefore, successful execution of those projects will serve to further contribute to achievement of the strategic objectives and results of this CS.

A. Reactivate the Productive Sector for Sustainable Growth

- 3.4 **Accelerating sustainable growth and development in Jamaica will depend on continued macroeconomic stability and more broad-based private sector growth.** The key to unlocking faster private sector growth will be to drive increased productivity, which has been in decline for decades⁴⁷. Jamaica’s history of volatile macroeconomic performance was influenced by both natural and economic external shocks that have stifled investment and the development of sectors with the greatest potential to drive productivity growth (e.g., manufacturing, information technology, large-scale mechanized agriculture, etc.). High debt levels and government domestic borrowing requirements also caused local financing costs to remain high, which crowded out private investment in new technologies and processes that could have supported productivity growth.⁴⁸ In addition, the broader investment and business environment have been undermined by burdensome regulatory, operating, and licensing requirements, that require concerted government and private sector efforts to overcome.⁴⁹ It is worth noting that over the past decade, as highlighted in OVE’s ICPR 2016–2021, the GOJ has made significant progress with institutional and policy reform, which should help avoid some of the weaknesses of the past. Against this backdrop, faster and more inclusive growth will require: (i) strengthening the ecosystem for innovation and investment; (ii) improving access to finance; (iii) supporting the GOJ digital transformation agenda; (iv) strengthening energy institutional and regulatory capacities; and (v) improving the efficiency and potential of the agricultural sector.

⁴⁷ See [Mooney, Rosenblatt and Zaballos \(2021\)](#).

⁴⁸ See [Mooney \(2018\)](#).

⁴⁹ The World Economic Forum (WEF) 2019 Global Competitiveness Report ranks Jamaica 80th overall out of 141 countries in terms of overall competitiveness, and 91st with respect to institutions underpinning an enabling environment for growth ([WEF’s Global Competitiveness Report 2019](#)).

- 3.5 **Strengthening the Ecosystem for Innovation:** Jamaica ranked 92nd among 141 economies in companies embracing disruptive ideas and 77th in growth of innovative companies.⁵⁰ A number of diagnostics focused on Jamaica's private sector have identified common barriers to innovation and entrepreneurship. These include: (i) inadequate access to credit, particularly for MSMEs;⁵¹ (ii) an underdeveloped securities market;⁵² and (iii) the lack of 'entrepreneurial infrastructure', which includes financial and support services that have proven consequential to success in other jurisdictions.⁵³ The diaspora represents a powerful resource for knowledge transfer to promote innovation in Jamaica. Many of the diaspora have developed specialized technical knowledge in addition to practical experience in foreign markets. A coherent, comprehensive set of actions to strengthen the ecosystem is needed to promote innovation in MSMEs and entrepreneurship. The strategy for this includes cultivating, accelerating, and supporting ventures with potential at all stages. Against this backdrop, the IDBG will prioritize: (i) providing innovative financing mechanisms and advisory services to help mobilize private sector resources to finance innovation, and scale up efforts that support ventures with potential; and (ii) supporting overlooked early-stage businesses, startups and SMEs, and business models with high development impact potential.
- 3.6 **Improving Access to Finance:** Twenty-five percent of surveyed firms need additional access to financial resources in order to sustain operations and grow.⁵⁴ Despite some progress in recent years, research points to a number of deficits with respect to the private sector's ability to provide sufficient financing to local enterprises and individuals, both in terms of the volume of financing, and with respect to the breadth of financial products available.⁵⁵ Domestic private credit to GDP stood at 56 percent in 2020, remains lower than the LAC average (60 percent), and government crowding out has been a factor diminishing the availability of credit for companies and individuals.⁵⁶ Some groups, however, face additional constraints. For example, only 10.4 percent of women and 9.4 percent of individuals living in rural areas reported that they were able to borrow from a formal financial institution. While displaying active primary and secondary markets for government bonds, a stock exchange for equities, and an active (though small) market for short-term commercial paper, market turnover remains very limited, pointing to highly constrained liquidity and other important challenges for companies and entrepreneurs attempting to raise funds in the market.⁵⁷ Moreover, the business climate is adversely affected by economic uncertainty and by administrative and legal hurdles, including burdensome operating and licensing requirements and legal and administrative procedures. Against this backdrop, IDBG will seek to increase the array of financial products available, by improving the provision of long-term resources to the productive sector. In particular, it will prioritize support for: (i) expanding portfolios of financial institutions that support the productive sector through the use of de-risking mechanisms; (ii) increased risk taking to support new market development and technologies through increased use of equity and quasi equity instruments; and (iii) creating partial credit guarantee mechanisms and outright bond subscriptions or underwritings.
- 3.7 **Accelerating Digital Transformation:** Jamaica's development prospects will hinge crucially on digital transformation to boost productivity, competitiveness, efficiency of public expenditure, and quality of service delivery. This encompasses a broad range of actions spanning the digital economy, including investment in the digital transformation of the GOJ, telecommunications infrastructure, skills development, and cybersecurity. Though private investment in related areas will be important, the government can play an important role by

⁵⁰ Ibid.

⁵¹ [Beck and Mooney \(2021\)](#).

⁵² Ibid.

⁵³ For a detailed discussion, see: IDB, "[Boosting Innovation, Growth and Entrepreneurship Ecosystems Programme \(JA-L1085\)](#)"

⁵⁴ According to the IDB's Firm Performance and Gender Survey (IFPG) for the Caribbean collected during 2020.

⁵⁵ For example, [Mooney \(2018\)](#), [Beck and Mooney \(2021\)](#).

⁵⁶ [Mooney \(2018\)](#).

⁵⁷ [Beck and Mooney \(2021\)](#).

creating a business and regulatory environment that supports such efforts. Jamaica has significant room for improvement in these areas. In terms of digital government, Jamaica is well behind regional leaders: only 17 percent of services are available to start online, compared to 100 percent in Uruguay⁵⁸; and it scored 102 out of 240 points on the Oxford Cybersecurity Maturity Index, compared to 184 in Uruguay.⁵⁹ Broadband coverage is also lacking, Jamaica having the 11th slowest speeds of 25 LAC countries (ITU, 2021). Closing the gap in telecommunications infrastructure with advanced OECD countries could drive an increase of almost 12 percentage points in terms of real GDP, and of about 10 percentage points in terms of improved productivity.⁶⁰ Gender gaps with respect to digital skills and training are particularly wide—for example, the number of women enrolled in STEM-related majors represented only about 10 percent of the total for the University of the West Indies (in 2016).⁶¹

- 3.8 Additionally, this growing trend toward digitization provides an opportunity for greater IDBG support to the private sector, as tech-enabled innovations can be steered toward sectors with high social returns, such as health, education, and essential services. The digital transformation of small businesses is important for continuity and resilience, and the implementation of these tech-enabled solutions can help small businesses to introduce innovative solutions such as digital payments and offer online purchasing and delivery options.
- 3.9 In this context, the IDBG will prioritize: (i) identifying key digital infrastructure investment needs⁶² and coordination between the public and private sectors to attract financing (e.g., helping to establish adequate regulations and incentives for sector investments); (ii) supporting the digital transformation of the GOJ, including the implementation of the ICT Authority, cross-government digital services,⁶³ sector-specific digitization, and supporting the modernization of the policy and regulatory framework for cybersecurity.
- 3.10 **Addressing high energy costs:** High dependence on heavy fuel oil is a major challenge, leading to high costs, exposing Jamaica to oil price volatility (e.g., driven by the Ukraine conflict), and environmental and health costs from emissions. In addition, transmission and distribution losses—about 27 percent in 2020⁶⁴—compromise service and the sector’s financial sustainability. Electricity prices are among the highest in LAC ([Climatescope, 2022](#)), and there are many rural communities that still do not have reliable service. Against this backdrop, investments are needed to improve efficiency and develop cleaner power. Supporting reforms and regulatory updates are also necessary. Coordinated planning between the electricity sector, the transport sector, and energy-intensive industries (e.g., mining and processing) is critical for increased efficiency and deployment of investments in clean energy, both public and private, to cope with increasing demand while reducing emissions. To this end, the IDB Group will prioritize: (i) supporting the strengthening of energy institutional and regulatory capacities, including via private sector participation in dialogue with the GOJ; and (ii) promoting private adoption of renewable energy, green infrastructure services (e.g., electric vehicles), and finance products through new financing options and incentives.
- 3.11 **Supporting Agricultural Efficiency and Production:** The agriculture sector’s contribution to overall employment is significant, and improving its efficiency and potential is important for inclusive growth. Though agriculture contributed only about 7 percent to GDP in 2019, it represents nearly 20 percent of total exports, and 15 percent of total employment (2019),

⁵⁸ See [Roseth and Reyes \(2019\)](#).

⁵⁹ See [IDB-OAS \(2020\)](#).

⁶⁰ See [Mooney, Rosenblatt and Zaballos \(2021\)](#).

⁶¹ See: <https://jamaica.un.org/en/113264-remarks-gary-conille-international-day-women-and-girls-science>

⁶² This includes focus on governance and inter-institutional coordination, infrastructure diagnostics, institutional strengthening, and design of legal and regulatory frameworks in areas such as interoperability, data, digital ID and signature, service design, data protection, open data, cloud, digital payments and procurement.

⁶³ Including interoperability, digital ID and signature, digital payments, electronic notifications, and cloud, among others.

⁶⁴ See also: [The Gleaner, 2022. Gov’t gets support from USAID to address electricity theft.](#)

making it crucial for lives and livelihoods, particularly for vulnerable populations in rural areas. Supporting increased domestic agricultural efficiency and production is important for inclusive growth and development. This sector has long suffered from volatile weather conditions, a lack of investment and access to finance, inadequate infrastructure and access to markets, and a lack of technology and skills needed to enhance efficiencies and market integration. Jamaica's agriculture sector is also dependent on ecosystem health, which plays a critical role in regulating water availability and preserving soil quality. Yet, the agriculture sector has historically been a main driver of ecosystem degradation, making up 41 percent of Jamaica's total land area. The sector has historically been the country's primary driver of deforestation (Global Forest Watch 2021; Jamaica CDC 2021). This degradation of forests can cause a reduction in important ecosystem services for farms, such as flood and erosion protection.⁶⁵

- 3.12 The IDB Group's support for agriculture will prioritize: (i) enhancing food security in the country by working with agroindustry anchor companies, as well as retail providers that serve vulnerable populations and exploring options to scale up sustainable food sources from the sea; and (ii) providing expertise and/or financing to boost productivity and diversify the product range, including climate-smart agricultural technologies and practices, digital tools, data for market intelligence, and solutions to improve value chains.

B. Addressing Social Gaps

- 3.13 **Accelerating inclusive growth and development in Jamaica will require a social agenda that builds human capital, provides social protection, and fosters inclusion.** Key areas where policy reforms, investments, and capacity building are critically important for Jamaica's development prospects include access to and quality of the health care system, improved access to water and sanitation, and social protection and labour, and inclusion.

- 3.14 **Enhancing the access and quality of the healthcare system:** Jamaica faces a number of challenges, including the prevalence of infectious diseases, poor maternal and child health outcomes,⁶⁶ the rising incidence of chronic noncommunicable diseases,⁶⁷ and an upward trend of accidents and interpersonal violence.⁶⁸ The pandemic has put additional stress on an already under-resourced sector. Insufficient investments in health care infrastructure, equipment, supplies, and human resources have compromised access to quality ambulatory and hospital services. Furthermore, there are insufficient skilled health personnel, with the availability of doctors standing at about 1.3 per thousand inhabitants (versus 1.9 in the Caribbean, 2.0 in LAC, and 3.3 in OECD countries),⁶⁹ including because of migration of health professionals. Fifty percent of all physicians trained in Jamaica since 1991 and two thirds of nurses have emigrated.⁷⁰ Against this backdrop, the IDBG will prioritize: (i) addressing systemic deficits, including infrastructure and health personnel (e.g., investments in health policies and modernization of hospitals and the digitalization of health services, etc.) engaging the private sector to address the gaps, via public-private partnerships (PPPs) and outsourcing

⁶⁶ Maternal mortality remains high. Despite almost universal coverage of prenatal care (99 percent) and skilled birth attendance (98 percent), the maternal mortality ratio remains high (80 per 100,000 live births), which indicates the low quality of obstetric care (see IDB Jamaica Country Development Challenges (2021) for details).

⁶⁶ Maternal mortality remains high. Despite almost universal coverage of prenatal care (99 percent) and skilled birth attendance (98 percent), the maternal mortality ratio remains high (80 per 100,000 live births), which indicates the low quality of obstetric care (see IDB Jamaica Country Development Challenges (2021) for details).

⁶⁷ NCDs have become the leading cause of mortality and morbidity. In 2017, NCDs accounted for 73.7 percent of total disability-adjusted life years (DALYS) and 83.6 percent of total deaths in the country, due mostly to cardiovascular diseases (stroke and ischemic heart disease), cancers, and diabetes (see IDB Jamaica Country Development Challenges (2021) for details).

⁶⁸ Interpersonal violence is the fifth leading cause of death, the third cause of premature death and the fourth cause of death and disability combined. The homicide rate among males is 61 per 100,000 population—well above the regional average. (see IDB Jamaica Country Development Challenges (2021) for details).

⁶⁹ WHO, 2017. World Health Organization's Global Health Workforce Statistics, OECD, supplemented by country data.

⁷⁰ Tomblin Murphy, G., MacKenzie, A., Waysome, B. et al. A mixed-methods study of health worker migration from Jamaica. (2016). <https://doi.org/10.1186/s12960-016-0125-8>

of some services; and (ii) supporting the development and reform of policies and education campaigns to reduce noncommunicable diseases.

- 3.15 Improving Water and Sanitation Infrastructure:** Only 73 percent of Jamaica’s population is connected to the water distribution systems, with just over 90 percent in urban areas and 45 percent in rural areas. Over the years, there has been a deterioration of the networks, causing significant physical losses; high levels of theft (known as “non-revenue water”, or NRW); unreliable supply and shortfalls in potable water supply during dry periods; and inefficient equipment driving high energy and operating costs.⁷¹ Water distribution is uneven, as areas of high water demand (e.g., in the south) tend to be far from areas with the most available water (e.g., in the north). Furthermore, water availability is under stress due to climate change.⁷² Projected decreases in precipitation (up to 7.2 percent by 2030) and increased evaporation due to rising temperatures are expected to further slow recharge rates of aquifers (which supply 80 percent of the country’s water demands), increasing the threat to the Jamaican economy (USAID 2017). Against this backdrop, the IDBG will support efforts to improve water infrastructure and access, including via financial and technical assistance focused on the following areas: (i) attracting private investment via PPPs, as well as related financing, and institutional reform, leveraging the IDBG’s extensive experience from across the region;⁷³ and (ii) improving solid waste management, including by helping to create an appropriate institutional framework, developing plans to modernize infrastructure, and creating incentives for developing markets for waste.
- 3.16 Strengthening the Social Protection and Labor System:** Social protection and labor are intrinsically linked in the Jamaican context. A lack of access to basic services and infrastructure, as well as safety and security concerns have long been barriers to faster and more inclusive growth.⁷⁴ Similarly, these and related issues have contributed to high levels of informality in employment and a lack of access to education and training required to raise incomes and overall levels of productivity. Vulnerable groups, including people with disabilities, face even greater barriers than other segments of the population.⁷⁵ Relatedly, surveyed firms have reported that an “inadequately educated workforce” is the main business obstacle.⁷⁶ These and related issues stem from social, institutional, and financial challenges facing both public and private sectors in Jamaica and making progress towards resolving these concerns will require concerted efforts and innovative strategies. Against this backdrop, the IDBG will prioritize: (i) leveraging digital technology to improve targeting of social programs, especially for the lowest quintile and extreme poor, ageing persons, and people with disabilities (which include but are not exclusive to the elderly); and (ii) supporting the identification of skills demands, training needs, and employer-employee matching in prioritized sectors through partnerships with the private sector.

⁷¹ More generally, there are many issues affecting water quality and supply, including aging equipment and pipes, deficiencies with the management and maintenance of treatment plants and production facilities, unmetered consumption (about 30% of the total connections are unmetered), and high energy costs⁷¹ that compromise the financial sustainability and resources needed for maintenance and improvements.

⁷² Projected decreases in precipitation (up to 7.2 percent by 2030) and increased evaporation due to rising temperatures are expected to further slow recharge rates of aquifers (which supply 80 percent of the country’s water demands), increasing the threat to the Jamaican economy (USAID 2017).

⁷³ For example, IDBG has worked with countries across LAC to help develop an appropriate public-private partnership plan and related institutional capacity, as well as appropriate performance-based contracts for building, operating, and managing water-related resources.

⁷⁴ See: https://docs.google.com/viewerng/viewer?url=https://www.capricaribbean.org/sites/default/files/public/documents/briefing_paper/the_economic_impact_of_crime.pdf

⁷⁵ A 2018 report found that the highest level of education attained by the majority of PWDs was the primary level, which was well behind comparable peer groups, contributing to a large earnings gap (<http://admin.icpdja.com/upload/ComprehensiveReportontheSituationalAnalysisofPersonswithDisabilitiesinJamaica.pdf>).

⁷⁶ Acevedo, M., J. Lennon, S. Pereira and P. Yañez-Pagans (2021) “The impact of the COVI-19 pandemic on firms in the Caribbean”. IDB Invest “Development through the private sector series” N. 29.

C. Cross-Cutting Themes and Dialogue Areas

- 3.17 **Gender inequality has long been an endemic problem in Jamaica, with adverse outcomes affecting both genders in different ways.** While empowerment of women is a pressing development issue, it would be challenging to achieve without also addressing masculinity and “the boy problem” in the Caribbean. The most pervasive form of masculinity in the Caribbean has roots in patriarchy and hegemonic masculinities,⁷⁷ which some experts link to low academic achievement, crime, and violence. As such, there is considerable scope for improving gender equality, diversity, and related outcomes for both men and women in Jamaica, which if accomplished successfully, could support faster and more inclusive growth, as well as improved public security and private sector outcomes. Women are underrepresented in economic and political activities in Jamaica. Indicators in health, labor market participation (particularly at senior executive levels), and entrepreneurship reveal that Jamaican women experience high levels of gender inequality. A high percentage of them also face intimate partner violence. The femicide rate in Jamaica is one of the highest in the world (11 per 100,000 inhabitants)⁷⁸. Likewise, sexual and gender-based violence is prevalent and has increased with the pandemic. Consequently, there is an urgent need to address this issue. The GOJ is implementing specific actions to address some of these complex problems. The National Mental Health Plan includes preventive actions to reduce sexual and gender-based violence, primarily in vulnerable populations. Available data also show a lower enrollment rate at secondary school and a higher dropout rate for boys compared to girls, contributing to social dislocations, high rates of unemployment for young men, and ultimately to criminality and informality. Furthermore, persons with disabilities face exclusion in schools and the labor market, and significant challenges in accessing infrastructure, information, and other services. According to a recent IDB study, the prevalence of disabilities in Jamaica was estimated at 14.9 percent in 2020 and expected to increase to 20.2 percent by 2050 given demographic structural changes.⁷⁹ Against this backdrop, efforts to improve the availability and quality of basic public services—e.g., health care—outlined under the strategic areas of focus discussed above will help to address related inequities. There are ongoing interventions to tackle these problems. The Family Planning Board recently concluded an intervention to improve the sexual and reproductive health in adolescents. Also, with the participation of a non/governmental organization, there are ongoing interventions to modernize services for children with intellectual disability. Similarly, policy reforms to improve the targeting of social programs to vulnerable groups, to improve financial access and inclusion and bolster the business environment for small- and micro-enterprises as well as entrepreneurship will help drive progress in this and related areas. Moreover, the IDB group will continue to mainstream gender and diversity issues in all operations, following the commitment to increase the number of projects with gender and diversity strategic alignment. Likewise, given the need to have up-to-date information and data on gender and diversity in the country, IDB will prioritize efforts to generate knowledge products that better inform public policy to strengthen gender equality and the inclusion of diversity.”
- 3.18 **Climate Change: The success of Jamaica’s climate change response is dependent on both internal and external action, including global efforts to reduce greenhouse gas (GHG) emissions.** According to the report “The State of the Jamaican Climate 2019”, mean temperatures have risen at a rate of 0.16°C/decade since pre-industrial times,⁸⁰ rainfall patterns have been altered with some areas becoming wetter and others becoming drier, the

⁷⁷ “Tie the Heifer, Loose the Bull”: Gender Inequality in the Caribbean. <http://www.whatispsychology.biz/gender-inequality-in-caribbean>

⁷⁸ The World Bank, 2018. DataBank. Intentional homicides, female (per 100,000 female) – Jamaica. <https://bit.ly/3HwQ5fW>

⁷⁹ Berlinski S., S. Duryea and S.M. Perez-Vincent. 2021. “Prevalence and correlates of disability in Latin America and the Caribbean: Evidence from 8 national censuses”. *PLoS one*, 16(10), e0258825.

⁸⁰ Minimum temperatures have increased at a faster rate (0.27°C/decade) than maximum temperatures (0.06°C/decade, suggesting a decrease in daily temperature range

intensity and occurrence of extreme weather events has increased, and sea level has risen by about 2.5 mm/year since 1993. There has also been a dramatic increase in the frequency and intensity of Atlantic hurricanes since 1995. These changes are projected to continue, as under the legally binding Paris Agreement of the United Nations Framework Convention on Climate Change to which Jamaica is a party, the goal of the Agreement is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. Even if this goal is realized and the level of greenhouse gases (GHG) in the atmosphere is stabilized, it still implies that future conditions will be warmer. The adaptive capacity of Jamaica will have to be enhanced to respond to the new norm. Nevertheless, Jamaica under its updated Nationally Determined Contribution (NDC) and the associated implementation plan of 16 commitments has committed to a target of 25.4 percent (unconditional) or 28.5 percent (conditional on international support) national emission reductions by 2030 (relative to 2005 levels). These reductions will come mainly from the energy sector (supply and end use) and land-use change and forestry.⁸¹ The IDB Group will support the country in the development and implementation of its Long-Term Low GHG Emission and Climate Resilience Strategy and its National Adaptation Plan, through investments in renewable energy, energy efficiency and focus on decarbonization and sustainability of key infrastructure, as well as improvements in efficiency in the agricultural sector. These will be directly supported by the capacity building efforts being undertaken through the Monitoring, Reporting and Verification (MRV) program of the Capacity Building Initiative for Transparency (CBIT).

- 3.19 **The IDB Group will incorporate elements of climate resilience, adaptation, and mitigation in its transactions, and is committed to helping clients measure and manage both physical and transition climate-related risks in their operations, investment decisions, and project development (as indicated in the E&S Sustainability Policy, 2020, E&S Policy Framework and Guidelines).** The IDBG will also prioritize initiatives to improve resilience to climate shocks by partnering with the GOJ to increase the availability of climate-relevant information, build capacity on how climate change is managed within the country, enhance information dissemination and education, develop a multi-sectorial approach to build linkages for adaptation across public and private sectors, and further develop the blue economy, in accordance with the priorities set out in the national "Climate Change Policy Framework for Jamaica." Furthermore, investing in Natural Capital and Nature-based solutions can help respond to many challenges in terms of food security, poverty alleviation, job creation, infrastructure resilience and climate mitigation and adaptation. Impacts of climate change—including sea level rise and intensified storms—pose an increasing threat to Jamaica's coastal cities and communities. To combat these compounding threats to Jamaica's communities, the targeted restoration and protection of coastal ecosystems—such as mangroves and coral reefs—offer enormous potential for Jamaica both to enhance its resilience to climate change and build its economy. Further restoring Jamaica's coastal ecosystems offers a cost-effective solution to enhance resilience: investments in restoring and protecting coastal wetlands, including mangrove forests, have been modeled to be 1.5 to 5 times more cost-effective than investments in gray infrastructure, such as breakwaters and dikes (Kumano et al. 2021; Ozment, Ellison, and Jongman 2019). Finally, through IDB Lab support, IDBG will leverage innovation to address climate change and promote biodiversity. As emerging technologies in areas such as renewable energy, climate-smart agriculture, natural capital management and de-carbonization strategies are effective tools to address climate change. In this regard, IDB Lab will focus on fostering adoption of these technologies by small farmers, microenterprises, and low-income consumers as well as foster the creation of green jobs by supporting early-stage businesses that develop climate technologies.

⁸¹ Update of Nationally Determined Contribution (NDC) of Jamaica to the UNFCCC. June 2020.

- 3.20 **Institutional Capacity and Rule of Law:** Strengthening institutional capacity is important to support the implementation of the country’s development agenda. While the country has maintained clear national priorities, a strong overall fiscal framework, and a merit-based civil service, challenges remain. There is no effective process for translating national priorities into concrete indicators, limited data that would support the monitoring of the achievement of priorities, and no institutional structure or process to oversee the implementation of priorities. Similarly, there are limited tools to monitor budget execution and to evaluate the effectiveness of policies and programs, leaving public expenditure vulnerable to inertia and inefficiency. The civil service, in the midst of a significant salary reform that will rationalize the pay structure, is burdened with antiquated recruitment schemes and procedures that impede the government’s ability to attract talent, particularly in fast-paced and competitive fields like information technology. Procurement practices are riddled with bureaucratic hurdles, slowing down budget execution. The transparency and integrity instruments of government, while having been partially modernized in recent years through initiatives such as the strengthening of the beneficial ownership framework, the Auditor General’s compliance with international standards, and the launch of Investment Map, is in need of further strengthening, particularly in the areas of access to information, and asset declarations and conflicts of interests for public officials. Moving forward, priorities to improve institutional capacity should concentrate on building a data-driven, agile public sector, undergirded by streamlined procedures, modern human capital policies, and cross-cutting technological systems, focused on achieving national priorities with maximum expenditure efficiency.
- 3.21 **Dialogue Areas.** The IDBG will continue to seek to strengthen strategic dialogue in Education with a view to complementing the agreed priority areas for intervention through activities such as training needs, improving management information systems and private sector engagement on technology adoption and potential PPPs. In addition, dialogue and private sector support through IDB Invest on tourism will continue supporting Jamaica’s efforts to diversify toward higher value-added and revenue-generating activities, which could reduce economic, social and environmental risks. Furthermore, the Bank will deepen dialogue and financial support through IDB Invest on strategic investments in sustainable infrastructure to position Jamaica as a regional transshipment and logistics hub, as well as support for SMEs to diversify production and exports through mechanisms like trade finance and technical advisory services.

IV. ESTIMATED LENDING FRAMEWORK

- 4.1 **The IDB Group foresees sovereign guaranteed approvals of US\$350 million over the period 2022–2026. This is less than half the estimate (US\$854 million) of the previous period.** As noted above, the new IDBG CS 2022–2026 aims to fully support the government’s twin objectives of faster inclusive growth and durable debt reduction, including by focusing on technical assistance and advisory services centered on public sector transformation and institutional strengthening, as well as support for private sector-led development. Consistent with this approach, disbursements of US\$90 million to US\$140 million per year including from the inherited portfolio are expected, leading to disbursements totaling US\$505 million over the five-year period compared to the annual average of US\$127 million for a total of approximately US\$764 million over the previous CS period.⁸² Expected average annual approvals over the period amount to US\$70 million. These estimations assume compliance with the Bank’s macroeconomic safeguards and access to PBL resources over the CS period. Technical Assistance, Investment Grants and Fee for Service would continue to play a central role over the country strategy period. Furthermore, there is considerable scope to leverage incremental

⁸² Considering that 2022 is the CS transition year, the estimated average disbursement for the period 2016-2022 would be US\$129 million for a total of US\$904 million.

financial support from other IFIs and bilateral donors. By 2025, the country's debt to the IDBG is expected to amount to about 7.4 percent of GDP, down from 11 percent at end-2021.⁸³

- 4.2 **In defining the 2022–2026 CS with the government, it is important to reiterate that while the indicative envelope of sovereign guaranteed lending for the CS period may seem insufficient to cover the areas of this Strategy, the IDBG was careful in the selection of the strategic objectives and considered it prudent to maintain some of the areas from the previous CS period even though, as the ICPR indicated, there was not much contribution to the strategic objectives in the last Strategy.** Nevertheless, the selection of areas of focus and strategic objectives was intentional with a view to structuring a strategy with sufficient flexibility to drive efforts to catalyze private sector investment, including through knowledge and advisory products, with combined SG and NSG financing, as well as other forms of support to spur progress toward desired outcomes.

V. STRATEGY IMPLEMENTATION

- 5.1 **During the 2022–2026 CS period, the focus will be on supporting a durable economic recovery from the COVID-19 crisis led by the private sector, as well as the medium-term implications for public finances and the economic agenda.** Returning public debt to a consolidation path consistent with the objectives set out under the fiscal responsibility framework will require a tighter fiscal envelope than envisioned prior to March 2020. Reaching a public debt target of 60 percent of GDP by end-March 2028 will require a reduction of the debt burden by over 35 percentage points of GDP relative to the end of FY 2021/22 levels.⁸⁴ This has resulted in government being highly selective to new financing initiatives over the CS period. Similarly, the government aims to reduce its external debt burden over the medium term by prioritizing local currency debt in new borrowing, further compressing the overall appetite for external loans from both private and official sources.⁸⁵
- 5.2 **Using a “think tank” model, the IDBG will lead with knowledge, defining a medium-term, programmatic knowledge agenda aimed at identifying innovative solutions.** The knowledge agenda will take a collaborative approach with key government counterparts, academia, and the private sector. New modalities for delivering knowledge and technical assistance will be explored, in consultation with the government. The IDBG will explore the creation of a new model for deployment of advisory and knowledge services. Using a “think tank” model in Jamaica will favor a broad range of knowledge services to be delivered through non-reimbursable and reimbursable technical cooperation and fee-for-service products, among others. In that sense, the IDBG will collaborate with the GOJ to define a medium-term, programmatic knowledge agenda aimed at identifying innovative, knowledge-based and tech-oriented solutions, opportunities, and/or recommendations, tailored to the needs of Jamaica. The IDBG will also create and disseminate knowledge assets aimed at better understanding the financial and non-financial needs of firms in Jamaica during the economic recovery, leveraging the data collected by the Firm Performance and Gender Survey (IFPG) for the Caribbean.
- 5.3 **Execution of the SG portfolio will depend on the stability of macroeconomic conditions, which were considerably affected by the pandemic. The fiscal space assignment to the portfolio will be the key element.** Considering the implementation challenges of the previous CS period, the Bank will continue to strengthen skills in project management, change management, and procurement within the executing agencies. IDBG will support the GOJ to pilot the implementation of an exponential organization model for improved project execution. The pilot PEU staff will use agile techniques, leverage assets and platforms, and utilize scarce

⁸³ Government of Jamaica Medium Term Debt Strategy (2022).

⁸⁴ Based on October 2021 IMF World Economic Outlook.

⁸⁵ Government of Jamaica, Medium-Term Debt Management Strategy (FY2021/22 to FY2024/25).

resources to improve project execution. The Bank will continue to provide flexible and innovative solutions to emerging country challenges through a more robust and inclusive project design process that more closely incorporates beneficiaries, and which improves linkages between impacts and outputs. This process will include a greater focus on detailed planning, assessment of institutional capacity, and provisions for potential contingencies during execution, because transformational projects increasingly rely on highly technical skills that were previously not in demand in the country. In addition, contract management needs to be improved to ensure timely delivery of quality goods and services, and a formal space needs to be created for learning and collaboration to improve execution.

- 5.4 **Use and Strengthening of Country Systems.** In line with international mandates, the development and use of country systems in project execution remain a priority. During this CS period, the IDBG will continue to use budget, treasury, external control and limited tender (shopping) systems for overall project management and implementation. The “Use of Country Procurement Systems for Limited Tender” in Jamaica was approved in 2013. Using either a GUS report (Guide for the Use of Country Systems), or a MAPS (Methodology for Assessing Procurement Systems), the Bank aims to have the validation for advanced use in Bank-financed operations by 2023.⁸⁶ In September 2016, the Bank approved the use of the Government of Jamaica Electronic Procurement Information System (GOJEP) as a tool for the dissemination of procurement opportunities financed by the IDBG. During this CS period the Bank intends to complete the analysis of the Information System to fully validate its use as a transactional system to conduct IDBG-financed procurement processes in the country. In addition, a repeat assessment using the Bank’s guide for determining the level of development of Jamaica country systems to be used as part of the financial management arrangements of Bank’s financed operations is expected to be conducted. The repeated GUS would be applied to budget, treasury, accounting and reporting, internal audit, and external control subsystems and will lay the foundations for conducting strengthening activities on financial management subsystems. Finally, it is expected that a PEFA repeat assessment will be carried out to evaluate the performance of Jamaica’s public financial management (PFM) arrangements over time including identification of areas that fall short of internationally accepted good practice as a potential input for the preparation of an updated PFM Action Plan.
- 5.5 **During the strategy period the Bank will support Jamaica’s national systems through deepening reforms and modernization.** Key areas include: (i) strengthening of the public procurement system; (ii) support to innovative and sustainable procurement; (iii) technical support; (iv) software integration; (v) support Central Treasury Management System (CTMS) functionality and advance to the Integrated Financial Management Information System (IFMIS) to enhance cash management, government accounting and reporting, debt management and review and expenditure forecasting; (vi) support full implementation of the Treasury Single Account (TSA) as there is still a number of bank accounts residing outside the TSA; (vii) support budget execution and the strengthening of the budget preparation process and results based budgeting; (viii) support alignment of the national accounting standards with International Public Sector Accounting Standards (IPSAS); (ix) strengthening of control systems; and (x) strengthening of the Auditor General’s Department (AGD). All initiatives will be supported by training to improve capacity. By the end of the strategy period, it is envisaged that these strategic interventions will result in increased use of fiduciary systems.
- 5.6 **The IDBG will maintain continuous dialogue with several development partners.** The Country Office plays an active role in the multi-donor coordination group and will continue to do so with the support of the Office of Outreach and Partnerships (ORP). The Bank works

⁸⁶ Advanced use would include Individual Consulting Services as well as National Competitive Bidding.

closely with the World Bank, the International Monetary Fund, the European Union, Japan International Cooperation Agency, the Caribbean Development Bank, and several UN agencies such as UNICEF. Furthermore, the Bank works with bilateral donors, including the Embassy of the United States, British High Commission, United States Agency for International Development, Global Affairs Canada, and the French Development Agency. Together with ORP, the Country Office will continue identifying opportunities for co-financing, such as grants and concessional loans, as well as for non-financial resource mobilization such as technical knowledge, expertise and capacity building with international partners, regional and local private sector companies, universities, NGOs, etc. in key areas such as climate change, citizen security, renewable energy, and digital transformation.

- 5.7 **The IDBG will continue to seek more strategic coordination among IDB, IDB Invest, and IDB Lab, as well as to increase mobilization of capital and financing by the private sector, which would allow the IDBG to strengthen its impact in the country.** Private investment is critical for supporting Jamaica's recovery, building overall resilience, and catapulting digital transformation. In each of the strategic areas of this CS, close collaboration between the institutions of the IDBG is expected to enable: (i) in the strategic area of "reactivating the productive sector for sustainable growth," reforms and regulatory updates that foster a supportive enabling environment and market development, including through PPPs; a more effective mobilization of capital; and stronger support for MSMEs and development of an ecosystem for innovation; and (ii) in the strategic area of "addressing social gaps," enhanced client services and solutions to support poor, vulnerable or excluded populations, as well as strengthened private sector financing schemes to contribute to the greater provision of public goods and services for the population. Specific areas for collaboration in strategic area (i) include resilient and sustainable infrastructure, renewable energy, digital economy, tourism recovery and the blue economy, and in area (ii) financial inclusion, health, and education (particularly in terms of upskilling of the workforce). These synergies will be seek by strengthening the private sector perspective on strategic and operational dialogue with key stakeholders at the country level; establishing a more systematic IDBG mechanism for ongoing dialogue and prioritization of interventions related to reforms in priority segments that allow for private sector investment; and encouraging capacity building and training to foster an approach that leads to a private sector-led recovery in Jamaica.
- 5.8 **The IDBG will continue providing ongoing support to the Jamaica PPP agenda through two main channels: upstream activities and knowledge creation and dissemination.** It will focus on the generation of a portfolio of sustainable, profitable, and bankable projects, as well as on various mechanisms and facilities for preparing and structuring projects that allow channeling a better and greater mode of financing towards infrastructure. The development and operationalization of the Climate Resilience Toolkit (under the Coalition for Climate Resilient Investment, or CCRI), provides an interesting opportunity for streamlining the integration of sustainable infrastructure and climate resiliency practices in the preparation and structuring of PPP projects in Jamaica. Nevertheless, the integration of these elements in the preparation of the projects would most probably increase structuring costs and the complexity of the transactions. While such incremental costs are expected to be more than compensated by the higher quality, resilience, and performance of the assets, they do require incremental resources (financial and human) to the procuring entity, hence the need for support from a Project Preparation Facility (PPF). The PPF would support and absorb the incremental costs for the studies, assessment and expertise necessary to integrate sustainability components that the government would be called to sustain, while recovering such expenses at the financial closing of the projects, hence allowing reallocation of funds to subsequent projects. Specific areas for private sector-driven collaboration include investment projects in resilient and sustainable infrastructure, renewable energy, digital economy, financial inclusion, health,

labor markets (particularly in terms of upskilling of the workforce), urban development, and the blue economy.

VI. RISKS

- 6.1 **Macroeconomic.** Given its dependence on tourism, Jamaica's economy suffered the largest single year economic shock on record in 2020, driven by the COVID-19 crisis. This caused fiscal balances to deteriorate and debt levels to increase. While the tourism sector and economic performance began to recover during 2021, it could still be several years before national and personal incomes recover, and even longer before household and corporate balance sheets return to pre-crisis levels. Similarly, the country is currently facing considerable price pressures driven in part by passthrough inflation from rising commodity prices and the impact of supply-chain bottlenecks affecting imported goods and inputs. This has driven the central bank to begin a cycle of policy tightening, as the economy remains in the midst of recovery. As a result, any major deterioration in external demand conditions could put the recovery at risk over the near term. It is worth noting, however, that strong performance with economic and fiscal reform in the period leading up to the crisis put Jamaica in a better position than most countries in the region to absorb and navigate the global shock. Looking forward, the adoption of an inflation targeting monetary policy framework, a credible fiscal responsibility framework, and a forthcoming independent fiscal commission should help the government navigate any future shocks. For these reasons, the IDBG will continue to focus on supporting the government in its efforts to develop high-standard institutions of policy and economic management, capacity with respect to economic and public financial management, and financial support if needed in the event of significant economic shocks.
- 6.2 **Climate change resilience.** Jamaica is one of the most vulnerable countries in the world with respect to natural disasters and climate change. This is due to its location in the disaster-prone Caribbean Sea, as well as its extensive coastline, high concentration of urban populations in coastal areas, and its economic dependence on tourism and agriculture, which are the most disaster- and climate-sensitive sectors. Jamaica has implemented a multi-layered strategy to address the different layers of natural disaster risk, which includes budgetary provisions; the Contingencies Fund; the Contingent Credit Facility; the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Catastrophe Bond. The IDBG will continue to support the country's climate change and disaster risk management agendas by promoting cross-cutting mitigation and adaptation efforts that will trigger climate resilience in the most vulnerable sectors of the country, as well as its natural assets. The IDBG will also continue to foster close collaboration and discussion with local authorities to mainstream disaster risk management and climate resilience and adaptation as key elements of sustainable development and the country's blue economy. Operations that involve construction/retrofitting of infrastructure assets will emphasize the incorporation of climate-resilient and adapted infrastructure, the promotion of climate-resilient sources of energy (e.g., wind and solar), and incorporating climate-smart and resilient agricultural practices and nature-based solutions. The IDBG will build on previous successes to improve public financial resilience, including working with the government to maintain contingent credit facilities for natural disasters, and other related efforts to ensure access to resources in the event of disasters. The IDBG will also support efforts to ensure a Just Transition⁸⁷ as the country seeks to develop its Long Term Low GHG Emission and Climate Resilient Strategy or Long-Term Strategy (LTS). The Capacity Building Initiative for Transparency (CBIT) program with the associated domestic MRV system will provide a platform to support this programming.

⁸⁷ Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs. Technical Paper. <https://unfccc.int/sites/default/files/resource/Just%20transition.pdf>

- 6.3 **Social and environmental.** Jamaica’s exposure to social risks remains high and is primarily associated with security forces and human rights conflicts in the country, labor liabilities, and issues surrounding general community health and safety. There is limited infrastructure providing Universal Access, people with disabilities continue to face daily challenges, and sexual and gender-based violence appears to be on the rise, placing young women and children at high risk.⁸⁸ Environmental risks, such as terrestrial and marine biodiversity losses, continue to be exacerbated by climate change/extreme weather events and man-made activities, placing pressure on natural resources, biodiversity, and associated ecosystem services. Such persistent issues have gradually disrupted environmental processes and increased vulnerability and impacts from associated occurrences, such as droughts, intensified hurricanes/tropical storms, flooding, landslides, and storm surge affecting both inland and coastal regions of the island which disrupt key economic activities (e.g., tourism, agriculture) and social infrastructure (e.g., roads,⁸⁹ water access⁹⁰). The IDBG will therefore enhance efforts to adopt good international best practices and commit to sustainable development via strategic investments in green technology, pollution management, and nature-based solutions. This will be achieved by ensuring alignment with the requirements of the IDB’s new ESPF and associated guidelines, which will be considered in the preparation of all future investment projects and those in the pipeline. The holistic approach of the ESPF will create the pathway for these risks and issues to be addressed, while also enabling the country to achieve obligations under several overlapping international environmental agreements.⁹¹
- 6.4 **Non-sovereign guaranteed operations** face the following risks: (i) market fluctuations associated with the demand for financing business investment projects; (ii) the confluence of market failures that reinforce a cycle of low productivity and low investment, including information asymmetries in the real and financial sectors; and (iii) the low quality of the business environment. These risks imply that the origination and execution of private sector operations encounter various obstacles that could make it difficult for the IDBG to support companies. To mitigate the risks of executing non-sovereign guaranteed operations, IDB Invest will seek to strengthen the management capacities of its direct clients, as well as those of the clients of the supported financial institutions, including Anti-Money Laundering/Combating the Financing of Terrorism frameworks. The IDBG will provide supporting conditions for private investment, entrepreneurship, and productivity gains.
- 6.5 **Portfolio execution.** Any deterioration in economic or other conditions over the strategy period that reduces the availability of fiscal space for IDBG loans could impact portfolio performance. A reduction in fiscal space would slow down the achievement of financial and physical targets of the projects, generating extensions that affect the opportunity cost of the development interventions. Project extensions are costly for the country as well as the Bank, and they may compromise the achievement of development objectives. To mitigate this risk, the Bank will continue to collaborate with the GOJ to confirm key priority areas for each budget cycle. Also, measures to improve portfolio implementation will be prioritized to strengthen the capacity of the project executing agencies in project management and change management. The IDBG will pursue initiatives to enhance timely execution by achieving early disbursements, such as recognition of expenditures and retroactive financing, by anticipating

⁸⁸ <https://jamaica.un.org/en/160892-jamaican-economy-panel-discuss-violence-against-women-and-children;>
<https://jamaica-gleaner.com/article/news/20210127/violence-against-women-urgent-national-problem>

⁸⁹ [Road damage from floods 2020 ;](#)
<http://radiojamaicanewsonline.com/local/significant-road-damage-flooding-caused-by-heavy-rains;>
[Estimated damage cost](#)

⁹⁰ [Water crisis](#)

⁹¹ [List of international agreements of which Jamaica has become a signatory or ratified:](#)
[Escazú Agreement Jamaica](#)
[Paris Agreement Jamaica](#)

the preparation of project planning tools before the approval process and accelerating execution after approval taking advantage of the time between approval and eligibility. In addition, the Bank will intensify and strengthen collaborative oversight of the portfolio jointly with the Planning Institute of Jamaica over the CS period. In addition, the “think tank” model of engagement is new to Jamaica and will be driven by the needs of the government. As such, the IDBG will work in inter-disciplinary teams to ensure the timely delivery of high-quality products using the fee-for-service instrument. The Bank will utilize the knowledge repository to provide evidence-based findings and recommendations to the government on key areas of interest. It is anticipated that during the first few months of the CS period, the demand will be on an ad hoc basis.

Annex I: Results Matrix

Government Priorities	Strategic Areas	IDB Strategic Objectives	Expected Results	Indicators	Baseline (Source)
<p>An Enabling Business Environment <i>(Outcome 8 under Goal 3 Jamaica's economy is prosperous)</i></p> <p>Strong economic infrastructure <i>(Outcome 9 under Goal 3)</i></p> <p>Sustainable Urban and Rural Development <i>(Outcome 15 under Goal 4 Jamaica has a healthy natural environment)</i></p> <p><i>A technology-enabled society (Outcome 11 under Goal 3 Jamaica's economy is prosperous)</i></p> <p><i>Internationally competitive industry structures (Outcome 12 under Goal 3)</i></p> <p><i>Energy Security and Efficiency (Outcome 10 under Goal 3)</i></p> <p><i>Sustainable Urban and Rural Development (Outcome 15 under Goal 4 Jamaica has a healthy natural environment)</i></p>	<p>1. Reactivate the productive sector for sustainable growth</p>	1.1 Create and expand channels for sustainable businesses	Increased access to credit for MSMEs	Outstanding small and medium enterprise (SME) loans from commercial banks (% of GDP)	4.88% (2020, IMF Financial Access Survey database)
		1.2 Increase agriculture productivity	Accelerate agriculture sector growth	Growth rate of Agricultural GDP	3.9% (Average 2015–2019) (STATIN)
		1.3 Promote investments by the private sector in public infrastructure	Strengthened framework for PPPs	InfraScope PPP Index, Overall Score	73 (2020, Economist Intelligence Unit)
		1.4 Support the security of supply and diversification of the energy matrix	Increased use of Renewable Energy and Energy Efficiency technologies	% Penetration of Renewable Energy (hydro, wind, solar)	RE: 12.8% (end-2020, Government of Jamaica Ministry of Science, Energy & Technology)

Government Priorities	Strategic Areas	IDB Strategic Objectives	Expected Results	Indicators	Baseline (Source)
A Healthy and stable population (<i>Outcome 1 under Goal 1 Jamaicans are empowered to achieve their fullest potential</i>) World Class Education and Training (<i>Outcome 2 under Goal 1</i>)	2. Addressing Social Gaps	2.1 Improve the quality of the provision of health services by the Public Health System	Reduce mortality rate from noncommunicable diseases (NCDs)	Percent of total deaths in the country from NCDs	83.6% of total deaths in Jamaica (2017, Ministry of Health and Wellness data)
		2.2 Improve the coverage and quality of water and sanitation infrastructure	Improve overall infrastructure quality and resilience	'Infrastructure' quality score in WEF Global Competitiveness Report	63 (score out of 100) (2019, WEF Global Competitiveness Report)
		2.3 Strengthen social protection and labor	Improved opportunities to support integration into the labor market	Number of persons that have completed a HEART training program and obtained a certification	20,640 females certified 12,998 males certified (2019, HEART/NSTA Trust Data Portal)
Effective Social Protection (<i>Outcome 3 under Goal 1</i>)	Gender and Diversity	Support economic inclusion for vulnerable groups	Increased labor participation rate for females	Female unemployment rate	7.9% (vs. 4.8% for males), (January 2022, Government of Jamaica Statistical Institute)
Hazard Risk Reduction and adaptation to Climate Change (<i>Outcome 14 under Goal 4</i>)	Climate Change	Improve climate change mitigation through reduced use of fossil fuel-based electricity in line with Jamaica's Nationally Determined Contributions.	Avoid associated CO ₂ emissions resulting from implementation of EE measures in government facilities	Annual electricity consumed in 73 HEPA government facilities	36,542,002.56 kWh ⁹² (2022, Jamaica Public Service Company Limited)
Effective Governance (<i>Outcome 6 under Goal 2</i>)	Institutional Capacity and Rule of Law	Enhance the effectiveness of public administration	Improve government effectiveness by strengthening the quality of public services	Government Effectiveness Score	0.41 ⁹³ (2020, World Bank Worldwide Governance Indicators)

⁹² Reduced electricity consumption within health, education, and public agency government facilities, which translates into lower carbon dioxide (CO₂) emissions.

⁹³ Estimate of governance (ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance).

Annex II (a): Country Systems Matrix

Strategic Objective	Expected Results	Indicator	Baseline (2022)	Indicative Target	Timing
Strengthening and use of country systems	Increased use of financial management sub systems (treasury, accounting and reporting, internal audit and external control)	a) % of IDB projects using the Treasury single account b) % of IDB projects using the accounting and reporting subsystem c) % of IDB projects using the internal audit subsystem d) % of IDB projects using the external control subsystem	a) 13% of IDB projects using the Treasury single account b) 28% of IDB projects using the accounting and reporting subsystem c) 0% of IDB projects using the internal audit subsystem d) 30% of IDB projects using the external control subsystem	a) 30% of IDB projects using the Treasury single account b) 60% of IDB projects using the accounting and reporting subsystem c) 20% of IDB projects using the internal audit subsystem d) 60% of IDB projects using the external control subsystem	At the end of CS period
	Increased use of procurement sub systems (national informative system, shopping, contracting of individual consultants and national competitive bidding (NCB))	a) % of IDB projects using fully the national informative system b) % of IDB projects using the shopping subsystem c) % of IDB projects using the contracting of individual consultants' subsystem d) % of IDB projects using NCB subsystem	a) 50 % of IDB projects using partially the national informative system b) 30% of IDB projects using the shopping subsystem c) 0% of IDB projects using the contracting of individual consultant subsystem d) 0% of IDB projects using advanced NCB subsystem	a) 100% of IDB projects using fully the national informative system b) 80% of IDB projects using the shopping subsystem c) 50% of IDB projects using the contracting of individual consultant subsystem d) 30% of IDB projects using advanced NCB subsystem	At the end of CS period

Annex II (b): Use of Fiduciary Systems during the CS Period

Bank's Strategic Objective	Use of Country Systems	Baseline 2022	Estimated Use 2026	Foreseen actions
Institutional Capacity Effectiveness and Efficiency	Budget	100%	100%	Monitoring of the enhancements
	Treasury	13%	30%	Monitoring of enhancements and validation
	Accounting / Reporting	28%	60%	Monitoring of enhancements and validation
	Internal Audit ⁹⁴	0%	20%	Validation
	External Audit	30%	60%	Monitor legislative status and institutional adequacy
	National Informative System full use	50%	100%	Full validation, implementation, and usage monitoring of the e-procurement system (GOJEP)
	Price Comparison (Shopping)	30%	70%	Usage monitoring and sensitization
	Contracting of Individual Consultants (If approved by GUS/MAPS)	0%	50%	Validation, implementation, and usage monitoring
	NCB (If approved by GUS/MAPS)	0%	30%	Validation, implementation, and usage monitoring

⁹⁴ Used for PBLs only

Annex III: Main Economic and Social Indicators

Population (2018): 2.73 million Per capita GDP (2018): U: \$5733

Quota (current; millions SDRs/% of total): 382.9/0.08% Literacy rate (2015)/Poverty rate (2017): 87%/12.6% Main products and exports: Alumina, tourism, chemicals, mineral fuels, bauxite Unemployment rate (J an. 2020): 7.3%

	2018	2019	2020	2021e	2022p	2023p	2024p	2025p	2026p
	(Annual percent change, unless otherwise indicated)								
GDP and prices									
Real GDP	1.8	1.0	-10.0	4.7	4.3	2.8	0.9	1.8	1.6
Nominal GDP	7.0	4.1	-6.2	13.3	10.9	8.5	6.1	7.0	6.8
Consumer price index (end of period)	2.4	6.2	5.2	8.8	6.6	5.5	5.1	5.0	5.0
Consumer price index (average)	3.7	3.9	5.2	6.7	7.2	5.9	5.3	5.1	5.0
Exchange rate (end of period, J\$/US\$)	127.7	131.2	146.6	...	...	...	...	...	...
Treasury bill rate (end-of-period, percent)	2.1	1.6	0.9	...	...	...	...	...	...
Unemployment rate (percent)	9.1	7.7	...	...	...	...	...	...	...
	(In percent of GDP)								
Government operations									
Budgetary revenue	30.6	30.6	29.1	30.5	29.1	28.6	28.3	28.1	27.6
<i>Of which:</i> Tax revenue	26.4	27.3	25.6	26.0	26.4	26.1	25.9	25.7	25.6
Budgetary expenditure	29.4	29.7	32.2	30.2	28.8	28.3	28.0	25.7	25.2
Primary expenditure	23.2	23.5	25.6	24.6	23.7	23.7	23.7	22.0	22.0
<i>Of which:</i> Wages and salaries	8.9	9.2	10.5	9.8	9.5	9.7	9.9	10.1	10.1
Interest payments	6.3	6.2	6.5	5.7	5.1	4.6	4.3	3.7	3.2
Budget balance	1.2	0.9	-3.1	0.3	0.3	0.3	0.3	2.4	2.4
<i>Of which:</i> Central government primary balance	7.5	7.1	3.5	5.9	5.4	5.0	4.6	6.1	5.6
Public entities balance	0.6	0.1	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Public sector balance	1.8	1.0	-3.5	0.3	0.3	0.3	0.3	2.4	2.4
External sector									
Current account balance	-1.6	-2.3	-0.1	-0.1	-4.7	-2.0	-3.8	-4.5	-4.5
<i>Of which:</i> Exports of goods	12.5	10.4	8.7	9.8	11.2	12.9	13.0	13.0	13.0
... of services	24.5	27.4	15.4	15.3	19.1	22.5	23.9	24.5	24.8
Imports of goods	35.0	36.0	29.7	31.2	33.4	34.1	36.7	37.5	37.4
... of services	15.4	16.7	12.5	13.2	15.1	16.0	16.5	16.7	16.8
Net international reserves (US\$ millions)	3,181	3,181	3,146	4,068	4,232	4,633	4,409	4,044	3,825
Gross international reserves (US\$ millions)	3,631	3,631	4,080	4,952	5,022	5,177	4,601	4,058	3,825

Notes: p = projection, e = estimate.

Source: IMF, 2021 Article IV Consultation for Jamaica (February 2022).

Annex IV. Indicative Financing Scenario⁹⁵

Net Cash Flow 2016–2026

Net Flow of IDB

(US\$ million)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average 2022- 2026	TOTAL 2022- 2026
Approvals	165	268	115	25	100	75	125	50	50	50	75	70	350
a. Loan disbursements.	80.4	33.6	49.5	46.8	27	41.6	40	40	35	35	30	36	180
<i>PBL Disbursements</i>	150		105	55	100	75	100	50	50	50	75	65	325
b. Repayments (principal)	92.7	99.6	98.6	106.3	112.9	115.4	124.4	132.1	144.2	145.7	155.8	140	702
c. Net loan flow (a–b)	137.7	-66	55.9	-4.5	14.1	1.2	15.6	-42.1	-59.2	-60.7	-50.8	-39.4	-197.2
d. Subscriptions and Contributions	3.9	0	0	0.0	0.0	0	0	0	0	0	0	0	0
e. Interest and charges	33	38.1	49.9	61.1	42.6	26.4	27	25.3	23.5	21.1	18.6	23.1	115.5
f. Net cash flow (c-d-e)	100.8	(104.1)	6.0	(65.6)	(28.5)	(25.2)	(11.4)	(67.4)	(82.7)	(81.8)	(69.4)	(62.5)	(312.7)
IDB Debt	1,955.7	2,071.1	1,813.3	1,794.2	1,808. 2	1,669.7	1,658.3	1,590.9	1,508.2	1,426.4	1,357.0		
IDB Debt/Multilateral Debt	45.7%	52.2%	53.9%	54.7%	54.8%	53.9%	na	na	na	na	na		
IDB Debt/Public External Debt	16.2%	16.1%	16.8%	17.7%	18.0%	18.0%	na	na	na	na	na		
IDB Debt/GDP	13.9%	14.0%	11.6%	11.3%	12.9%	11.2%	10.6%	9.8%	8.9%	8.1%	7.4%		

⁹⁵ The indicative financing scenario is subject to change as discussions with the Government of Jamaica are ongoing.

ANNEX V: Country Strategy Development Effectiveness Matrix

COUNTRY STRATEGY: DEVELOPMENT EFFECTIVENESS MATRIX

In August 2008, the Board of Directors approved the Development Effectiveness Framework (GN-2489) to increase the evaluability of all Bank development products.

The Development Effectiveness Matrix for Country Strategies (DEM-CS) is a checklist of the elements that are necessary to evaluate a country strategy. It is based on the evaluation criteria developed by the Evaluation Cooperation Group of the Multilateral Development Banks in the "Good Practice Standards for Country Strategy and Program Evaluation."

COUNTRY STRATEGY: Jamaica

STRATEGIC ALIGNMENT

Refers to the degree to which the design and objectives of the CS are consistent with the country development challenges and with the government's development plans and priorities.

EFFECTIVENESS

These measures whether the country strategy is likely to achieve its intended objectives, through an examination of three dimensions: (i) the quality of the diagnostics on which Bank action is based in each area of work; (ii) the quality of the results matrix for the strategy; (iii) the use and buildup of country systems.

Effectiveness dimensions	
I. Country Diagnosis - Country Development Challenges (CDC)*	Yes/No
- The CDC is comprehensive / holistic / complete	Yes
- The CDC clearly identifies the main development challenges	Yes
- The CDC presents magnitudes of the main development challenges that are based on empirical evidence	Yes
II. Priority Areas Diagnostics	%
- That clearly identify and dimension, based on empirical evidence, the priority area's specific constraints and challenges	75%
- That clearly identify and dimension, based on empirical evidence, the main factors or causes contributing to the specific constraints and challenges	70%
- That provide corresponding policy recommendations	80%
III. Results matrix**	%
- The strategic objectives are clearly defined	100%
- The expected outcomes are clearly defined	100%
- The strategic objectives and expected results that are directly related to the main constraints identified in the diagnosis	100%
- The indicators are outcome indicators and are SMART	80%
- The indicators have baselines	100%
IV. Vertical logic	Yes/No
- The CS has vertical logic	Yes

* This analysis includes any potential diagnostic document used elaborated to inform.

** The Results Matrix is composed by indicators that are meaningful to, and capture progress towards, the expected results. The expected results stem from the strategic objectives.

CS Diagnostic: As part of the Country Strategy with Jamaica 2022-2026, the Team presented an analysis of development challenges under the title "Jamaica: Country Development Challenges Update, 2021." The diagnostics therein are comprehensive and based on empirical evidence. With this analysis, as well as the process of dialogue with the country as a basis, the Country Strategy supports two strategic areas of engagement: (i) reactivating the productive sector for sustainable growth, and (ii) addressing social gaps.

- Diagnostics identify and dimension 75% of the priority area's specific constraints and challenges, while noting the main factors or causes contributing to these specific constraints, based on empirical evidence.
- Diagnostics provides corresponding policy recommendations derived from empirical evidence.

Results matrix: The results matrix has 10 strategic objectives for IDB action and 10 indicators to measure progress towards proposed objectives.

- 100% of strategic objectives are clearly defined.
- 100% of expected outcomes are clearly defined.
- 100% of strategic objectives and expected results are directly related to the main constraints identified in the diagnosis.
- 80% of indicators are outcome indicators and are SMART

Country Systems: Using country systems in Jamaica at a fairly advanced stage. The IDB will continue to strengthen and use the following fiduciary subsystems in Jamaica: budget, treasury, accounting and reporting, external control, and limited tender (shopping).

Vertical logic: The CS has vertical logic.

RISKS. This measures three dimensions: (i) identification of factors that actually do or might affect attainment of the proposed objectives; (ii) definition of mitigation measures; and (iii) monitoring mechanisms.

The Strategy identifies three risks : (i) macro risks; (ii) risks of execution and institutional capacity; and (iii) natural disaster risks. Mitigation and monitoring measures have been identified for all the risks.